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Collaborating to Develop: A Perspective on Current Chinese Social Partnership  
Development

A thesis presented in partial fulfilment of the requirements for the degree of

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## Abstract

In recent years there has been a significant increase in the number of social partnership practices among businesses that are designed to carry out corporate social responsibility. As one of the fastest growing economic regions, domestic Chinese business practitioners have begun to adapt their approach, in order to handle increased concerns about their business conduct from relevant stakeholders. Under the influence of a globalised trading environment, Chinese practitioners have started to experiment with different approaches to deliver highly regarded corporate social responsibility and consequently social partnerships have begun to gain popularity among local firms due to their mutually beneficial features.

This research studies the increasingly popular social partnership (SP) between businesses (focal firms) and non-profit organisations (NPO) in a Chinese context. The study examines the selected social partnerships from mainland China and analyses them under the lenses of corporate social responsibility (CSR) theories in conjunction with cross-sector partnership research. The objective of this study was to explore and identify the performance attributes that impact social partnership conduct in the Chinese business practice context, and therefore, progress CSR theory development in Chinese context.

It is essential to have an extensive understanding of the extent of collaboration in general in order to conduct effective social partnerships, and based on the findings from six selected focal firms and their associated SPs, the following points have been deduced. Specifically, both the focal firm and NPO need to share similar values prior to the formation of the partnership. Then, organisations need to have fair expectations about the achievements throughout the conduct, which could be improved by setting up realistic partnership objectives in a mutually agreed fashion. For the focal firm, strategic integration of SP facilitates improvements with interactions with the NPO partner, but would also enhance the productivity of the SP accordingly, due to a greater level of engagement during the value creation process.

The three themes which emerge from this study provide the framework for further studies. These themes focus on the satisfaction of partnership, co-creation of value, and sustainability of partnership.

# 1 Chapter One: Introduction

## 1.1 Contextual Background

Western business practitioners have incorporated the practice of “corporate social responsibility” (CSR) to meet stakeholders’ growing expectations to address increasing concerns regarding business conduct. Since CSR was first acknowledged in the 1960s, this approach has helped business practitioners to assess and meet key stakeholder demands (Carroll, 1999). CSR also allows greater room for businesses to evaluate the possible impact of their business conduct on social and environmental aspects. Overall, the introduction of CSR strategy has provided practitioners with a useful tool to address stakeholder concerns while leading the business towards a more sustainable strategy (Jones, 1980; Carroll, 1999).

In order to incorporate CSR into their business practice, practitioners need to select a specific instrument to conduct CSR activities. In fact, a CSR instrument is a tool to execute and visualise an intangible concept, and its selection directly impacts the efficiency and effectiveness of achieving the CSR objective (Austin & Seitanidi, 2012). The choice of CSR instrument varies, depending upon the resources and capabilities of individual businesses, which also affects the depth of involvement, plus the level of engagement. For example, donations, charities, and foundations are examples of CSR that can be easily found throughout the world’s business practices (Austin, 2000). However, changing stakeholder demands over time have forced firms to constantly review their approach in meeting those demands. Specifically, in the past few decades, stakeholders have become more concerned about actual achievements from CSR commitments (Commission of the European Communities, 2002; Austin, 2000). Shifts in stakeholder concerns and changes in contextual environments have encouraged firms to seek improvements in implementing CSR. In fact, a notable increase in the number of firms who have proactively engaged with and integrated CSR into their operational strategies has been found in business practice (Dahlsrud, 2006).

A trend has been set where businesses are now adapting their strategies to meet these rising expectations from related stakeholders. A third sector has emerged, a form of partnership between a business and non-profit organisation with shared interest in a

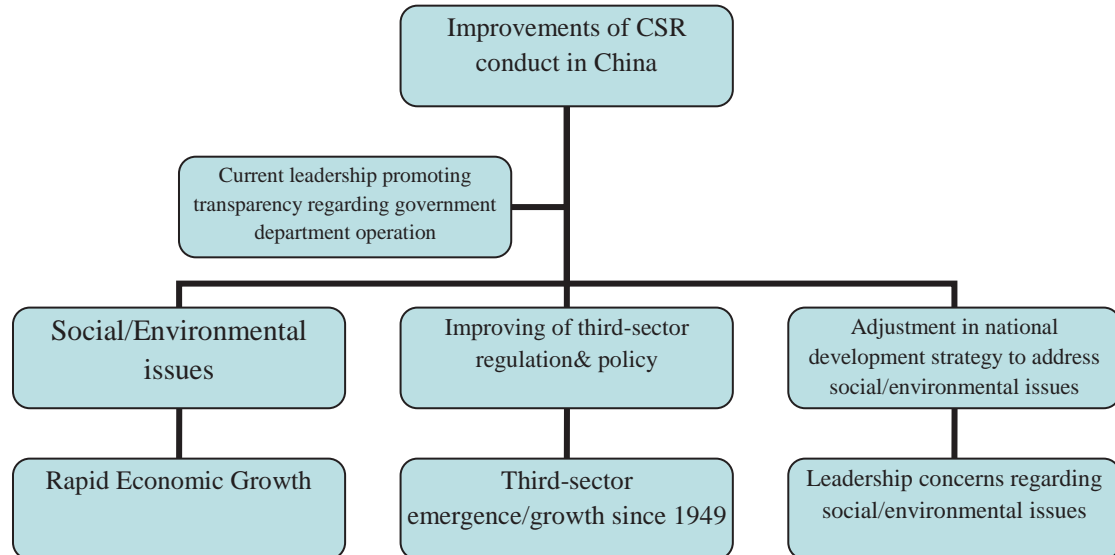
common objective (Austin, 2000). This type of partnership between a focal firm and NPO has opened up a new era in which businesses address stakeholder values and deliver their demanded expectations back to the relevant stakeholders (Austin, 2000; Austin & Seitanidi, 2012). While different scholars identify such partnerships under a variety of names including social alliance, philanthropy partnership, and strategic alliance with NPO, this study uses “Social Partnership” (SP) as a generalised identification regarding all selected relationships. Previous studies have emphasised that effective conduct of a SP provides mutual benefit to all the parties within the partnership (Matten & Moon, 2008; The World Business Council for Sustainable Development, 2000; Anheier, 2000; Barrett, Austin, & McCarthy, 2002; Bovaird, 2006). In addition, some have argued that a SP is a powerful instrument in conducting CSR, as it facilitates a productive approach in creating stakeholder value in a mutually beneficial matter (Dahlsrud, 2006; Entine, 2003; Eweje & Palakshappa, 2008; Bovaird, 2006; Wymer & Samu, 2003; Zadek, 2004). However, the relevancy between such a rich westernised CSR body of literature and the Chinese context, as the rising major business destination, is lacking.

Since the formation of the People’s Republic of China in 1949, Chinese society has changed dramatically under the leadership of Communist Party of China. Considering China’s current growing role in global trade, China did not enter international trade until 1979, the short global trading history only exposed a limited portion of advanced Western business approaches to domestic Chinese practitioners (Darigan & Post, 2009). From a business perspective, remarkable development has taken place across the entire nation since the economic reformation in 1979 when China announced the Open Door Policy to invite foreign investments. This new policy opened up business opportunities for Chinese and Western businesses but it has exposed a number of issues caused by the aftermath of such rapid growth.

As a major international exporter of manufacturing services and manufactured goods, China faces strong competition within the global market, leading to a focus on profitability rather than the social/environmental impact (Shapiro, 2001). The degrading ecological environment in China has become a major issue regarding business conduct in China, where the concern from authorities and stakeholders has been pushing firms to adopt an environmentally-minded business approach (Ho,

2001). As practitioners seek solutions to address such concerns, this study selected partnerships related to the environment to explore current Chinese SP practice. For this reason, emerging SP practice in China and uncertainty about Chinese CSR conduct in general, warrants in-depth study.

Figure 1 summarises the three influences on CSR development in China. From a civil society perspective, the NPO in China has been through several critical development stages and has stabilised, with formalised regulations and policies in place to assure a solid benchmark for practitioners (Fewsmith, 2001). From a political perspective, the more recent focus towards the sustainable development of the nation has led to a term called “building harmonious society”; this term encourages organisations and individuals to reposition their values and understandings regarding sustainability and stakeholder value (Fombrun & Pan, 2006). Interestingly, the late generation of national leadership cracked down heavily on corruption, with emphasis on the transparency of government agencies (Communist Party of China, 2006). This has also greatly improved the breeding ground for the Chinese third sector with more business and NPO confidence and government support (Zhu, 1999).



**Figure 1 CSR Development in China (Fombrun & Pan, 2006; Ramasamy & Yeung, 2009; Zhu, 1999)**

The current business environment encourages practitioners to incorporate social/environmental attributes when evaluating and conducting business activities via creating stakeholder values to achieve sustainable business growth (Berger,

Cunningham, & Drumwright, 2006). While the literature is well developed within the Western context, only a handful of SP studies have been conducted in an Asian context, especially in mainland China (Welford, 2005; Meng, 2000). Most of the studies in the Chinese CSR context only viewed the philanthropic feature from the perspective of Chinese traditions, with limited CSR knowledge or exploration among previous studies found (Zhao, 2008; Moon & Shen, 2010). At the same time, the general validity of CSR in China has been questioned by researchers and practitioners around the world, due to the number of unethical practices reported among Chinese businesses regarding pollution issues and ethical concerns from leading firms such as Shuanghui and Li-Ning (China CSR, 2011; Greenpeace, 2011; Ho, 2001; Dai & Eduard, 1999).

Chinese practitioners have begun to conduct SPs by following successful examples from the West, as a co-operative approach to conduct CSR activities (Seitanidi & Crane, 2009; Zhao, 2008). This CSR approach through collaborative effort between a firm and NPO attracts the practitioner by creating opportunities to achieve higher effectiveness through its conduct (Austin & Seitanidi, 2012). In order to obtain more insight into the growing SP field, this study selected six focal firms, plus their SPs with an environmental protection focus, to explore the extent of current SP practice in China. This study aims to explore why and how SPs have been conducted, and further aims to identify the validity of conducting SPs as a CSR instrument in China.

Thus this requires further research in the field to provide greater understanding of such an emerging phenomenon in the Chinese business landscape. Three research objectives have been developed:

- To investigate and examine social partnership practice in China
- To identify the performance attributes of social partnership practices in China
- To obtain insights into achieving a sustainable social partnership practice in China

In order to address the research objectives, the following research questions have been constructed:

- Why do businesses form and practice SPs in China?

- What contributes to the achievement of SP practice in China?
- How can value creation through SP conduct in China be maximised?

Due to the amount of uncertainty and the lack of information around SPs in China, a qualitative research method was selected for this research. The choice of a qualitative research method was justified by the unknown factors and complexity in the study context, which requires an in-depth understanding of the influential factors behind SP conduct. Specifically, this research included semi-structured interviews with six focal firms and corresponding NPOs that have conducted SPs, either presently or in the recent past.

### 1.3 Structure of the thesis

This thesis firstly reviews the literature on CSR by evaluating the relevant definitions and arguments around the evolution of CSR. This is followed by a discussion of different CSR instruments, including the increasingly popular SP. Then literature on the mutually beneficial features of conducting SPs is reviewed and linked to the more recent argument on the co-creation of a value aspect in CSR, in order to demonstrate a valid connect between CSR and SP conduct. Overall, the literature review aims to provide a clear understanding of SP conduct plus its relationship with CSR.

The thesis then reviews Chinese CSR/SP and NPO development from an historical perspective, in order to explain the dramatically different contextual setting and how this impacts the conduct of SPs in China. Specifically, that CSR practice in China has been influenced by Confucianism; despite the short history of modern China, Confucianism has influenced social and individual behaviour, as it provides a moral benchmark. Also, NPOs have entered a rather stable stage of development after years of experimentation under the social and economic reforms in China since 1949. These two essential factors have paved a healthy path for SP development in China.

Regarding the choice of methodology, the justification of the research design is covered in the methodology section, and seeks to answer the research questions through addressing the research objectives of this study. Accordingly, six single case

studies and a cross-case analysis are presented and the findings of this study are discussed. Key findings are summarised into three themes and developed into propositions, then the thesis concludes with key contributions and future research opportunities based on the findings of this study.

#### 1.4 Contribution

This research contributes to the literature by providing a detailed insight into the under-studied, CSR-oriented, SP practices in a Chinese context. As previously discussed, a large body of SP related research has already been conducted in the West and continues to grow. However, only limited research has been done in a Chinese SP context, which justified the reason to study this emerging mutually beneficial form of CSR instrument in China. With the increasing role of China in global trade, it is important to address the frequently challenged credibility concerns on CSR practices in China by examining SP as a specific CSR instrument. This research contributes to the literature and can be utilised by future practitioners and researchers to understand SP practice in China as a propitious solution to conduct CSR. Furthermore, this research will extend current SP theories by applying Western research into the modern Chinese context, to form a new platform for future studies in Chinese SPs. Specifically, this research aims to gain insights into SP conduct in mainland China, thus progressing the theory development in this particular field.



## 2 Chapter Two: Literature review: CSR and SP

### 2.1 Overview

This chapter presents a review of the literature on CSR and SP. This literature review focuses on discussing the evolution of CSR, and then moves to a discussion of different CSR instruments, including SP, to conduct CSR practice. Based on the findings from previous studies in Western literature, this chapter further explores how SPs have evolved from CSR practice, as a mutually beneficial value creation CSR instrument. Specifically, this chapter discusses the different value creation aspects based on collaborative efforts in a SP among practitioners. At the end of this chapter, Figure 2 summarises literature about the connection between CSR in business practice, plus how SP conduct was evolved as a mutually beneficial instrument to conduct CSR.

### 2.2 Corporate social responsibility

#### 2.2.1 Definition of CSR

Corporate social responsibility (CSR) has an extensive history in business practice and has attracted much attention worldwide over the past few decades. A dramatic increase in the number of firms who have proactively engaged with and integrated CSR into their operational strategies has been found in business practice (Dahlsrud, 2006). The well accepted understanding of stakeholder value has also gained its place in the perception of decision makers.

A rich body of literature reveals that CSR has been incorporated as a popular business practice in the past few decades; this directly represents a process of business decision makers taking responsibility to identify and accommodate stakeholders associated with the operation of businesses (Collins, 1997; Dahlsrud, 2006; Ibrahim & Parsa, 2005).

Despite having such a strong presence among businesses and society, the actual definition of CSR still varies depending on the individual perspectives of scholars. For example, McGuire (1963, p.144) stated that: “the idea of social responsibility

supposes that the corporation has not only economic and legal obligations, but also certain responsibilities to society which extend beyond these obligations”.

In conjunction with the legal requirements, Davies (1973, p.313) mentioned that:

“...social responsibility begins where the law ends. A firm is not being socially responsible if it merely complies with the minimum requirement of the law, because this is what any good citizen would do...social responsibility goes one step further. It is a firm’s acceptance of a social obligation beyond the requirement of the law...”

In addition, Marrewijk (2003, p. 96) pointed out that:

“CSR is regarded as the panacea which will solve the global poverty gap, social exclusion and environmental degradation...CSR refers to company activities – voluntary by definition – demonstrating the inclusion of social and environmental concerns in business operations and in interactions with stakeholders...”

Matten and Moon (2008) also summarised the definition of CSR based on the growing body of literature, firstly that CSR is an “essentially contested concept,” being “appraisive” (or considered as valued), “internally complex,” and having relatively open rules of application (Moon, Crane, & Matten, 2005: 433–434). Second, CSR is an umbrella term overlapping with some, and being synonymous with other, conceptions of business-society relations (Matten & Crane, 2005). Third, it has clearly been a dynamic phenomenon (Carroll, 1999).

Another important point is that as Waddock (2008) pointed out, modern CSR conduct has been shaped by the pressure on firms regarding their impact on social, environmental, and governance performance. This has positively affected the proactive integration of CSR conduct into practice, alongside their pursuit of financial performance and economic justification in the short-term.

Similarly, it has been discussed that a firm’s CSR choice is closely linked with their actual economic performance in the market. The greater the financial sufficiency of a firm, the more likely the firm is capable of conducting CSR activities (Lin, 2005;

Ibrahim & Parsa, 2005; Marrewijk, 2003). This argument supports a close connection between awareness of social responsiveness and the ability to deliver social responsibility, which is often considered a costly fact. Hence, greater economic performance provides resources for a business to deliver costly CSR to its stakeholders.

Through the comparison of different interpretations of CSR definitions, we see that CSR represents an idea of social precedence and the social consequences of business success in general (Matten & Moon, 2008). It contains policies and approaches that represent business responsibility with a comprehensive understanding and consideration of the entire group of stakeholders (Dahlsrud, 2006; Matten & Moon, 2008). However, it is important to note that the relative health of business and the economy and the competition level all affect how firms respond to their social responsibility, as the cost is a non-deniable fact about CSR conduct (Campbell, 2013). Despite cost as a factor in the reality of conducting CSR, there are some benefits from CSR inclusion in practice, which will be discussed in the following section.

## 2.3 Key benefits from CSR conduct

### 2.3.1 Connecting business conduct with society

With the popularisation of CSR practice, the successfulness of businesses is no longer solely determined by their financial accomplishments, but also through the contributions they bring to society (Matten & Moon, 2008; Austin & Seitanidi, 2012). This explains the increasing focus on CSR in recent years. Steadily, more emphasis has been put on how companies do business, and not solely on the end-result, which is profit. Companies are pressured by stakeholders and their own sense of obligation to “do the right thing” (Carroll, 1991; Elkington, 1997; Freeman, 1984).

Overall, CSR offers a different business perspective, in modern society, of business obligations, outside of legal and economic concerns, from a shareholder view. Interestingly, it has enlarged the scope of business operations toward society, as its foundation is constructed through firm stakeholders. Simply, society is the operational platform of business; this basic relationship means that businesses have to be able to fit themselves into society and meet the growing demands of stakeholder expectations.

Since social context varies around the world, we can accordingly expect that CSR practices might also vary. Matten and Moon (2008, p. 407) discussed that as:

“...different societies have developed different systems of markets, reflecting their institutions, their customary ethics, and their social relations, it would therefore follow that we might expect some differences in the ways in which corporations express and pursue their social responsibilities among different societies...”

Elkington (1997) asserted that it is crucial that superior business achievements are conducted with consideration of the environment, stakeholders, and a contribution to the stability and wellbeing of society as a whole. Joyner and Payne (2002) also pointed out that the wide acceptance of CSR in the business community is because businesses cannot survive without society and society cannot progress without business.

Considering that societal context for a firm's operation is not a new concept, Davis (1967) argued, almost 50 years ago, that: “The substance of social responsibility arises from concern for the ethical consequences of one's acts as they might affect the interests of others” (p.46). This early exploration of business and society defined how a business operation was no longer to be limited primarily to economic and legal factors, but that essential social factors were to be considered to a greater extent.

### 2.3.2 Develop legitimate business model

Practitioners have recognised the importance of maintaining healthy relationships with different stakeholders in their general business network. After the popularisation of stakeholder theory in practice during the 1990s, incorporating different stakeholder practices has been considered a major attribute in developing a sustainable legitimate business model (Suchman, 1995).

Some have argued that the increased presence of CSR in modern day business practice is largely due to the increased concern about the social legitimacy of business. Suchman (1995, p. 574) defined legitimacy as “a generalized perception or assumption that the actions of an entity are desirable, proper, or appropriate within

some socially constructed systems of norms, values, beliefs, and definitions”. Suchman (1995) stated that moral legitimacy is less focused on the result that comes from an organisation’s activity, but more on whether the activity is judged as being ‘the right thing to do’. Deephouse (1996) went one step further in not only stressing the perceived approval but also the endorsement by specific social actors, and defined legitimacy as the endorsement that an organisation is given by its relevant social actors, identified as being the government regulators and public opinion.

Organisations need public and regulatory endorsement in order to be considered legitimate and to be able to be successful (Deephouse, 1996). Institutional theory describes how companies can improve their ability to cope with their environment in order for them to be able to survive and grow, where modern CSR studies reveal the interconnected social binding of firms with institutionalised stakeholder participation (Jones, 1980). Especially, firms have become dispensable members of society who need to be incorporated socially as well as legally (Lee, 2008). Therefore, organisational practices are adjusted to external and internal demands and they become institutionalised because they are regarded as a way to create legitimacy for the company (Matten & Moon, 2004; DiMaggio & Powell, 1983).

Based on the above arguments, CSR is the practice in which a firm takes responsibility for the consequences of their conduct on a social, environmental, and economic level in their entire business cycle. The firm must justify their actions, and create a channel of communication with all their stakeholders. The European Commission (2002, p. 8) explained that “being socially responsible means not only fulfilling legal expectations but also going beyond compliance and investing more into human capital, the environment and relations with stakeholders”. Wood (1991) stated that the ability of firms to respond to social expectations directly enhances and contributes to establishing social legitimacy. In return, these stakeholders create legitimacy for the organisation, which gives them the right to exist, survive, and grow in its specific environmental context.

CSR behaviour of companies and its effects on society and the environment have received more attention in recent years. Stakeholders, at large, are now more aware of

these issues due to the vast amount of information available; stakeholders' concerns are therefore mounting, which has a profound influence on the legitimacy of companies (Joyner & Payne, 2002). As more and more companies are realising this, the demands from stakeholders have increasingly affected business strategies to ensure that firms adhere to rigorous standards of business practice and global norms (Waddock, 2008; Aguinis & Glavas, 2012). The way that businesses communicate with their stakeholders says as much about their company, and more specifically their brand, as do their products and services.

Therefore, CSR could be viewed as a source of legitimacy for organisations. This legitimacy is based on the organisation's need of approval and a right to operate that can be obtained from their operating society (Burt, 1997). Legitimacy is based on perception; therefore an organisation has to gain their legitimacy within the operative context.

On the other hand, from a strategic viewpoint, legitimacy can also be used for the creation of competitive advantages, which is another driver of CSR in practice (Godfrey, 2005). From a strategic CSR implication approach, legitimacy is viewed as a competitive resource that can be extracted from the market and used to create, for example, a better reputation. This in turn can facilitate the acquisition of other resources, such as quality employees, financial resources, technology, and government support (Zimmerman & Zeitz, 2002).

### 2.3.3 Enhance business performance

Godfrey (2005) mentioned that the practice of CSR and related activities at the strategic level significantly helps firms to build trust, loyalty, and goodwill among their stakeholders and target market. This sometimes leads to a better financial outcome, which also contributes to the sustainability of the business. However, the debate between economic/financial performance/return and CSR remains controversial after decades of debate and research (Tang, Hull, & Rothenberg, 2012; Waworuntu, Wantah, & Rusmanto, 2014). The fact is that the economic/financial return is often constrained by complementary resources and capacity (Tang, Hull, & Rothenberg, 2012; Waddock, 2008). Considering the argument around this topic,

there are non-financial business performance indicators which could not be measured in simply financial terms. In particular, the strategic integration of CSR at the corporate level would help firms shape their unique identity among competitors (Waddock, 2008). Maas and Liket (2010) also stressed that as a business shifts from traditional philanthropy towards a strategic focus, the practice of CSR via different instruments is often considered an effective approach to promote sustainable business performance.

The World Business Council for Sustainable Development (2000, p. 10), defined CSR as “...the commitment of business to contribute to sustainable economic development, working with employees, their families, the local community and society at large to improve their quality of life”. KPMG (2002) defined CSR as the concept in which the company, with its business practices, creates a healthy balance between people, the planet, and profit in the short, medium, and long-term. According to these definitions of CSR, business performance is largely dependent on the performance and satisfaction of internal/external stakeholders; this satisfaction could be influenced through engaging their interest in the integration of CSR into daily business (Austin, 2000; Austin & Seitanidi, 2012).

In general, desired outcome has been achieved via different CSR instruments, such as self-regulation, corporate philanthropy, technology innovation, plus partnership networking (Austin, 2000; Austin & Seitanidi, 2012). The different CSR instruments focus on the different aspects of daily business conduct, which varies from one business scenario to another depending upon how the decision makers perceive each type of instrument. Self-regulation often applies to manufacturing firms, where most of its conduct directly impacts on the environment and internal stakeholders, such as strict waste management and pollution control, without any external enforcement. Where corporate philanthropy is often found with less engagement between the firm and its CSR conduct, funds/materials are donated to address certain social/environmental issues; this activity could have little connection with its own business conduct. Technological innovation is similar to self-regulation, where a firm utilises advanced technology to reduce its impact on social/environmental aspects. Lastly, forming a partnership with an external entity to expand a firm's reach in

social/environmental aspects often appears in a cross-sector form where a higher level of engagement could be easily identified (Austin & Seitanidi, 2012).

In particular, social partnership has gained increased attention around the world. This particular CSR instrument fulfils the demands of social legitimacy and relevant stakeholder interests via a unique collaborative partnership. This collaborative partnership also facilitates the delivery of unique mutual benefits, which are discussed in the next section.

## 2.4 Social Partnership

### 2.4.1 Background

Over the past three decades, there has been a significant increase in the number of firms collaborating with other organisations from different sectors. Business, government, and NPOs are the main entities in the collaboration scenario. The original form of such collaborative efforts often aims to address self-interest through a short-term, one-off project, including donations to address social issues. Through developmental progress, long-term collaboration began to gain more popularity, with shared interests between organisations on social/environmental concerns. The original form of such partnerships often happened in fields such as health care, education, or environmental protection. Austin (2000, 2012) argued that the beginning stage in a cross-sector partnership was often limited through lack of a strategic vision in a short-term problem solving venture, due to limited experience.

Austin's (2000) study indicated that there are three key attributes that drive the development of SPs: resource scarcity, social issues, and societal attribute. These key motivational attributes are fundamental in inspiring organisations to seek partnership collaborations from different sectors. Hence, forms of partnership have emerged to accommodate those interests from business, government, and NPOs, in pairs, or sometimes in a tri-sector form.

Eventually, increased engagement through escalating experiences in such partnerships encourages practitioners to discover a greater extent of cross-sector collaboration



practice. Business practitioners can begin to incorporate this practice into conducting CSR activities for business due to the close connection between increasing concerns towards CSR and the social oriented origin of cross-sector partnership.

#### 2.4.2 SP: Definition

A social partnership (SP) is defined as: “A partnership between a company and a non-profit that has moved beyond cause-related marketing and philanthropy to encompass a close, mutually beneficial, long-term partnership that is designed to accomplish strategic goals for both partners” (Berger, Cunningham, & Drumwright, 2006, p.129). A SP is constructed by a business (focal firm) and a not-for-profit partner (NPO partner) to carry out its social tasks. In a networking/partnership based CSR context, the term focal firm is used to identify the business partner within such a relationship. Furthermore, this is a study of a specific partnership format CSR instrument, where the business is the initiator of the relationship under the willingness to fulfil their CSR objective. Therefore, the term “focal firm” was adapted from other studies to illustrate the initiator role of the business through the conduct of partnership practice. SP practice can be found throughout global business practice, especially in markets with higher concerns over social or environmental issues.

Nevertheless, practitioners do not always develop a SP with CSR initiatives in mind. It has been argued that SP practice has also been used with different objectives in favour of the business interests of the focal firm (Entine, 2003; Commission of the European Communities, 2002; Berger, Cunningham, & Drumwright, 2006). For instance, focal firms have been utilising SPs to achieve a desired business image, plus to gain easier access to resources.

### 2.5 Key attributes in SP practice

#### 2.5.1 Motivational factor during formation

Due to the co-operative nature of a SP between a focal firm and NPO, establishing a long-term SP requires decision makers from both parties to identify and align their values at the initial stage. Specifically, it has been mentioned that the focal firm and

NPO need to share the same vision, in terms of value and concept, prior to the formation of the partnership (Mohr & Spekman, 1994). An overlapping vision facilitates efficient collaboration during the partnership development stage, which eventually enhances the satisfaction and performance of the SP. Overall, this aspect allows the focal firm to effectively utilise a SP as a CSR instrument to meet the relevant stakeholders' social/environmental expectations.

In addition, the actions and influence of stakeholders are a critical influence on CSR conduct, along with the institutional factors, and can also affect the extent and type of CSR instrument the business chooses to use (Aguinis & Glavas, 2012; Lee, 2008). However, Aguinis and Galvas (2012) also stressed that symbolic and genuine CSR motivation can be affected by external institutional forces, which are often the main cause of lack of performance during business CSR conduct (Aguinis & Glavas, 2012). At the same time, motivational factors, engaged in at an organisational, or even a personal level, facilitate enhanced performance due to deeper engagement with organisational conduct at the business level (Aguinis & Glavas, 2012).

Furthermore, the literature suggests that a SP between a focal firm and NPO, established on the foundation of a similar target audience, under a similar organisational development orientation, is likely to progress in a sustainable manner (Panteli & Sockalingam, 2005). Hence, prior formation evaluation and assessment is the first step in building an efficient long-term SP. Accurate assessment of the partner organisation allows both parties in a SP to enter a collaborative relationship while minimising unexpected uncertainties along the way.

In addition, forming a successful SP requires a shared understanding between the focal firm and NPO about the importance of sharing resources intra/inter-organisationally, in accordance with the collaborative nature of the partnership (Austin, 2000; Barrett, Austin, & McCarthy, 2002). Resources should not be limited to tangible physical resources (such as financial resources), but should also include intangible resources, such as knowledge, experience, expertise, and even manpower in some cases. The two way sharing and exchanging of resources within the context of a SP is an unique and enriching feature of collaborative SP practice. Nevertheless, the

literature suggests that failing to understand the resource exchange aspect, and confusing it with other, less-engaging CSR instruments (such as one-way donation), can eventually lead to the failure of a SP (Coleman, 1988; Joyner & Payne, 2002; Koka & Prescott, 2002).

Due to the characteristic two-way engagement of a SP, Austin (2012) argued that extensive commitments are also required from both the focal firm and NPO in order to develop a long term relationship at an administrative level. Similarly, others argued that a healthy, productive SP requires similar degrees of commitment by each party, to balance the relationship around the pre-formation assessment (Welford, 2005; Barraket, 2008). Failure to meet the pre-assessed expectations often leads to failure to perform the SP's initial task.

Besides the expectation aspect, Austin (2012) and Matten and Moon (2008) also highlighted the critical role of having well-developed objectives in a SP. The SP's objectives are known as the ultimate agenda in a SP, and provide both parties with a reliable reference point for measuring the progress and achievements of the partnership. Nevertheless, these objectives need to be realistic and achievable, as well as provide traceable details to ensure their completion during the period of the SP (Barraket, 2008).

Last, but not least, another aspect of SP development found in literature is the monitoring/evaluation system of such partnership arrangements, at the focal firm and NPO level (Barrett et al., 2002; Berger et al., 2006). Studies in the past have defined well developed SPs as a strategic approach in business practice, where precise assessment and evaluation systems are important to ensure a satisfying, cooperative experience.

## 2.5.2 Collaborative problem solving ventures

Entine (2003) discussed the importance of social/environmental initiatives as an important strategy in modern CSR practice, where moral and social concerns have arisen in current marketing practice. Philanthropy and cause-related marketing approaches can no longer satisfy increasing demands from the changing perspectives

of the marketplace towards social and moral issues (Austin, 2000). In contrast, SP practice enables firms to enhance their corporate social image, as well as their overall problem solving power, to address social/environmental concerns relevant to the business conduct of a focal firm (Barraket, 2008; Berger et al., 2006; Carmel & Harlock, 2008).

### 2.5.3 Social capital gain

The term social capital has been introduced to describe the contribution that businesses can gain from SP conduct (Koka & Prescott, 2002). Once again, resources such as information, knowledge, and other capital are stressed by Welford (2005), which also highlights the prospect of increased sustainability if partnerships are formed. From a business perspective, Cloeman (1988) viewed social capital as purposeful social actors that actually facilitate firms to exchange information and knowledge, while creating value for stakeholders. Burt (1992; 1997) further analysed such activities and defined them as a process of creating entrepreneurial opportunities, as well as a fulfilment of obligations and expectations.

Similar concerns around the financial and market performances of social investing have been studied by Entine (2003), who viewed the fulfilment of social responsibility and alliance approaches within the third sector as social investing. Where Lavie (2006) added that a partnership with a different entity allows a focal firm to access non-accessible resources, eventually the expansion in resources will strengthen the competitiveness of the focal firm through such investment. Generally, a positive relationship has been shown between social investing and business performance. Hence, SP conduct can certainly benefit and enhance the performance of the firm in a sustainable manner, and reduce its social/environmental impact.

Further comments in regard to conducting SPs have also been discussed in the literature (Berger et al., 2006; Entine, 2003; World Economic Forum & The Boston Consulting Group, 2012; Carroll, 1999; Entine, 2003). Specifically, communication, mutual expectations, and organisational systems are the essential backbone that enable the performance of a SP (Austin, 2000; Eweje & Palakshappa, 2008; Entine, 2003). The accountability of each participant also needs to be valued (Berger et al.,

2006). In summary, the majority of SP related literature emphasises the importance of having an administrative system in place to ensure a desirable outcome is achieved and perceived by the participants.

#### 2.5.4 Sustainable business model

A well-developed healthy SP has been valued for its proven positive contribution towards social investing and business performances factors (Austin, 2000; Jones, 1980; Elkington, 1997). Hence, the literature suggests that SP integration at the corporate strategic level will ultimately enhance the performance of a SP practicing focal firm in a sustainable manner (Austin, 2000; Barrett et al., 2002; Berger et al., 2006).

Also, previous SP studies considered that the benefits of conducting SPs could be identified in both a monetary and a non-monetary way (Austin, 2000; Welford, 2005). Simply put, practitioners need to understand that the assessment of SP conduct is not limited to the economic return from their social investment.

Haniffa and Cooke (2002) argued that the mutually beneficial outcomes of SPs are well accepted, in both academic fields and in practice. Conducting SPs at the strategic level would essentially facilitate a productive, yet sustainable, business model through accommodating social/environmental concerns over business conduct, as well as addressing concerns from relevant stakeholders. Accordingly, SP practice encourages a focal firm to expand its vision beyond its principle business interest, and take a broader consideration of future business strategy into consideration. As a result, SP practice could help to adapt a focal firm into a continuously learning mode and expose it to a greater range of opportunities for value creation, with reinforced capabilities and resources and greater access to knowledge and resources through the collaboration. Therefore, a focal firm could gain great value from conducting SPs at the strategic level, which will be discussed in the following section.

#### 2.6 Conducting CSR via SP

Regarding business-NPO partnerships, Berger, Cunningham, and Drumwright (2006) suggested that there was a significant increase in the number of business-NPO collaborations between the 1980s and 1990s. Interestingly, globalisation has

influenced the market place, and the scale of such partnerships stretches from local regional practice towards a global practice, the latter of which is more likely to be found in international organisations (Halme & Laurila, 2009).

In recent years, an interesting argument around the actual benefit of conducting SPs, among other CSR instruments, has emerged (Illig, 2009; Austin, 2000; Carmel & Harlock, 2008). Critical effects from government downsizing and privatisation have forced NPOs to seek other alternatives to maintain their operations, such as SPs (Austin & Seitanidi, 2012). Among many different CSR instruments, social partnership has gained increased attention, both from practitioners and in the literature.

The highlight of a SP is that this particular CSR instrument encourages engagement, involvement, and utilisation of corporate resources and capabilities, to deliver a unique CSR program with a high level of relevance to the business conduct of the focal firm (Austin & Seitanidi, 2012; Halme & Laurila, 2009). In return, the mutually beneficial feature further justifies the commitment from the business. In particular, Barrett et al. (2000, p.2) stated that a significant shift in the perception of CSR towards a higher level of engagement could be found through changing CSR approaches: “The shift represents an opportunity to magnify the social value and the benefits to the partners, but carries with it greater challenges and managerial demands than the traditional financial donation.” This particular orientation in CSR has had a significant impact on SP development in practice over the past decade.

As a result of this argument, there have been an increased number of international corporations incorporating SPs into their business practice, with notable benefits including brand enhancement, strengthened stakeholder relationships and their connection with business, as well as the improved financial returns from conducting SP activities (Halme & Laurila, 2009). More importantly, Godfrey (2005) suggested that the benefits are not limited to social/environmental contributions via SP practice, but the conduct of SPs could significantly enhance several aspects of the focal firm’s performance, which will be discussed in detail in the following section.

Nevertheless, businesses have also been seeking fresh approaches to introduce new ideas into their operations. Koka and Prescott (2002) argued that one of the key benefits of conducting SPs is to create and strengthen the unique competitive advantage of a business. Specifically, CSR-rooted SP practice allows greater employee engagement and expressive CSR conduct, while promoting constant learning at different organisational levels, plus the potential to refine the stakeholder value creation process (Kong & Farrell, 2010; Sanzo, Álvarez, Rey, & García, 2015). Simply put, SP has opened a new era for CSR conduct within the modern business practice context.

## 2.7 Value creation via Social Partnership

### 2.7.1 Overview

Maas and Liket (2010) argued that value creation is one of the critical motivational factors for focal firms in forming SPs. As CSR practice shifts from traditional philanthropy towards a strategically focused SP, mutual benefits can become attainable for both the focal firm and NPO, as suggested by the nature of a collaborative partnership relationship (Cho & Kelly, 2014; Austin & Seitanidi, 2012a).

The actual value created is often justified by the way a focal firm incorporates a SP in practice. More recently, Austin and Seitanidi (2012) explored the extent of SP practice as a value creation process. Accordingly, they categorised the SP value creation process into four categories, which are association value, transferred resource value, interaction value, and synergistic value (Austin & Seitanidi, 2012). These four categories of value illustrated Austin's (2000) earlier argument about the focal firm's involvement and the value creation concept from philanthropic to strategic. This value creation concept is a valuable conceptual groundwork for refining the research objective in this particular study (Cho & Kelly, 2014; Austin, 2000).

Austin (2000) argued that conducting SPs can bring varied benefits to the focal firm, at different levels. These include enhancing the reputation and image of the focal firm; improving employee morale, as well as recruiting, retention, and skill development; a richer focus on corporate values and culture; increased consumers; greater



appreciation from investors; and improved technology testing and development. Later, Austin and Seitanidi (2012) further argued that SP conduct is a value-creation opportunity, and the value created varied depending on the different levels of engagement and commitment.

As discussed earlier, the fundamentals of CSR practice are often established on the basis of three different levels of motivational factors, which include generic resource transfer, core competencies exchange, and joint value creation (Austin, 2000). Generic resource transfer incorporates basic philanthropic collaborations, which involve basic exchanges of economic value and good deeds between non-profits and businesses. Secondly, core competencies exchange occurs when a participant's unique capabilities are used to benefit the counter-party in the partnership. At this level, an individual party's special resources could be explored and utilised extensively to leverage the competencies of the participants. Lastly, the value creation process can further move to an integrated stage where the participants fully collaborate to develop joint products or services. This requires extensive strategic vision and practical approaches to enable participants that are proactively seeking opportunities to transfer the unique dynamic into a brand new, yet distinctive, form.

SPs, argued as a CSR instrument at a strategic level, and the value creation debate have been discussed from the perspective of creating value for the focal firm (Cho & Kelly, 2014). In Austin and Seitanidi (2012b), this argument was established around the way practitioners assessed the return from their input into the SP. The value perceived through, and after, the conduct of a SP has been argued to be tied to engagement and commitment: greater engagement and commitment leads to a higher perception of value by the focal firm. Austin and Seitanidi classified value perception into four categories based on the levels of engagement and commitment within a collaborative partnerships, which are discussed in the next section.

### 2.7.2 Association value

According to Austin and Seitanidi's (2012a) argument, association value is the value created by a focal firm through associating themselves with any kind of philanthropic activity. This is considered to be the bottom level of the value creation hierarchy, due to being the least engaging way to conduct SPs, with minimal value creation (Foster,



Meinhard, Berger, & Krpan, 2009). Value is largely created through increased legitimacy and associated support from relevant stakeholders (Austin & Seitanidi, 2012a).

This level of value creation has limited engagement between organisations, and the partnership operation often relies on an exchange of financial resources with a desired corporate image, rather than actual involvement. Association value is often criticised as a “window-dressing” attempt, due to its lack of depth and engagement; activities have little direct impact on social/environmental issues (Kolka & van Tulder, 2002). Further, there is a risk the focal firm will fail to explore and identify value within the partnership, and eventually become less motivated and engaged over time due to dissatisfaction.

### 2.7.3 Transferred value

The transferred value includes values created via the exchange of resources between a focal firm and NPO during the conduct of a SP, specifically, market intelligence and development (Koka & Prescott, 2002). This would directly enhance the focal firm’s competitiveness, as they learn through collaboration, as well as possible development of second generation customers (Austin & Seitanidi, 2012b; Porter, 1998; Bryson, Crosby, & Middleton Stone, 2006).

Creating such value requires engagement and interaction with the organisation beyond “give and take” practice (Koka & Prescott, 2002). In particular, the key to facilitating this value creation opportunity is the ability to identify the available internal and accessible resources from the partner (Hunt & Morgan, 1995; Hudson, 1999).

### 2.7.4 Interaction value

Interaction value considers all the value created during the conduct of a SP as the focal firm and NPO interact with each other at an organisational level. Value created includes knowledge, experience, information, and networks. In addition, the interaction value also considers enhanced government and community relationships,

plus convenience in terms of granting an operation licence, and also includes risk management (Austin & Seitanidi, 2012).

At this level, the value creation process goes beyond sharing and utilising pre-existing resources. Any forms of interaction between the organisations within a partnership are considered as contributing to the interaction value. However, such value usually accumulates over time, and might require special attention to notice. Regardless, the organisation can benefit from gaining interaction value to extend their internal capabilities beyond the existing partnership.

### 2.7.5 Synergistic value

Synergistic value considers all other possible values generated during the course of SP practice, besides the three previously discussed value categories. As suggested by Austin and Seitanidi (2012a; 2012b), some values are not predictable prior to conducting the SP, but are possibly created through the innovation aspect of business. Improved knowledge and learning experiences would further strengthen the performance of a business's risk management skills and productivity (Austin & Seitanidi, 2012a).

In a collaborative partnership context, the involved, unknown factors challenge the organisation to conquer unforeseen difficulties and tasks. Such experience enriches the value gained from operating in a partnership, and it empowers the organisations with greater potential for future operation.

## 2.8 Summary

CSR practice has come a long way since it first emerged in Western business practice. As business conduct increases in developing countries around the world, it is critical to understand CSR practice in a context with totally different cultural norms and institutional environment settings. The growing number of SPs in the Western world has led Eastern practitioners to start to appreciate the benefits of conducting such mutually beneficial partnerships. Literature has argued the importance of understanding the extent of SP conduct from the perspective of co-created value.

Being mutually beneficial is a distinctive feature of SPs among other CSR instruments, if conducted at the strategic level. Figure 2 summarises the relationship between CSR and SPs, based on the literature. Due to differences in the environmental context and the shallow history of CSR practice in countries such as China, it is important to discuss the impact of the political context and business philosophy. This will be covered in the next chapter.

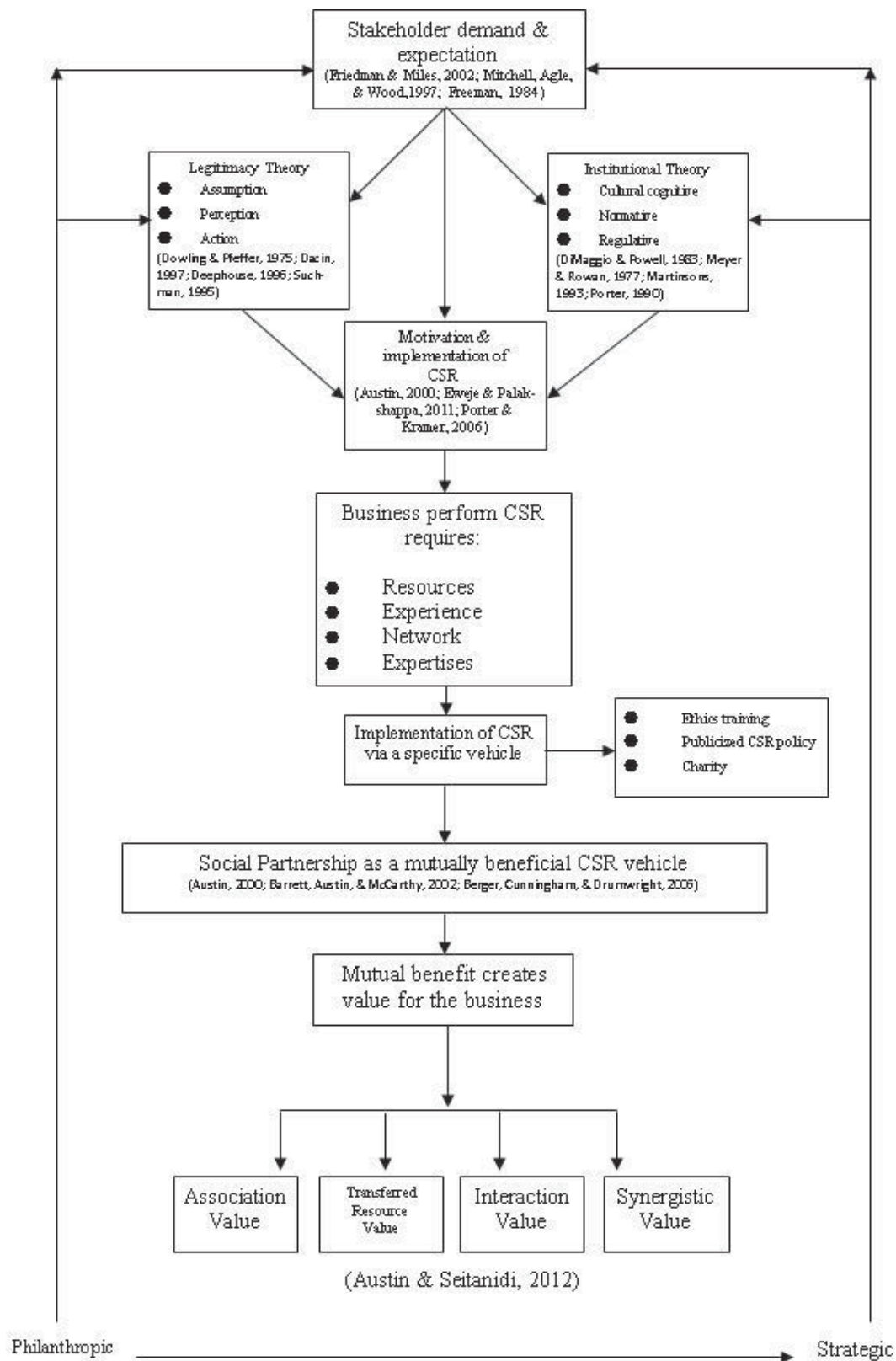


Figure 2 Summary of Literature

## 3 Chapter Three: CSR and NPO in China

### 3.1 Overview

The first section of this chapter discusses the origin and history of CSR in China, including the practice of SPs. The second part of this chapter discusses NPOs in China by examining the developing background and unique characteristics of Chinese NPOs. This chapter draws on cultural aspects of Confucianism and modern globalised business practice to discuss the validity of CSR practice and the reality of NPO operation in China. The evidence from the literature indicates that CSR/SP practice is a relevant term in current Chinese business practice, while NPOs are rapidly growing, assisted by the improving social/political environment in China. With emerging SP practices spreading across the country, it is critical to explore influential factors on the performance of a SP from the CSR and NPO aspects.

### 3.2 Part One: CSR practice in China

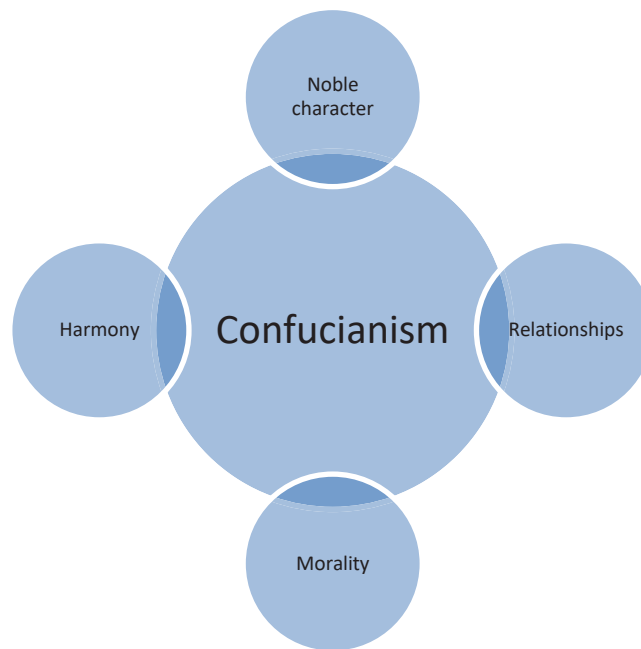
Compared to the mature business environment found in developed countries, in developing countries, such as China, CSR has also attracted increasing attention from society and business (Ramasamy & Yeung, 2009). Following China's economic boom after its market reform, it has become imperative for the country to focus on sustainability issues in order to further progress its growth (Zhao, 2008). Despite the fact that CSR was introduced in recent years in China, both internal and external pressures have significantly pushed the implications of CSR among businesses (Li, 2005; Zhao, 2008).

Cultural differences have a significant impact on the perception and awareness of the CSR of businesses in different social contexts (Lawther & Martin, 2005). Therefore, it is necessary to examine the implications of CSR, based on the unique Chinese setting. In fact, a number of researchers have illustrated that in mainland China, CSR practice is still in a developing stage, where firms and stakeholder are still experimenting with different CSR instruments (Welford, 2005). Moreover, Chinese society has been facing major trustworthy/credibility concerns that have impeded the recognition and progress of CSR in China (Lam, 2006; Welford, 2005).

Interestingly, scholars and researchers have also criticised the reality of implementing CSR in a Chinese context where high numbers of unethical business practices have been reported (Zhu, 1999; Zhao, 2008; The British Council , 2008; Shapiro, 2001). Debates have largely focused on the implementation of CSR in China and whether a measureable outcome could be achieved (Lin, 2005; Lyons & Hasan, 2002; Hill, Cronk, & Wickramasekera, 2008). Corruption and bribery have been a long standing threat to Chinese society; the tightening of the business sector by strict legislation is compromised by a number of barriers within the social system itself (See, 2009). Lack of a well-established monitoring system over the implementation process of the legal system could also hinder effective evaluation and transparency from the general public's point of view. In recent years, the current country leader has demonstrated a significant effort to address these two concerns (Communist Party of China, 2006; Wang & Juslin, 2009). Current leadership commitments have been well-received and highly praised by citizens. However, for a country the size of China, an extended period of time is required in order for dramatic changes to occur within society. Nevertheless, scholars and practitioners are positive that China, with extensive ancient philosophies deeply rooted within society, could connect these with modern business conduct to rebuild the trust between people, firms, and society. Confucianism, as one of the base guidelines of conduct, has been mentioned in order to reevaluate the reality of conducting CSR in China (Brettell, 2000; Cheung & King, 2004; Fombrun & Pan, 2006; Wang & Juslin, 2009).

### 3.3 Confucianism - Key influential factors for CSR in China

The People's Republic of China was founded on 1 October, 1949 and is referred to in this research as China, or new China. Compared to just half a century of modern Chinese history, ancient Chinese history can track back thousands of years (Hsu, 2007; Lai, 2008). As we look through history, philanthropy has always been a popular practice in Chinese society (Cheung, Chan, & Limayem, 2005; Brettell, 2000; Lutz, 2000; Roper & Weymes, 2007). Figure 3, below, illustrates the core constructs of Confucianism, which contains four main aspects (Po, 2009).



**Figure 3 Key Elements of Confucianism**

Confucianism is one of the most influential philosophies in China, and has been deeply rooted in Chinese society for the past 5000 years; it has been incorporated as a benchmark for guiding both business and daily life throughout the years (Po, 2009; Cheung & King, 2004; Chen, 2002; Roper & Hu, 2005). Some scholars believe that Confucianism was the earliest and closest form of CSR practice in China (Wang & Juslin, 2009). In fact, as pointed out by Phoon-Lee (2006), the key constructs of Confucianism, such as truthfulness, honesty, honour, and caring, actually provide a stable foundation for responsive business practice in the long term. Confucianism is often viewed as the critical justification for CSR conduct in China, which is often used to interpret and connect traditional Chinese social norms with the modern Western CSR concept (Wang & Juslin, 2009).

Moreover, Wang & Juslin (2009) argued that the close relationship between Confucianism and CSR shows how Confucianism started and progressed early CSR-like practice in China several thousand years ago. Similar arguments can be found in Po (2009), where it is asserted that Confucianism reintroduced the importance of establishing a noble character, as an organisation, to maintain a harmonised relationship with both internal and external stakeholders in the business context. Therefore, from the personal level to the organisational level, Confucianism has been

guiding Chinese society for centuries (Chuang, 2005; Cheng & Kong, 2009; Rashid & Ibrahim, 2008). Such social norms/codes of conduct could also be viewed as the institutional mechanism of society to put pressure on organisations and individuals. However, this principle code of conduct seems lost in the competitive ruthlessness of the modern business environment in China, where many businesses struggle to find their roots as an entity vitalised by people and society (Wang & Juslin, 2009). The next section will look into the development of CSR in the modern Chinese business landscape from 1949 to the present day.

### 3.4 CSR practice: Past and Present

#### 3.4.1 Past-day facts

Before the economic reforms in 1978 and the introduction of a socialist market economy, state-owned enterprises (SOEs) were the dominant enterprise structure under the control of the centralised governmental command (Jin, 2008; Ramasamy & Yeung, 2009). This fact directly lead to a lack of motivation in managing and marketing products, as there was no “free market” at the time. Hence, both SOEs and the workforce lacked creativity in CSR conduct, and only considered the operational side of business – there was no consideration of corporate social responsibility (Zhu, 1999). Simply put, due to the fact there was no actual corporate governance, corporations lacked innovation and lost their connections with their shareholders, stakeholders, and the market (The British Council, 2008). Therefore, CSR was not practiced until after the 1978 economic reform, which was followed by the emergence of a market economy and privately owned enterprises in China (Chen, 2002).

#### 3.4.2 CSR practice: Present

Compared to the West, the practice of CSR is still relatively new in China, as a free market economic policy was only introduced in 1978 (Zhu, 1999). Regardless, Chinese firms have adopted and practiced Western business approaches as globalisation has progressed. Increased international trade has revealed a number of social and environmental issues alongside economic development. As a result, the



Chinese government undertook an initiative to manage the business sector, and society, with a sophisticated policy to bring back the ancient code of conduct.

According to China's previous president, Hu Jintao, at the 15<sup>th</sup> Central Committee of the Communist Party of China in 2006, a new strategy of a "harmonious society" (HS) was introduced, which clearly defined the direction and perspective of the nation's development strategy in the context of a global economy (Communist Party of China, 2006). This new concept distinguishes itself from the strategies of the second and third generation leaders, Hu's predecessors. Explicitly, Hu stated that rather than strictly engaging in economic development, the focus would also be on social issues, in order to facilitate the long term, sustainable development of China (Communist Party of China, 2006).

Another key influence on firms conducting CSR is social perception and awareness among stakeholders. While China's central government implements their HS strategy, it is crucial that general society perceives the same value, to further progress the achieving of HS. In fact, research has shown that Chinese consumers are supportive of CSR from economic, legal, ethical, and philanthropic perspectives (Ramasamy & Yeung, 2009). The Chinese population has begun to look beyond products and services offered by businesses, and are taking greater consideration of factors, such as business ethics and the social/environmental impact of their business conduct, into their decision making process. In fact, such a shift among consumers from products/services towards responsible business conduct has been argued to be the result of economic growth and increased consumer power (Yang, 2005). Thus, this illustrates the presence of incentives for Chinese firms to conduct CSR.

In the Chinese government's five year plan, 2006-2011, the urgency and importance of departing from a "market-economic growth oriented" strategy, in order to pursue more sustainable long-term development strategies, was emphasised (Zhao, 2008). The change in the country's development path has certainly altered the focus in different sectors in society. The focus of the Government's national and social economic development five year plan was urgently rectifying the institutional weakness of the state environmental agency.

The above five year plan clearly represents the Chinese state authority's encouragement of civil society developments and participation. This follows the example of the Western world, which had already agreed upon and started practicing the utilisation of aid from civil society, in areas such as environmental protection (Anheier, 2000). The Chinese government has recognised the importance of promoting sustainable development with help from civil society, particularly non-governmental groups/organisations (Jin, 2008). In particular, the existing system, operated by government officials, actually causes misalignment and misconduct of duties for their own benefit. Biased assessment and poor decisions have been made due to the drawbacks of this system.

In recent years, there has been a dramatic change in terms of the nation's development strategy. The term HS has been introduced and heavily emphasised since 2006 (See, 2009; C. P. China, 2006). This change, at a national level, has certainly created a stir in society. It has also forced businesses to adapt their operational strategies accordingly. Such a relationship between HS and CSR in a Chinese context has been widely discussed by researchers (See, 2009; Zhao, 2008).

### 3.4.3 Social partnership in mainland China

Notably, a large number of giant international firms have formed partnerships with Chinese NPOs, and have offered their support to local NPOs (Meng, 2000). Social partnerships are at the developmental stage, and vague direction and vastly different cultural backgrounds have created barriers for practitioners trying to borrow well developed, third sector experience from Western countries.

From a regulatory perspective, the government significantly reduced their interventions and simplified related legislation in order to encourage third sector development in the current social environment (Alagappa, 2004). This has provided an enhanced developmental groundwork for newly formed NPOs and has helped them to gain experience and develop skills to increase effective, efficient organisational operations (Meng, 2000). Also, a vastly increased number of foreign firms have brought a foreign collaborative culture into China and influenced the country's social partnerships from a co-operational cultural perspective.

Most importantly, several researchers have pointed out that raising the bar of governance skill is a path to achieving a sustainable NPO (Meng, 2000; Jin, 2008; Zhao, 2008). Certainly, with more efficient management strategies, issues such as financial stress, scarcity in human resources, efficiency, and credibility could be solved more easily (Liu, 1999). Therefore, sustainable development can only become a tangible objective after these issues are addressed in an appropriate manner.

However, the most difficult aspect of SP is that the majority of practitioners fail to recognise that there are far many more opportunities for partnership than there are for financial donations (Chen, 2000). This is especially seen in collaborative efforts and teamwork strategies among NPOs and businesses.

### 3.5 Environmental issues and related CSR/SP practice in China

#### 3.5.1 Aftermath of economic reform

The rapid growth of China as an exporter of manufacturing services over the last 30 years, since the introduction of the Open Door policy, has generated a series of environmental issues. Water pollution, air pollution, and other environmental destruction caused by economic expansion have greatly harmed the general living conditions and sustainability of the country (Lam, 2006). The relationship between environmental degradation and economic growth in China has been studied and documented by a number of researchers (Chen, 2000; Meng, 2000; Zhao, 2008). In some regions especially, local authorities have employed a deliberate strategy that allows local polluters to produce more economic returns, rather than acting on concerns about environmental sustainability (China CSR, 2011; Brettell, 2000).

#### 3.5.2 Environmental concerns in SP practice

In the broad global context, as well as in China, environmental sustainability has been a popular topic among CSR/SP related practices and studies. Simply put, due to the aforementioned facts from China, environmental concerns have always been at the top of the list of general social/environmental issues (Lam, 2006). These include issues such as pollution, rubbish recycling, and climate change.

Being a manufacturing oriented country, the external pressure from various levels of trading/manufacturing policies has pushed Chinese corporations to take serious note of their CRS implementations (Turner & Wu, 2001). As a key player in the global trade, Chinese firms' decision makers have already raised awareness in regard to their CSR contributions (Li, 2005). At the same time, internal factors, such as labour rights concerns, have also forced firm operators to approach the market with a wider consideration of their stakeholders (The British Council, 2008; Jin, 2008; Zhu, 1999).

Further emphasis on environmental issues and environmental sustainability is also found in the literature, which emphasises the importance of environmental protection to both businesses and society (Fombrun & Pan, 2006; See, 2009). The rise of the environmental third sector in China has been growing since the 1978 economic reform (Storz, 1999; Wang & Juslin, 2009). Specifically, the introduction of a market economy during the same era has significantly emphasised the separation of state and society, where environmentally minded individuals started to get involved in NPOs and started to address environmental issues (Yang, 2005).

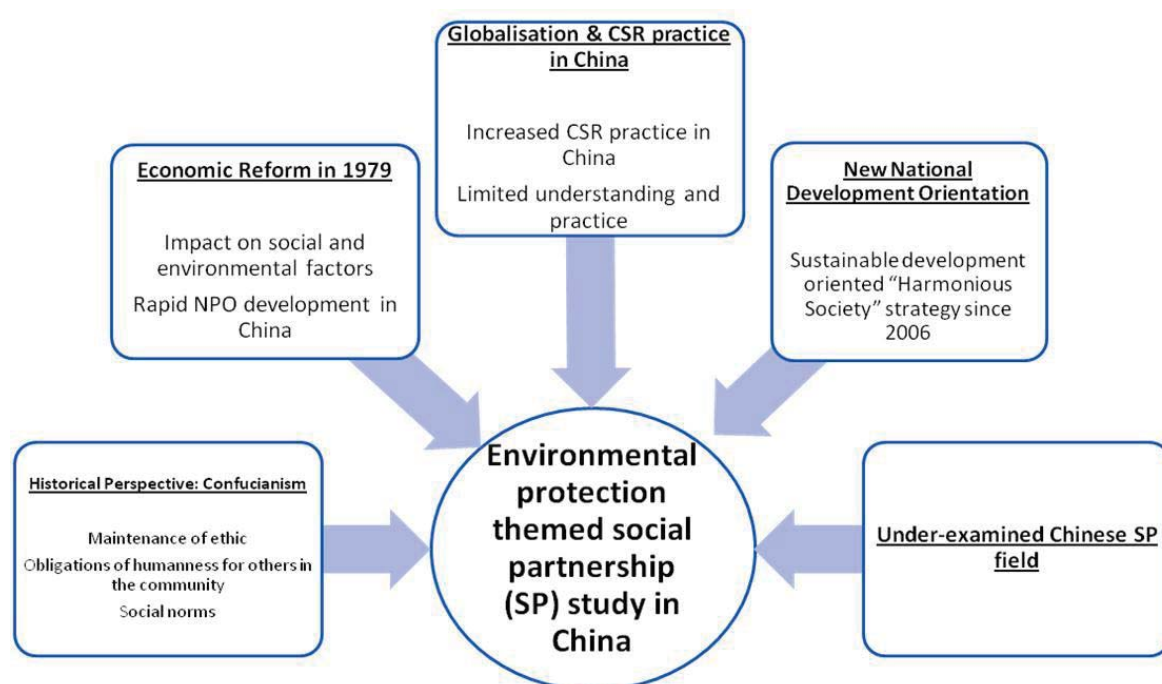
Beside private NPO activists in China, the government has also identified the need to address several major social issues caused by unbalanced economic growth as a manufacturing country. Over the past decade, the Chinese government has identified several major issues, or disharmonious social elements, that are relevant to corporations, which are (Communist Party of China, 2006):

- The development gap between rural and urban areas
- Uneven income distributions
- Unemployment and related social issues
- Resource expansion
- Efficient utilisation of resources
- Environmental management

This identification by the Chinese government clearly illustrates their intention to rectify these social issues that have been caused by economic development. At the same time, these statements also draw the attention of socially irresponsible firms, in

order to enforce the general idea of HS and a sustainable development perspective from the top down.

In summary, the findings from the literature show Chinese environmental concerns are closely linked to business conduct in China, and there is a demand for highly engaged CSR. It is, therefore, important to study the practice of environmentally themed SP practice in China. Based on the previous review of literature, Figure 4 illustrates the five key factors which impact the environmental themed SP practice in China.



**Figure 4 Environmental SP in China**

Confucianism has been embedded within Chinese society for a long period of time, which has provided the foundation for modern CSR conduct where social/environmental awareness could be more explicate with existing historical connection (Fombrun & Pan, 2006; Po, 2009). At the same time, the Chinese government are putting more effort into improving the present day social/environmental conditions, which sustained a notably negative impact from the rapid economic expansion since the late 1970s (Brettell, 2000; World Economic

Forum & The Boston Consulting Group, 2012). In their emerging role as an important player in the global trade, decisions makers from Chinese firms are seeking opportunities to improve how CSR is incorporated into their daily operations, in order to meet raising stakeholder expectations (Brettell, 2000; Cheung & King, 2004; Lin, 2005). Under these internal and external forces, it is important to examine SP conduct in China, where the potentially mutually beneficial outcomes are often highly regarded by practitioners, especially in comparison to other, less engaging CSR instruments.

### 3.6 Summary: CSR

A brief review of the history and relevance in shaping modern Chinese CSR clearly demonstrates the strong influence of Confucianism from a cultural normative perspective. Confucianism has been identified as the main driving factor of modern CSR practice in China long before the recognition of the modern age. Studies from the literature have argued the validity of Chinese CSR, which has strong historical influences aligned with modern day institutional attributes. Due to the fact that CSR in China is still in its developing stage the selection of specific CSR instrument is still vague and uncertain.

### 3.7 NPOs: Western and China

This section provides a brief overview of Western NPOs and an assessment of NPO development in China, following the timeline of development. As both the NPO partner and the focal firm have an equally important role in a SP, it is critical to understand the operation and motivation of NPOs in practice. The political and social context in China, including the dramatic changes in society since the formation of the new government in 1949, have had an impact on Chinese NPOs. Understanding these helps to further explain and justify the case selection in this particular study.

#### 3.7.1 Western NPO

NPOs operate in a wide range of sectors in society, from environmental protection to health care, from human rights to education. As a result of globalisation, NPOs around the world have experienced dramatic growth in both popularity and public awareness through their service to the general public (Anheier, 2000; Druker, 1990).

The term “non-distribution constraint” has been used to distinguish non-profit organisations from for-profit counterparties; in other words their founder or operator does not claim residual profits (Hansman, 1987). In a global context, this principle characteristic is shared by most NPOs in operation. This requires NPOs to have access to resources in order to complete their missions (Anheier, 2000). Therefore, the survival and growth of an NPO largely depends on the organisation’s financial sourcing capability to fulfil its operational needs (Kerlin, 2006). Also, the other key characteristic of NPOs is that they are usually described as non-governmental; NPOs do not associate with governments or operate on behalf of governments in any way (Salamon, Anheier, List, Toepler, & Sokolowski, 1999). From another perspective, NPOs are a physical representation of their volunteers’ willingness and mind-set around particular social issues (Salamon & Anheier, 1996).

In a global context, governments have reduced or even phased out their supporting role of public service providers due to conflicts between public demand and state government’s capabilities (Rhodes, 1996). By contracting out public services to NPOs, where the collaborative institutional strategy has been to gather a network among volunteers and communities, private and public players are filling the gap between the governmental body and society (Skelcher, 2000; Milward & Provan, 2000; Anheier, 2000; Barraket, 2008). This hollow state strategy, practiced among several Western countries, including the US and UK, has encouraged the growth and development of the third sector worldwide, and has created challenges for self-sourcing operational resources among private third sector organisations (Munoz, 2009; McShane, Olekalns, & Travaglione, 2010; McKinney, 1995; Milward & Provan, 2000). Diversified demands from the public has advanced NPO development to be able to source essential operational resources to fulfil their needs for the third sector (Kong, 2008). This global trend has been accelerating the progress of third sector development and has exposed concerns about resources for social activists and NPOs (Pitta & Kucher, 2009; Meyer & Zucker, 1989; Salamon, 1992).

While NPOs operate in many different areas, a large group of environmental NPOs , such as the Environmental Defence Fund, Conservation International, and Ceres, to name just a few, can be found around the world carrying out environmental protection missions. Different NPOs have their own specialised field and are showing increasing



collaborative efforts with the business sector in order to ensure more effective operations. For instance, in the early 1990s, the Environmental Defence Fund collaborated with McDonalds to eventually end the company's use of foam-plastic sandwich boxes, which it says is the first corporate-NGO partnership of its kind (Environmental Defense Fund, 1990). With the increased power of the Internet and social media websites of the modern world, environmental NPOs have become even more empowered and closely related to business conduct and individuals' lives.

### 3.7.2 NPOs in China

Due to the vastly different social structure and government regulations in China, the common Western understanding of NPOs needs to be modified in a modern Chinese context (The British Council, 2008). Generally speaking, in China “third sector”, or NPO, is an overseas term that has had no clear definition until early 2000s (Chen, 2002). Therefore, it is critical to clearly define and illustrate the origin of the third sector in China. Most importantly, this study will only look at the part of China's third sector that shares the common characteristic of delivering social well-being (Chen, 2000). Any other kind of organisation with the intention to violate state interests, public interests, or public morale will not be included in this study. Due to the different, yet complex, structure of the third sector in China, appropriate terminologies will be introduced, explained, and interpreted to ensure that they are understood and differentiated from their Western third sector equivalents.

Based on the literature, this study classifies Chinese NPO development into four critical stages in China's NPO development: the emerging stage; the stagnant period; the rapid growth stage; and the regulated stage.

#### 3.7.2.1 *The emerging stage*

The People's Republic of China was founded by Zedong Mao on October 1, 1949. The country was heavily influenced by Soviet Russia's communism at the beginning stage of its development (Communist Party of China, 2006). Under the influence of the unstable social and political environment after WWII, the new Chinese government made a huge effort to regulate and cleanse the country's remaining social organisations (Zhu, 1999). This was mainly because the government was trying to eliminate all possible remaining threats and unstable factors in the country at that time. This approach largely eradicated opposition from the remaining minorities against



state power during the early stages of the new China (Alagappa, 2004). Furthermore, this approach also consolidated a relatively stable society, which set the scene for later economic expansion.

In March 1951, the document “Social organisation registration and operation guidelines” was drafted to accommodate the growing demand for social organisation formalisation (Chen, 2002). The term “social organisation” was used to define any non-governmental organisation or agency that operated in society (The British Council, 2008; Chen, 2002). This was the very first time that the new Chinese government officially identified and classified the emerging third sector in China. Based on the records, there were over 100 social organisations operating at the national level, as well as 6000 regional organisations spread across the country (Zhu, 1999, S. Chen, 2002).

#### ***3.7.2.2 The stagnant period***

In 1966 the controversial “Cultural Revolution” was started by the President Mao Zedong in order to further cleanse the nation’s remaining unstable elements, such as anti-governmental and capitalism-oriented groups and people (Chen, 2002). It has been argued that the Cultural Revolution had a significant, negative impact on the nation’s development (Chen, 2002). It has also been argued that it was a controversial approach to cleansing the nation for the sake of stabilising the new regime; furthermore, some Western literature has also criticised the Cultural Revolution as a symbol of self-centralised abuse of power (Meng, 2000; Chen, 2002).

Due to the strict shake down of society from top to bottom, the development of the entire country suddenly stopped and regressed. Both social and economic development were affected by the instability caused by the Cultural Revolution (Chen, 2002). In fact, no notable social organisations with genuine interests in the wellbeing of society can be identified from this period (Zhu, 1999). However, there were still a number of grass root social organisations with specific political interests that formed and operated independently (Zhu, 1999). With the end of the Cultural Revolution in the late 1970s, those organisations also vanished, or were cracked down on by the government, due to their perceived extremeness.

### *3.7.2.3 The rapid growth stage*

In 1978, China's political and economic environment was transformed into a new era with the introduction of the "Open Door Policy" (Chen, 2002). Xiaoping Deng, who was the country's leader at the time, adapted China's development strategy from the previous closed/highly centralised, planned economy towards an open market economy (Chen, 2002). Historically, this dramatic change marked the beginning of the "new" modern China, which also significantly altered the development pattern and progress of the revolutionised new China.

At the same time, influences from overseas also brought a "breath of fresh air" into the country. The rapid growth and expansion of the Chinese economy opened up the mass population's vague vision of the third sector in China (The British Council, 2008; Brettell, 2000). For instance, the general public's perception of the economy, political, and social activities changed dramatically, with more freedom to experiment with different approaches other than taking direct orders from authorities. The tremendous growth in the country's economy provided a rather more promising breeding ground for social organisations. Statistical records indicate that in early 1989 there was a significant increase in the number of social organisations across the country (Chen, 2002).

However, the incident that occurred at Tiananmen Square in 1989, again, put the entire country on pause (Fewsmith, 2001). Certainly, the progress of social organisation development once again stopped in all sectors in China (Chen, 2002). The aftermath left the entire country in a hiatus, followed by a shakedown of NPOs from top to bottom. Then in the early 1990s development progress got back on track again (Fewsmith, 2001).

Historically, the Open Door Policy and the following economic reform significantly changed the perspective and progress of the development of the entire country's third sector (Chen, 2002). As a number of domestic and overseas scholars have established, economic reform has had several major influences on third sector development in China (Fewsmith, 2001; Chen, 2000; Fombrun & Pan, 2006). Firstly, economic reform effectively enforced a shift from a centralised planned economy towards a market economy (Chen, 2002). This fact enabled state power to fade out from the direct manipulation of the country's economic operation, which exposed a number of

social issues associated with rapid economic growth. Therefore, the freedom gained from a market-oriented economy significantly increased the demand for non-governmental support to resolve the emerging social and environmental issues that were embedded within the development progress.

Also, economic reform greatly leveraged the wealth of society and individual business. There was a great increase in business revenue and personal disposable income (Jin, 2008). As a result, the improved financial capability of business and society, plus the increased opportunities under the influence of the market economy, provided a fundamental platform for the Chinese third sector to progress to a higher level.

Lastly, the free market economy also engaged the social awareness of self-regulation at the grass roots level (Fewsmith, 2001). With more freedom available, grass roots civil organisations were able to identify social issues from a different perspective to that of the government authorities. This fact not only benefited society, but also enhanced the presence of grass root civil organisations in the national context (Chen, 2002).

Significantly, economic reform also encouraged the government to re-evaluate the third sector's assistance and crucial functions in the new social environment. With the transformation of the economic environment, state authorities realised the significance of supporting the third sector because of the benefits that it could bring to society (Fewsmith, 2001). The previous two dimensional "state-society" model no longer matched the growing economy, as the "State-Owned-Enterprise" (SoE) was no longer the only form of economic body in society (Fewsmith, 2001). More importantly, the changing environment directly altered non-SoE related business, and individuals required an entire new sector to facilitate and retain their relationships with the state (Chen, 2002). Therefore, this stage was a significant step for third sector development in China.

#### ***3.7.2.4 The regulated stage***

As the third sector moves forward, the government has been revising existing legislation and regulations to meet development criteria in the new social context (Han, 2008). There was a decline in NPO numbers around 2000 due to the re-formation and rearrangement of the revised third sector regulations (Chen, 2002). Such a decrease in organisation numbers was explained as stricter regulation allowing

an enforced standardised management approach across different areas of NPOs. However, the performance standards of NPOs were also increased significantly.

As far as regulations are concerned, the government has significantly reduced its interventions and simplified related legislation to encourage the growth and development of the third sector in China (Chen, 2002). As well as there being increasing demands from the general public for CSR, a number of NPO-business partnerships have been formed in China (Zhao, 2008). This has certainly provided an improved breeding ground for newly formed NPOs and has helped them to gain experience and develop skills that facilitate the effective and efficient operation of organisations (Meng, 2000). Also, increased numbers of foreign firms have brought a foreign collaborative culture into China and influenced the country's social partnership culture towards a co-operative perspective.

### 3.7.3 Current varieties of Chinese NPOs

Currently, all NPO registrations and management go through the Ministry of Civil Affairs in China (MCA) (Ministry of Civil Affairs [MCA], 2010). According to the current classification of China's third sector by the MCA (2010), as shown in Figure 5, there are two separate categories of NPO; these are "Social Organisations" and "Non-Enterprise Units" (SO& NEU) (MCA, 2010). These two categories were justified based on China's unique historical background and developed through the study of different components in the context of modern Chinese society (Zhao, 2008; Chen, 2002). Due to the fact that the Chinese third sector is often associated with the government at different levels, this fundamental difference, from a Western perspective, will be discussed in the following sections.

According to the official definition of the MCA, an SO is a voluntary organisation founded by citizens with shared interests and conducting not-for-profit activities within the boundaries of the regulations (Liu, 1999, Zhao, 2008, Zhu, 1999). Examples are college-based student associations/organisations and institutions.

A Civil-NEU is an organisation/unit founded by enterprises, social organisations, or individuals that is funded without state-owned assets, and carries out social services without demanding profitable returns (Zhao, 2008; Zhu, 1999). Examples are wildlife protection organisations and civil funded/operated sanatoriums.

These two different classifications share some common similarities, as they are founded by civil volunteers and not-for-profit operations (Liu, 1999, Zhao, 2008; Zhu, 1999). However, the major difference is in the organisational structure (Chen, 2000). For SOs, organisation orientation is based on the common interests of members and is less formally structured and operated. Civil-NEUs, on the other hand, deliver not-for-profit social services in a formal way, with real firm structures, assets, and human resources.

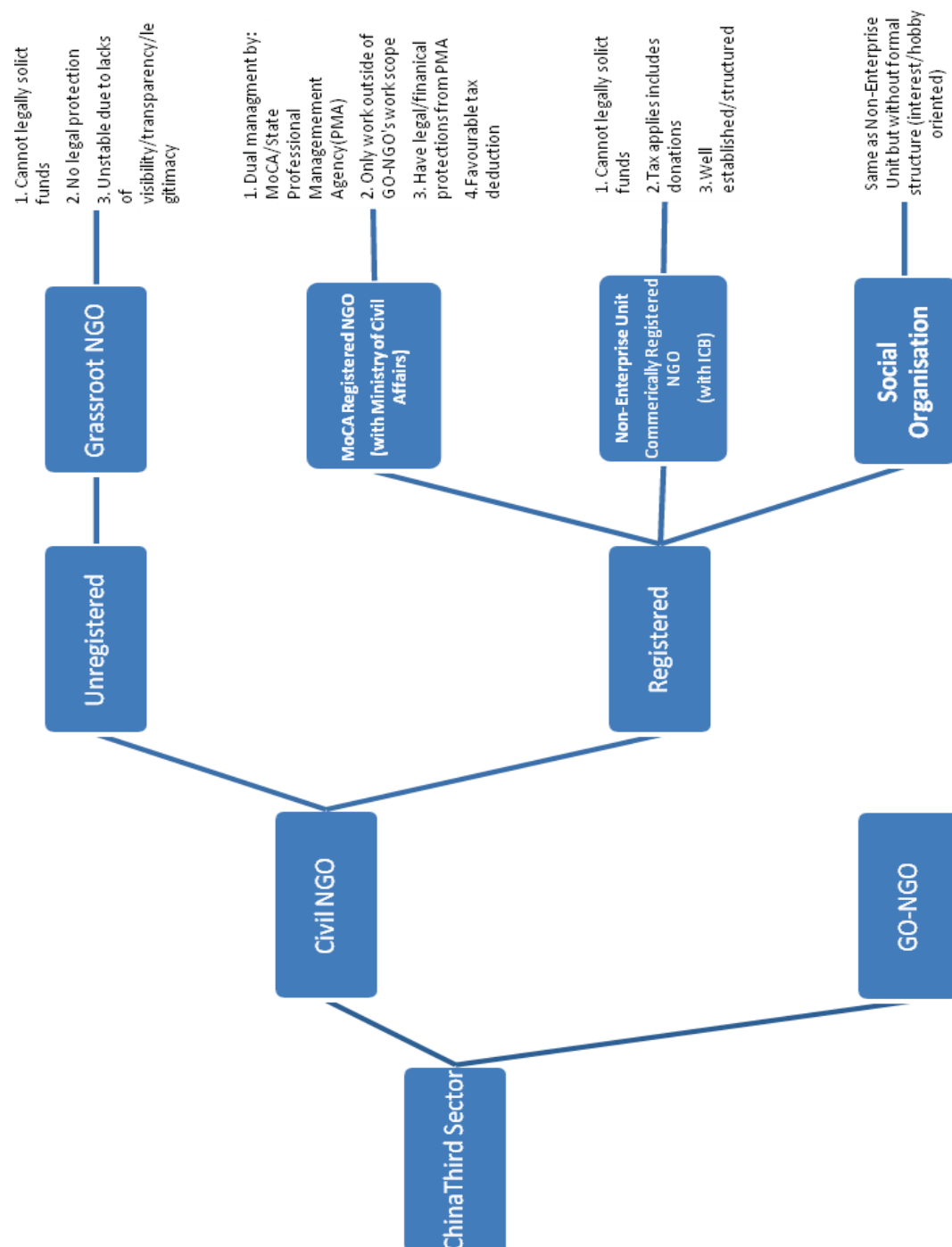


Figure 5 Types of NPOs in China

According to previous studies of China's environmental groups, the following three main forms are presented according to their different organisational structures: GO-NPOs/GO-NGOs, SOs, and Civil NPOs (Zhao, 2008; Dai & Eduard, 1999). These three categories of Environmental NPOs have been progressing with different dynamics, and each has a different focus towards general environmental issues in China.

As explained previously, both SOs and NEUs are distinguished by their structure and institutional level (Zhao, 2008; Zhu, 1999). Specifically, GO-NPOs/NGOs and SOs are usually indirectly associated with state authorities. Both kinds of entities carry out their duties by directly following the operational strategies of the national authorities. Relating back to the current national sustainable development strategy, these two groups of organisations are considered to be the direct supporting act for carrying out government decisions together with government agencies.

GO-NGOs in China are usually operated by the government, either directly through government agencies/institutions, or indirectly through organisations that are governed by ex-officials from the government (Zhao, 2008; Zhu, 1999). This characteristic significantly differs from the well-received Western "non-governmental" characteristic of the third sector in general. Therefore, their operation only represents and corresponds to commands from higher authorities. Previously, a number of studies have revealed the drawbacks of this type of operation (China CSR, 2011; Darigan & Post, 2009; Dai & Eduard, 1999). As these organisations rely too heavily on the vision of the state authorities, the organisations themselves are bound by a rigorous, centralised planning strategy. Meanwhile, the decision makers do not usually have sufficient practical experience or knowledge to ensure the accuracy and effectiveness of their policies. As a result, organisations that represent the voice of government are likely to overlook areas that have not been raised by central authorities.

However, this fact has already been identified by government authorities, and civil organisations have been recognised as an effective aid/solution to resolve this issue. This has also been studied by Knup (1997), who stated that GO-NGOs' connections with government leadership mean that they can promptly raise environmental issues. Furthermore, issues still exist within GO-NGOs, such as the fact that they are an "eye"

of the state authorities (Knup, 1997). They are also not grass-roots oriented, and are not known for effectively using the funds at their disposal (Liu, 1999).

Civil-NPOs are funded and operated by civil volunteers; this type of organisation represents the closest form of Chinese NPO to Western definitions of the third sector (Zhu, 1999). As previously stated, Civil-NPOs were sometimes treated as government opposition during the very early stages of third sector development, especially those anti-government political groups. This problem has not been considered as an issue by those Civil-NPOs with genuine social or environmental interests.

Generally speaking, civil NPOs are much more flexible and mobilised compared to the above mentioned government-related forms of NPO. This is because they are much more likely to operate independently without relying on resources and funds from the government (Zhu, 1999). However, in principle they are still required to register with the MCA and to operate under the supervision of government agencies to ensure that their operational scope will not harm society, either intentionally or unintentionally (MCA, 2010). According to the MCA's official registration guidelines, the complexity of the registration process actually stops a large number of grass-roots level organisations from gaining a "legitimate" status in society, regardless of their positive primary intentions in the first place (MCA, 2010).

On the other hand, due to a number of negative influences from both external and internal environment factors, Chinese government environmental agencies cannot fully meet the demands from society (Lam, 2006). Considering the under-development of the entire third sector, the missing support from civil societies has only worsened the situation that China is facing today. Furthermore, Chinese NPOs usually suffer from a lack of sufficient, reliable sources of economic remedies from society (Liu, 1999; Jin, 2008). Therefore, their insufficient financial support makes it hard for them to achieve their full potential, at least without some form of partnership with other organisations, such as businesses.

### 3.8 Summary: Western and Chinese NPOs

This chapter reviewed Western NPOs and discussed Chinese NPOs by comparing the characteristics of different types of NPOs. Interestingly, the social/political context in China has ultimately impacted the developmental progress of NPOs since the

formation of the new government in 1949. Regardless of the short history of NPO development in modern China, the NPO in China has eventually reached a stable stage. Interestingly, the maturity in both regulation infrastructure and accumulated experience has encouraged NPOs to participate in a variety of activities to develop and grow, which includes cross-sector partnership practice and the emergence of SP practice in China. However, the short history of NPO development requires more study to improve the understanding of NPOs and emerging SP practice.

### 3.9 Chapter Summary

After a detailed literature review of Chinese CSR and NPO development, in conjunction with the review of Western literature from the previous chapter, three research questions have been developed and will be investigated through the use of a qualitative research methodology, described in the next chapter.



## 4 Chapter Four: Methodology

### 4.1 Overview

This chapter outlines the philosophy of this research. In particular, it discusses and justifies the use of a qualitative research method in this study. This chapter first discusses the research methods and structure; it will then justify the use of a qualitative research methodology and explain the case-study strategy in detail. This study utilises a case-study design, including a multiple-case study approach with primary qualitative data obtained from conducting in-depth interviews. Lastly, validity, reliability, and ethical considerations are addressed at the end of this chapter.

### 4.2 Research Design

#### 4.2.1 Justification of research method

This research was designed as a qualitative study, being more suitable to the exploratory nature of this study, compared to a quantitative method. Qualitative research methods provide greater connections between real-life phenomena and research objectives, especially when there are less obvious relationships within an ambiguous context (Carson, Gilmore, Perry, & Gronhaug, 2001; Patton, 2002; Golafhani, 2003). In particular, a qualitative research approach facilitates a focused study with an in-depth understanding of the study objectives (Zikmund & Babin, 2007).

A qualitative, and therefore flexible, method was used as this research focuses on contemporary issues in a real-life context. In particular, qualitative research allows the researcher to discover unanticipated findings, and gives the flexibility to adapt research plans in response to serendipitous events (Bryman, 1984). As this study aims to close the gap between Western understanding of SP conduct and practices in China, this research requires room to accommodate open discussions to progress the theory development. This characteristic of the selected qualitative research design perfectly matched the research objectives in this study, with room to accommodate unknown factors as my research on SP conduct in China progressed. This study was conducted

in the Chinese context, where very limited prior research, especially on conducting mutually beneficial SPs in the current Chinese business field, exists.

In addition, as highlighted by Mangen (1999) and Gummesson (2005), it is important for the marketplace to incorporate and utilise qualitative research in the development of new theories and to close the gaps in existing marketing literature. As previously discussed in the literature review, limited studies have been undertaken regarding SP development, with CSR orientation in China, especially focusing on environmental issues caused by rapid economic growth. Therefore it is important to study this social phenomenon in China and to develop new theories. Also, it has been shown that qualitative research methods provide more connections between real-life phenomena and research objectives when there are less obvious relationships (Patton, 2002). For under-examined phenomena and behaviours, a qualitative research method allows the researcher to explore the research objectives to a fuller extent.

Hence, for the reasons explained by Patten (2002), Bryman (1984), Mangen (1999) and Gummesson (2005), a qualitative research method suits this particular study of SPs in China's unique social and cultural context. The main purpose of this study was to establish an in-depth understanding of the establishment of SPs in China and to identify the performance attributes for SP practitioners and researchers as a future reference. Thus, a qualitative study was important at this stage of SP research in China, due to the limited number of studies that have been done on Chinese SPs in recent years. There are only a handful of sources of information available to reveal the critical factors in conducting sustainable SPs for both NPOs and focal firms. This is especially important for businesses that are trying to create highly demanded stakeholders values in China.

Therefore, a qualitative research method facilitates the researcher to be able to investigate the phenomena by utilising an adaptive methodology, which is essential to handle the possible uncertainties and unknown factors throughout the research process. This research design utilises a number of theories and findings from literature and combines them with current Chinese documentation in related fields to discover unknown factors in the SP context. Therefore, a qualitative research method was chosen as the most suitable method for conducting in-depth SP studies in Chinese society in this research.

#### 4.2.2 Case study design

This study focuses on exploring SP conduct within China's social settings, and investigating and identifying the performance attributes of the partnership. It is critical to investigate and identify the perspectives of key personnel from both the focal firm and the NPO on the whole collaboration experience (Golafshani, 2003; Ragin, 1994; Sutton, 1997). Due to the characteristics of the unknown factors in this research, the context does not have very clear boundaries with regard to the phenomena (Dubois & Gadde, 2002; Golafshani, 2003). Moreover, case studies enable researchers to analyse complex, yet dynamic, phenomena effectively (Halinen & Tornroos, 2005). According to Halinen and Tornroos (2005), the case study is an essential and more effective approach in studying networking related business activities. Therefore, a case study approach is suitable for this cross-sector collaboration based SP study with a CSR orientation.

The case study strategy often incorporates multiple data resources, such as documents, real-life observations, and in-depth personal interviews; these provide effective data triangulation to enhance the validity of the findings for this research (Yin, 2003). Hence, in order to understand the complex and dynamic relationships between NPOs, focal firms, and relevant stakeholders, under the influence of raised social concerns and demanded CSR, the case study methodology was chosen; a case study will effectively explore the detailed relationships and interactions between the parties in the social partnerships. More specifically, in-depth interviews and documents were used in this research.

#### 4.2.3 Multiple-case design

In addition, a multiple-case design was incorporated in this research, in order to meet the research objectives and to build theory in a Chinese CSR/SP context. The selection and analysis process followed replication logic, rather than sampling logic, with a particular focus on researching theoretical situation.

As argued by Campbell (1975), the case study will also follow the same criteria between each individual unit of analysis. It is essential to incorporate a pattern-

matching approach to address any raised concerns, to ensure the reliability and validity of the study (Kazdin, 1981; Kennedy, 1979).

In respect to validity concerns about the research design, multiple case studies are better than a single case study due to the replication inherent in the research design (Campbell & Abrens, 1998). This will directly enhance the validity of the research findings with regard to comparability and transferability.

Yin (1994) also argued that analytical notions of generalisation help to generalise the results to a theory, instead of only relating to a particular group of the population. From a triangulation perspective, multiple measurement/assessment points are critical in terms of evaluating the credibility of findings and researching theoretical saturation, therefore they improve the applicability of the findings (Campbell & Abrens, 1998). Hence, a multiple-case design approach was incorporated in this study.

Additionally, based on Yin (1994) and Eisenhardt's (1989) arguments, between four and ten cases are regarded as appropriate for a multiple-case study design. Therefore, this study included six cases to study CSR oriented SPs. The selection criteria for the cases will be discussed in the following section.

#### 4.2.4 Case selection criteria

Six focal firms and their SP cases were selected from mainland China. As this research aimed to study the dynamics within a CSR/SP context in mainland China, it is important to distinguish the social/political context of mainland China from Hong Kong or Macau. Thus, only cases from mainland China were selected to maintain consistency in the social and political environment of each single case.

As discussed in the previous chapter, all social organisations in China are bonded by legislation under the monitoring of the Ministry of Civil Affairs. However, private/civil organisations are still able to conduct individual activities based on their own decisions, as long as they do not breach the code of conduct set by the government. This level of independence from the government, in terms of decision making processes and behaviour, enables the findings to truly reflect the motivation and orientation of each case. Despite the fact that there are a number of mature international NPOs operating in China, this study only looked at local, civil NPOs that participate in a SP to identify the notable performance attributes.

When selecting the focal firms, an almost identical selection process was incorporated. Only local, non-state-owned/operated businesses, with a formal SP in place with a registered NPO, have been studied. SOEs have been excluded from this study to avoid biased findings caused by the heavy influence of centralised command from state authorities, which is a feature of Chinese SOEs. Similarly, international firms, foreign direct investment, or joint ventures were also excluded to ensure that this study focused only on local, privately-owned/operated businesses and their perceptions of CSR and SPs. Therefore, these selection criteria further ensured that the specific boundaries of the study were clearly focused on this specifically defined Chinese context, primarily on environmental concerns and activities.

#### 4.2.5 Unit of analysis

The measurement of cases is determined by the unit of analysis, which is the specific case contained within the analysis process. A distinction has to be made between what is relevant and what is irrelevant in case analysis based on relevance to the research objectives. This provides a boundary and determines the extent of the data collection, data coding, and analysis (Miles & Huberman, 1994; Stake, 1994).

In this study, the unit of analysis was each single SP that contains a focal firm and a NPO. Although this thesis has incorporated multiple case studies, the unique characteristics of each individual unit of analysis were coded and summarised using the same measurement scale, and each unit of analysis was studied based on the designed research objectives.

#### 4.2.6 Data collection methods

Multiple types of qualitative data were collected and incorporated into this research, such as in-depth personal interviews, real-life observations, and official documents from state governments. Multiple data sources were utilised to triangulate the findings, thus ensuring the validity of the research.

For this research, primary data was utilised as the main data source. In order to ensure the validity of this exploratory case study, multiple in-depth interviews were conducted with the key decision makers from each unit of analysis to collect research data in conjunction with real-life observations and documentation. As Yin (2003) recommended, interviews, participant observations, and documentation were used as

sources of evidence for data collection; these provided data triangulation to decrease potential bias from respondents, one of the dangers in qualitative research. The overall goal of the data collection was to maintain the chain of evidence and to enhance the reliability of the data collection.

### ***In-depth interviews***

In-depth interviews were the critical source of data in this research. Interviews were recorded and transcribed with the permission of the interviewees for analytical purposes. Limited impartial research has been done on this particular subject, so “how” and “why” questions were asked during the interviews with the respondents in the case studies (Yin, 2003). The interview process began with a narrative and open-ended questions, and was followed by semi-structured questions. Lastly, an opportunity for the interviewee to talk about the relevant/important areas from their own perspective was provided, with regard to the discussion context (Morse & Field, 1995).

Face-to-face interviews were arranged to investigate the participants’ views and experiences as they related to the research questions (Pare, 2004). The participants in each sample typically held the role of decision maker, and were mainly the owner/operators. However, depending on the different organisational structures, other key players/persons apart from primary decision makers were able to be included for specific study entities. The main research database included the original recorded interviews, manual transcriptions of the interviews, and case write-ups with summaries. This database was also built with the aim of enhancing the overall reliability of the case study.

Semi-structured interviews were used in this research for the purpose of controlling the interview. Interviews followed a pre-determined script, as well as allowing participants to express their opinions within the boundaries of the research questions (Yin, 2003). The purpose was to provide better data triangulation and to avoid any bias caused by regional differences. The data triangulation also gave a wider perspective that overviewed the current state of Chinese SPs from different areas, instead of focussing only on financial/economical, central-hub cities.

The in-depth interview script contained open-end questions; its structure was based on key aspects from the literature review on constructing SP and conducting CSR. The design of open-end interview questions aims to open up the discussion of SP development experience based on respondents' real-life feedback. The flow of pre-structured question cues follow the progress of SP development from motivation to formation, then move on to execution and post conduct evaluation. A copy of the interview question script is included in **Appendix I**.

For the primary data collection via in-depth interviews with key personnel from the selected SPs, there were two separate phases of data collection. Using two phases can be justified by the explorative nature of this particular study. Due to the number of unknown factors involved within such an under-studied context, refinement and adjustment to ensure the accuracy of the study were necessary; this provides the justification to conduct the second phase interview. Specifically, it enabled the researcher to revisit the site to gather a greater depth of data, and confirm emerging themes and data coding.

#### ***Other sources of data***

Indepth interviews were supported by secondary data gathering and researcher observations. Documents provided by participants, published articles, and information from the Internet are all examples of secondary data that were collated in this research. Researcher involvement played an important role in this research during the conduct of interview data collection and interpretation of collected data.

#### **Interview process (Primary data collection)**

- Case selection
- Confirm interview accordingly with interviewees
- Conduct interviews (Phase One)
- Conduct interviews with external stakeholders (i.e. regional Ministry of Social Affairs officials)
- Restructure questions and conduct interviews (Phase Two)

#### 4.2.7 Analytical procedures

##### *Transcription*

Transcription took place after the completion of each data collection phase. Recorded interview conversations were manually transcribed into a text document. All the original transcripts, and translated English versions, were sent back to the interviewees to cross-check for accuracy, as well as to verify if there were any sensitive materials which they wanted to be excluded from this study. A coding start list (Figure 6) was initiated based on Western studies about SPs conduct, where the key attributes during the different stages of SP development were highlighted to categorise the collected data in a different Chinese context for analysis.

As suggested by Eisenhardt (1989), this research followed three stages during the data analysis process, after data was collected for the research objectives. These were data coding, within-case analysis, and cross-case analysis.

##### *Data coding*

Data was coded using an abbreviation method, according to the specific subject and how the questions aligned with the research objectives. The coding start list is presented in the following Figure 6, which was initiated from the review of Western SP studies.

Following the practice described by Miles and Huberman (1994), data coding was done at an early stage of the case study analysis in order to group and categorise the bulk of the data obtained from the research accordingly, based on the coding lists pre-determined from the literature. As Figure 6 shows, topics and sub-topics were constructed from attributes in the literature on CSR and SP conduct. Coding benefits The analysis was benefited through the use of coding; data was tagged to make it easier to access and identify new insights by filtering out irrelevant data unrelated to the research objective or conceptual framework. Observational notes and other secondary data were also coded and sorted accordingly for further analysis in conjunction with the collected primary data.



Topic	Sub-Topic	Code	Description
Motivation	Internal Factor	OM-IF	Motivational factor(s) within the organisation
	External Factor	OM-EF	Factor(s) from the external environment
Formation	Evaluation Criteria	AF-EC	Criteria(s) used by a party for evaluating a possible alliance with another organisation.
	Selection Process	AF-SP	Partner selection process(es) during the formation stage
Objective	Primary Objective	AO-PO	Identified primary objective(s) of the organisation through the alliance
	Secondary Objective	AO-SO	Identified secondary objective(s) of the organisation through the alliance
Expectation	Self Performance Reflection	E-SER	Self-assessment of responsibility and expectation in the alliance
	Partner Expectation	E-PE	Specific expectation of the counter-party from organisation's perspective
Resource	Monetary Resource	RU-MR	Identified monetary resource(s) utilised in facilitating the alliance
	Non-Monetary Resource	RU-NMR	Identified non-monetary resource(s) utilised in facilitating the alliance
Commitment	Commitment Assessment	C-CA	Recognised commitment(s) of organisation in the alliance
	Partner Assessment	C-PA	Recognised commitment(s) of counter-party organisation in the alliance
Achievement	Monitoring Approach	A-MA	Monitoring approach used by of organisation to assess the performance of the alliance
	Outcome Evaluation	A-OE	Evaluation criteria(s) used by organisation to assess the outcome of the alliance
	Notable Achievement	A-NA	Identified achievement(s) of the alliance from the organisational perspective

**Figure 6 Coding Start List**

### *Single-case analysis*

According to Eisenhardt (1999) and Yin (2003), within-case analysis utilises relevant, structured information that has been extracted from the collected data. This analysis focuses on the integration of the case study with the research objective in an inductive fashion, to accommodate the exploratory methodology in this research. Following Yin's recommendation (2003), each case was discussed and summarised into subheadings following a uniformed pattern.

An empirical pattern from the literature was used as a reference for a comparison, to strengthen the legitimacy and validity of this study (Yin, 2003). This design was based on the natural progress of conducting a SP, and has incorporated the available literature to examine each single case study and to identify the attributes within, in the unique context of the individual SP. In order to ensure the validity of the case analysis, a pattern-matching approach was incorporated in this research to analyse each case within the unit of analysis.

Specifically, each single-case study was discussed under these uniformed sub-headings following the same flow used in the interview script and coding process, covering the entire development progress of SP, from initial motivation to evaluation:

- Focal firm background
- NPO background
- Formation of the partnership
- Partnership objective
- Expectations
- Resource utilisation
- Commitment
- Achievements assessments

### *Cross-case analysis*

Cross-case analysis was conducted to compare common characteristics among the single-case studies, and then utilise available theories to identify emerging themes. As

Eisenhardt (1989) pointed out, comparisons and correlations between cases can help researchers to justify findings and to avoid biased conclusions from analysis of single source of data. Thus, cross-case analysis enabled this research to explore significant differences and to illustrate the unique characteristics of the studied Chinese SPs. Comparing and identifying common characteristics across each unit of analysis from single-cases enabled identification of the emerging themes.

These emerging themes, defined in the analysis section in accordance with the recommendations of Eisenhardt (1989), provided valid analyses based on comparisons with the existing literature. The purpose and aim of building the themes from single cases was to identify the pattern and common features from single cases and respondents, and eventually construct the propositions from these emerged themes. This would lead to theory development in this specific SP context at the end of the analysis process.

### 4.3 Validity and reliability

As claimed by various researchers, accuracy and repeatability are the two key concerns of a quality study; they also enhance both validity and reliability (Denzin, 1994; Golafshani, 2003; Mason, 2002; Stake, 1994). Eisenhardt (1989), Yin (2002), and Patton (2002)'s methodological processes were strictly followed to enhance the validity and reliability of this research.

In order to ensure validity and reliability, multiple resources were used to meet the criteria set by previous academics. The case study strategy incorporates multiple data resources, such as literature, in-depth interviews, and focus groups (Yin, 2003); this provided a solid foundation for data triangulation. As mentioned by Eisenhardt (1989), multiple cases facilitate the use of replication logic for identifying similarities and differences within and across cases. Therefore, these multiple sources of data facilitated the data triangulation, then ensured the validity of the findings and conclusions of this research.

Moreover, a chain of evidence was established from the research questions through data collection and case analyses. Valid conclusions were drawn from this. Multiple resources were utilised to ensure the validity and triangulation of the research data. Also, it has been shown that qualitative research methods provide more connections between real-life phenomena and research objectives when there are less obvious relationships (Patton, 2002). For under-examined phenomena and behaviours, qualitative research approaches enable the researcher to explore the research objectives. Therefore, the choice of qualitative research method in this study is consistent with the characteristics of the research context, which helped achieve valid conclusions.

#### 4.4 Ethical considerations

This research clearly incorporates and follows the guidelines of the Massey University Ethics Committee (MUHEC) to ensure that a rigorous ethical framework was maintained throughout the entire research process (Jankowicz, 2005). Low-risk ethical research approval was granted prior to the collection of research data.

In this research, the major ethical concern related to the risk of harm to participants through mentioning the names of specific organisations or businesses. Confidentiality was maintained via strict rules, and no quotes or comments were incorporated, unless permission was granted by the participant. Permission was also sought from participants who wished to be quoted without the inclusion of their personal name, their organisation's name only being used for background reference. In addition, the data coding process ensured that individual participants could not be identified, or named by others, during the entire research process. All of the research data was stored in a secure place, and all ethics-related issues strictly followed the recommendations and guidelines set out by Crano and Brewer (2002) and Jankowicz (2005).

All of the interviews were recorded, translated, and transcribed with permission from the interviewees. The transcribed interviews were sent back to the interviewees to ensure accurate reproduction of the actual content of discussion and to check that all sensitive content had been excluded from the transcription due to confidentiality. The overall purpose was to minimise any negative effects caused through

misrepresentation of information/data from the interviews that would be later included in the analysis.

## 5 Chapter Five: Single Case Studies

### 5.1 Overview

The analytical procedures undertaken in this research involved two stages. The first stage is presented in this chapter, and summarises the findings from the six single case studies. Four out of six cases expressed a positive SP experience, while the other two focal firms experienced a number of difficulties in achieving their goals. In each case study the key information has been summarised into sub-headings based on the key SP attributes, as previously discussed in Chapter Two. Aside from the primary interview data, other relevant secondary information was also included to triangulate the primary data obtained from interviews.

### 5.2 Introduction to the Cases

To answer the research questions, six focal firms from mainland China were approached in order to study their SPs. The selection of focal firms was based on a significant SP presence/commitment in their business conduct. At the same time, a variety of different sized focal firms offered a diverse perspective when examining SP approaches as incorporated by mainland Chinese firms.

Key characteristics of the six focal firms are summarised into Table 1 below.

Focal Firm	Industry	Size	CSR/SP highlight	Respondent (focal firm)	Respondent (NPO/NPOs)	Location
Kaimei	Consumer detergent manufacturer	Regional large firm	Eco-friendly business philosophy  Local environmental protection efforts	Senior Marketing Manager	PR Manager	Xi'an
Haier	Whiteware/household appliance manufacturer	International listed corporation	Extensive global CSR commitment  Newly introduced	Regional Representative	PR Manager	Chongqing

			low-Carbon product line			
Alibaba	B2B & B2C e-commerce service provider	International listed corporation	Extensive CSR commitment	Regional operation manager	PR Manager	Hangzhou
HTH	B2C Internet commerce service provider	Regional small firm	Young firm with very limited CSR/SP experience	General Manager	Marketing Manager	Beijing
Li-Ning	Sports fashion wear manufacturer	National large listed company	Extensive donation related CSR experience, limited SP experience	Regional Manager of Mainland China	General Manager/PR Manager/Chairman	Guangzhou
Shuanghui	Processed meat product manufacturer	National large listed company	Extensive donation related CSR experience, limited SP experience	PR Manager	Chairman / Chairman /General Manager	Luohe

**Table 1 Focal Firm Summary**

As explained in Chapter Three, this study only selected SPs constructed with registered civil-NPO partners (see Chapter Three [Current varieties of Chinese NPOs](#)). Therefore, all the NPO partners in this study were registered civil-NPOs under the direct supervision of MCA. This provides greater validity of findings through the study of SPs with similar NPO administrative characteristics. Compared with GO-NPO groups in China, studying SPs constructed with registered civil-NPOs allowed greater freedom in exploring the dynamic within a SP, with genuine interest from the NPO partner.

Similarly, this reason was incorporated during the SP selection process, to avoid any form of state-owned enterprises. Thus, all six focal firms in this study were non-state owned firms, in order to eliminate imposed manipulation from authority prior and during the SP conduct. This allows generalisation of the critical and objective findings from this research.

The following single-case studies discuss each SP in a uniform layout, with sub-headings, to ensure consistency in the analysis process and later identification of emerging themes. The single case-study discusses the SP construct from different aspects including: background of the focal firm and NPO partner, origin of motivation, formation of the partnership, partnership objective, expectations, resource utilisation, commitment, and achievements assessments.



## 5.3 Case One: Kaimi

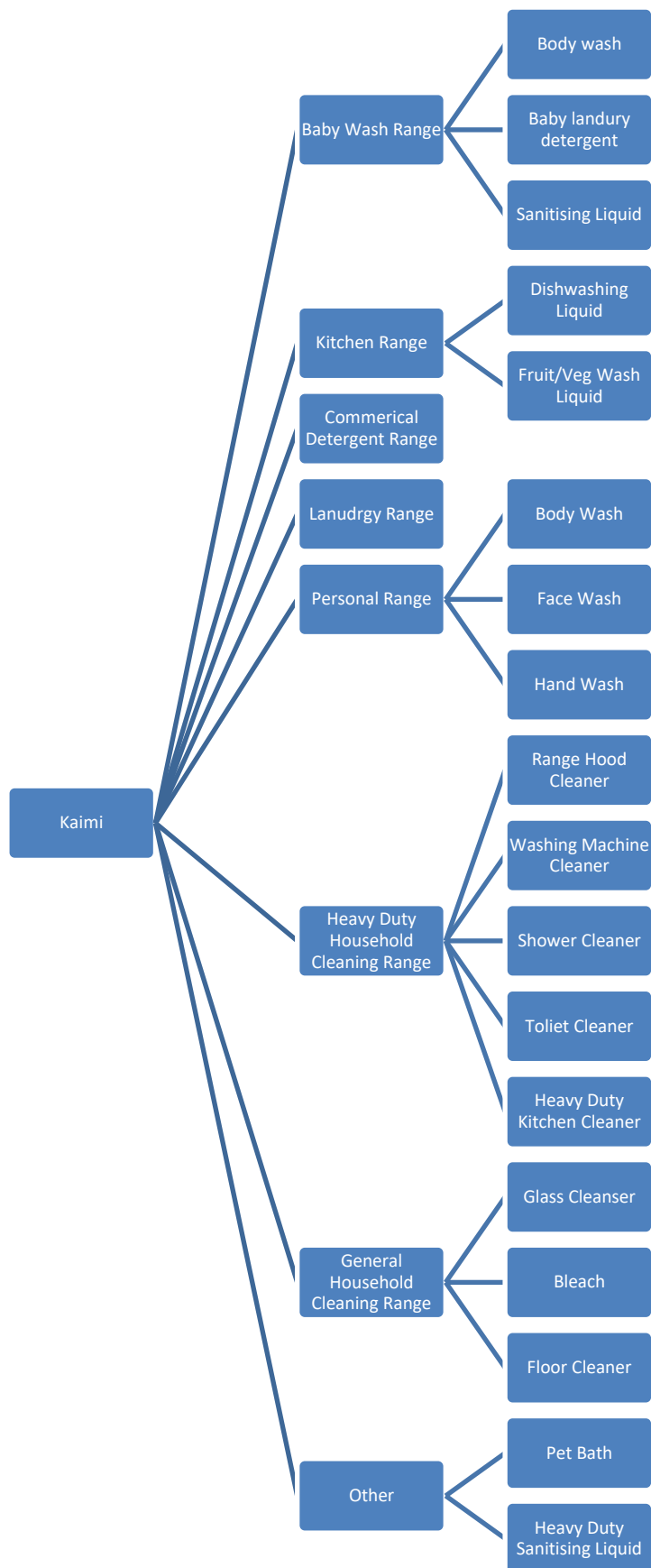
### 5.3.1 Introduction

Kaimi is the focal firm in Case One, and had a SP with the Environmental Protection Volunteers Association (EPVA). Interviews were conducted to obtain information about the SP arrangement between Kaimi and EPVA. A senior marketing manager from Kaimi and public relations manager of EPVA were approached and interviewed. In 2007, Kaimi formed a SP with EPVA as an additional commitment to environmental protection at the organisational level. Specifically, the SP was conducted around organising the annual summer camp for local primary school students in Xi'an city.

### 5.3.2 Background – Focal Firm (Kaimi)

Kaimi is a domestic detergent manufacturer based in Xi'an, specialising in manufacturing environmentally friendly detergent products. Formed in 1997, Kaimi soon became the largest environmentally friendly detergent manufacturer in China; their leading position is still stable in the current massive Chinese domestic detergent market. Kaimi's unique feature is their vision of environmental sustainability, to which they match their manufacturing capabilities. Their environmentally-oriented philosophy is integrated within their business strategy throughout the organisation. Under the slogan: *Green product, healthy life*, Kaimi offer various household and personal products, as illustrated in Figure 7 (Kaimi, 2012).

Since its establishment, Kaimi has been integrating environmental initiatives into their business ethos, using high-tech innovation to improve the quality of their products (Kaimi, 2012). Kaimi's "Double-Green Strategy" combines the Environmental Protection Emblem (EPE) product certification with the Environmental Management system certification process and by 2012, five of their products had attained National EPE (Kaimi, 2012). In 2000, Kaimi successfully passed ISO14001 and became the very first "Double-Green Enterprise" in the industry, in China (Made-in-China.com, 2007).



**Figure 7 Kaimi Product Range**

Prior to forming a SP with EPVA, Kaimi had committed to being a socially responsible business through various local projects. Table 2 summarises the notable CSR activities conducted by Kaimi in the last decade (Kaimi, 2012).

Date	Activity	Location
2002	Donated 500,000 Yuan (about \$100,000 NZD equivalent) to unemployed individuals in Shaanxi Province	Xi'an City, Shaanxi Province
2003	Donated 260,000 Yuan (about \$52,000 NZD equivalent) flood relief funds to Weinan region in Shaanxi Province	Weinan region, Shaanxi Province
2004	Donated 100,000 Yuan (about \$25,000 NZD equivalent) disaster relief goods to Weinan region in Shaanxi Province	Weinan region, Shaanxi Province
2005	Donated 200,000 Yuan (about \$40,000 NZD equivalent) disaster relief goods to Shaannan region in Shaanxi Province	Shaannan region, Shaanxi Province
August, 2007	Donated 20,000 Yuan (about \$4,000 NZD equivalent) disaster relief goods to Shaannan region in Shaanxi Province	Shaannan region, Shaanxi Province
January, 2008	New year poverty employee relief program in Xi'an	Xi'an City, Shaanxi Province
May, 2008	Donated about 1 million Yuan valued goods and funds (about \$200,000 NZD equivalent) earthquake relief in Wenchuan, Sichuan Province	Wenchuan City, Sichuan Province
June, 2008	Donated 100 tons "Sodium Dichloroisocyanurate " to earthquake relief in Wenchuan, Sichuan Province	Wenchuan City, Sichuan Province
September, 2009	Donated 50 thousands Yuan valued (about 10 thousand NZD equivalent) disinfectant to several universities in Xi'an to help protect students and staffs from H1n1 virus	Xi'an City, Shaanxi Province

**Table 2 Kaimi CSR Activity**

### 5.3.3 NPO Background (EPVA)

The Environmental Protection Volunteers Association (EPVA) was registered with the MCA as a Civil-NPO in 2006. It is operated by environmental activists around China after years of environmental protection work at grassroots level without registration. EPVA has been promoting environmental care through the country on a voluntary basis. A number of regional centres have been founded, including EPVA's Xi'an subsidiary; operational overheads usually rely on external support, such as donations and volunteers.

According to the information held by the Xi'an Environmental Protection Bureau (the government agency that monitors EPVA), EPVA has contributed to a number of voluntary tasks, including rubbish recycling at popular local tourism locations and rural suburbs in recent years (Xi'an Environmental Protection Bureau, 2010).

#### 5.3.4 The SP

##### *5.3.4.1 Origin of Motivation*

According to their mission statement, Kaimi are genuinely interested in environmental protection, as follows (Kaimi, 2012):

To dedicate ourselves to science, devote ourselves to developing eco-friendly products, serve the community, and work for the benefit of humanity. Keeping sustainable development at the forefront of our minds, which means promoting a more harmonious development of mankind alongside nature. It means reworking the economy, mobilizing our population and resources, launching a more coordinated system of environmental development. If we wish to continue the development of a more affluent life, we require the establishment of a sounder eco-friendly civilization founded on sustainable development, to ensure continued development from one generation to the next.

In return, their highly positioned environmental initiatives have helped Kaimi to obtain a number of awards, issued by related government departments, such as the "China Certificate for Eco-labelling Product" (Kaimi, 2012). These were issued by the government to celebrate the business's outstanding environmental consideration and consistency in supporting the national environmental protection strategy (Ministry of Environmental Protection of the People's Republic of China, 2012; China Environment, 2008). Hence, since Kaimi was founded, their highly positioned environmental initiatives have lead the business to progress from self-regulation towards a partnership as the result of their proactive, improvement seeking approach.

Kaimi's representative stated that:

...lack of a coherent business objective and CSR program is often a hazard for business. [Even if it] sounds good [it] might not be necessarily meaningful [for Kaimi]. It is the concept of being green and eco-friendly, which will not only impact the future of our business, but it is about our homeland and the future

of this world...others might think differently, but this is what makes Kaimi stand out from mass competitors in the domestic detergent market. Because we truly care about the world around us.

In addition, Kaimi aimed to develop a CSR program that connects with their core business conduct on a smaller regional scale, which was the origin of the summer camp idea, as explained:

...kids are exploring the world, it is essential to let them know the truth about the world, and understand that humans should never take things for granted...

#### ***5.3.4.2 Formation of the partnership***

Both organisations in this SP are located in Xi'an, Shaanxi Province (EPVA have an established subsidiary here). Kaimi commented that being in the same location was a positive attribute, which they took into account at the time the prospective partnership with EPVA was formed.

Kaimi's respondent stated the main reason for the company to approach EPVA to form a SP was that they were:

...influenced by EPVA's formal organisational characteristics [and] EPVA has been doing lots of magnificent work locally for many years (EPVA is a well-established [mature] NPO) and so does Kaimi—we are well structured by a team of business professionals, our expertise in management helped to execute inter-organisational projects like this.

As these comments from Kaimi suggest, their partner selection criteria was mainly based upon the organisational factors of the prospective partner. This focal firm believed the partnership would benefit from the formal structure during the execution of partnership tasks.

Similar criteria has also been incorporated during the formation process prior to the formation of the SP. According to EPVA:

...it was mainly because of Kaimi's market reputation which got us interested when they firstly approached us; due to Kaimi's solid and positive market reputation, we felt confident to talk about things [SP] with a well-known business.

As EPVA expressed, market reputation and the company's achievements underlined the effectiveness and efficiency of their perspective partner. The positive impression of the focal firm in this case was translated into confidence at the time these two separate entities tried to form a mutually agreed agenda. Thus, in this case, both the focal firm and NPO had incorporated similar criteria in the early stage of SP formation.

Kaimi mentioned that:

...[being located in the same city was] much easier for things, such as exchange of ideas and making adjustments during the partnership conduct... everyone is within reach of a phone call or a short drive, which gave both parties the confidence to get things done...

This further highlighted the importance of accessibility during the SP conduct. The location factor had a significant impact on the later decision making process in relation to communication and approachability.

#### ***5.3.4.3 Partnership Objective***

Regarding the SP objective, the respondent from the focal firm expressed a clear definition of the partnership objective prior to the formation of the SP:

...it is a great opportunity to promote the company for sure...we are doing this summer camp simply to enrich our brand equity while letting the kids have some fun during the school holidays...it is meaningful and overlaps with our corporate vision...to build a genuine green brand... we want the kids, their families, and any related person to see what we actually do, and feel our effort, our commitment, and passion as a green company making green products for the household.

As for EPVA, several points were raised that indicated they also had clear partnership objectives, such as:

[The SP] delivered an environmental protection message to school kids... assisted EPVA with many developmental ideas and operating issues...[A potential benefit for EPVA came from associating] with a well-known business

[that is] at the forefront of it [environment protection in China]... no one could resist Kaimi's passion and enthusiasm in terms of environmental protection.

Both organisations shared a similar vision regarding the construction of SP objectives; the key spirit of their SP was expressing and addressing environmental initiatives via a specific program to their audience, in a clear and interactive manner.

#### **5.3.4.4 Expectations**

Through the interview, Kaimi's respondent stated the company had never expected their SP to be a sales promotion tool:

Summer camp certainly has nothing to do with the sales volume...the partnership with EPVA is not for the sake of boosting profit margins nor sales. I would say it is very risky to actually perform CSR in China; our success is mostly due to that we did not a mistake or confuse philanthropy or CSR as a short cut to market performance. There is no short cut; it would only enhance the performance of business if blended correctly with business activities, but never a fast lane or easy way in terms of actual commitment.

These statements illustrate that Kaimi had fair expectations regarding the achievements of a SP, and that these expectations were important:

...we had to face the limitations of a SP with a positive attitude in the very first place; by having the right expectation we have to make rational decisions but are not limited to conversional rationality standards, such as not for the sake of boosting profit margins or sales.

As for EPVA, their understanding of expectations were similar:

The SP needs to deliver mutual benefit for everyone, the projected outcome needs to meet the bottom line of individual party's satisfaction criterion...[EPVA] respects the fact that Kaimi is a for-profit business, they will certainly distinguish their priority between CSR and business objectives.

EPVA pointed out that they were experimenting with

different ways to work as an environmental protection NPO [and] keep promoting environment protection ideas to society.

The comments from both organisations demonstrated their similar expectations towards SP conduct, which all surpassed the exchange of favours and non-revenue gathering activities. The fair understanding of the relationship in a SP construct is the highlight of this partnership.

#### **5.3.4.5 Resource utilisation**

The key activity of the partnership involved an annually held summer camp for school children during each year's summer holiday in July and August. It included activities such as video clips about environmental care in daily life, projects involving recycling daily disposals, environmental protection themed games, interactive outdoor rubbish recycling activities, and also an exclusive tour around Kaimi's manufacturing plant. From rubbish recycling to water saving, it allowed the environmental protection message to be sent out to the children in a vivid fashion (Kaimi, 2012).

Unlike a commercial sponsorship arrangement, Kaimi utilised the summer camp as an opportunity to plant their company philosophy, through this alliance project, of being a genuine, environmentally responsible firm. As Kaimi discussed during the interview, the summer camp facilitated Kaimi in expressing their environmental concerns more extensively to society.

Kaimi pointed out their understanding of the partnership:

...it is about utilising your resources and coming up with a meaningful idea to pursue a common interest with your partner organisation.

EPVA is an environmental NPO who has the capability to help bring ideas of alliance activities to a practical reality. The unique local environmental protection work experience of EPVA played a critical role in this partnership. The connections with schools ensured the project had the desired audience size, as described by Kaimi:

EPVA did most of the external work with schools and such, then we just made sure we had everything [such as project displays/demonstration units/demonstrators/facilities for summer camp] set up for the kids, based on what we had agreed beforehand.

These comments illustrate that the extensive partnership mechanism in place to facilitate the SP conduct was coherent with the initial motivation and expectation. In



particular the shared duties between the focal firm and NPO opened up opportunities for improvements in efficiency and effectiveness.

#### **5.3.4.6 Commitment**

Both Kaimi and EPVA underlined the importance for parties to map out their roles and duties during the period of partnership. From Kaimi's perspective:

We have a formal agreement in place with a detailed list of duties between us and EPVA...it does cost quite a bit for our company...we would love to carry on as long as we can afford to support this summer camp.

This illustrates that CSR can be a costly activity for businesses in this context.

As the same time, the alliance partner's recognition of the other's commitment is equally important, as mentioned by EPVA:

We were surprised by how much effort Kaimi had put into it to make this happen. Even for us, we could feel the energy and passion of Kaimi in terms of environmental protection. In a nutshell, they are doing this for the marketing purpose, but in reality, they are doing their very best to pass their genuine environmental concerns to the others...we also respect the fact that Kaimi is a for-profit business, they will certainly distinguish their priority between CSR and business objective.

Formal agreements from both parties provided a rigorous binding of obligation and duty in the partnership, which facilitated a mutually agreed definition of each party's responsibilities in the partnership. Overall this helped to eliminate confusion towards accountability and responsibility for both parties.

#### **5.3.4.7 Achievements Assessments**

In this case, an essential factor for Kaimi to assess their achievement of partnership with EPVA was feedback from the children who attended summer camp. Kaimi pointed out that:

the school kids who had attended the summer camp were all very excited to learn the facts about our degrading environment, and how much difference we could make if every single one of us contributed our own bit.

Similarly, EPVA also gave identical feedback:

No one could resist Kaimi's passion and enthusiasm in environment protection, even little school kids, and their family were happy too because kids came home with an environmental protection message rather than meaningless marketing slogans.

Achievement assessments were positive from both the focal firm and NPO, where the target audiences' feedback provided valuable insights into the actual SP conduct, which is coherent with the initial motivation and later developed SP objective.

#### 5.3.4.8 Table of Case Summary

	Kaimi	EPVA
<b>Origin of Motivation</b>	<ul style="list-style-type: none"> <li>Extraordinary environmentally friendly oriented social responsible firm</li> <li>Willingness to conduct meaningful CSR practice</li> </ul>	<ul style="list-style-type: none"> <li>Environmental Civil-NPO</li> </ul>
<b>Formation of Partnership</b>	<ul style="list-style-type: none"> <li>Mature/developed NPO partner</li> <li>Accessible geographic location</li> <li>Overlaps with business mission</li> </ul>	<ul style="list-style-type: none"> <li>Mature/developed focal firm</li> <li>Genuine interest in environmental protection from focal firm</li> </ul>
<b>Partnership Objective</b>	<ul style="list-style-type: none"> <li>Enhance brand image</li> <li>Promote environmental protection information to the next generation consumer</li> </ul>	
<b>Expectation</b>	<ul style="list-style-type: none"> <li>Enhance environmental protection awareness among target audiences</li> </ul>	<ul style="list-style-type: none"> <li>Conducting creative environmental protection campaigns to specific group of target audiences</li> </ul>
<b>Resource Utilisation</b>	<ul style="list-style-type: none"> <li>Internal organisational resources from manufacturing plant</li> </ul>	<ul style="list-style-type: none"> <li>Relationships with external stakeholder including target audiences</li> </ul>
<b>Commitment</b>	<ul style="list-style-type: none"> <li>Financial resources</li> <li>Activity facilities for summer camp</li> <li>Genuine passion in environmental protection</li> </ul>	<ul style="list-style-type: none"> <li>Locate target audiences</li> </ul>
<b>Achievement Assessment</b>	<ul style="list-style-type: none"> <li>Satisfied audiences and relevant stakeholders</li> <li>Enhanced brand image</li> </ul>	<ul style="list-style-type: none"> <li>Satisfied audiences and relevant stakeholders</li> </ul>

**Table 3 Kaimi Case Summary**

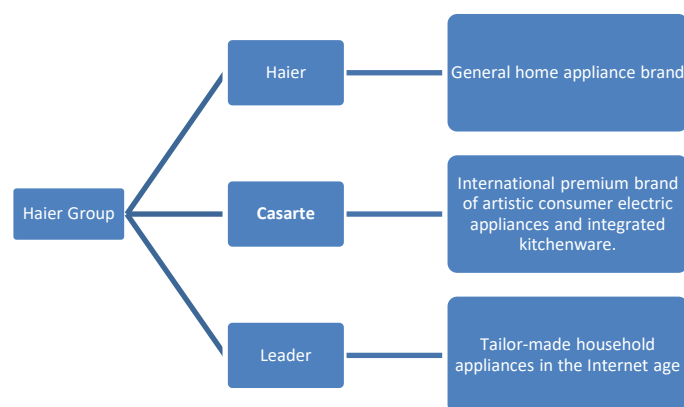
## 5.4 Case Two: Haier (Chongqing)

### 5.4.1 Introduction

This case study considers the Chongqing branch of Haier (Haier Chongqing), and their NPO partner, Chongqing Environmental Protection (CQEP). The case was selected based on the review of the leading position of the Haier brand in the Chinese domestic appliance market, and its social/environmental consciousness at the organisational level. The progressive business philosophy demonstrated via social/environmental commitments over the years has played a large part in the innovative business culture of Haier. In this study, Haier's Chongqing branch collaborated with the local environmental NPO, CQEP, to promote a "low-carbon" lifestyle as a fusion strategy of CSR and new product promotion. The collaboration, in place since 2012, between the focal firm and NPO, involves a series of joint effort promotion campaigns to promote the "low-carbon" lifestyle concept to the public in Chongqing, and also overlaps with the current local government development strategy of Chongqing.

### 5.4.2 Background-Focal Firm (Haier)

Haier was founded in 1984 and is committed to becoming world-famous. Their business philosophy is based on entrepreneurship and innovation and they have been listed as one of the world's top ten innovative companies by the website of the American Newsweek magazine (Haier Inc., 2011). The Haier Group have over 70,000 employees around the world including their NZ subsidiary Fisher & Paykel, and offer three different original appliance brands, see Figure 8 (Haier Inc., 2011).



**Figure 8 Haier Group Original Brand Structure**

Haier has demonstrated their emphasis on CSR practice and officially stated they are committed to public welfare by positioning themselves at the forefront of CSR conduct (Haier Inc., 2012). Furthermore, its social responsibility has also been emphasised via these words from Haier: “As the largest home appliance company, Haier not only provides the good life solution for the consumer, but is keen on public charities with the belief ‘To be true forever’ ” (Haier Inc., 2012).

According to official information, Haier has been an active player in terms of their CSR commitment within the global context since 1998 (China CSR, 2009). “One of the most significant approaches adopted by Haier was to establish well-perceived Corporate Social Responsibility (CSR) practices through their operation. The main reason behind this was not simply following the trend as a leading household appliance brand at international level” (Haier Inc., 2011).

In a global context, Haier is involved in research and development projects with companies, such as Dow Chemical, Fisher & Paykel, and BEST, to develop green technologies for its household products (World Economic Forum & The Boston Consulting Group, 2012). Haier also worked with competitors to co-develop the overall industry – it initiated the “Low Carbon Inverter CFC-free Air Conditioner Alliance” with several air conditioning companies, which includes Mitsubishi and Panasonic (World Economic Forum & The Boston Consulting Group, 2012).

#### 5.4.3 NPO Background (CQEP)

Chongqing Environmental Protection (CQEP) is a Civil-NPO registered in 2009 by a local environmental protection activist. CQEP is classified as a Civil-NPO, and is chaired by an ex-government official from the local environmental sector and operated by volunteers who are interested in environmental protection (CQEP, 2009). Members include ex-officials, volunteering environmental activists, and volunteers from local firms (CQEP, 2009). In 2012, CQEP reached a total of 357 members and over 1500 volunteers (CQEP, 2009).

As part of the registration requirements from the Ministry of Civil Affairs for Civil-NPOs, the superior monitoring government agency of CQEP is the Chongqing

Environmental Protection Bureau<sup>1</sup> (CQEP, 2009; CEPB, 2012). Since 1997 the Chongqing Environmental Protection Bureau has been putting great effort into environmental management, according to the repositioned municipality development plan (CEPB, 2012). CQEP was founded and operates by incorporating the environmental protection strategies of the Chongqing Environmental Protection Bureau as the principle guidelines to conduct relevant environmental protection activities (CEPB, 2011).

Other than their partnership with Haier, Table 4, below, is a summary of other notable achievements of CQEP since 2009 (CQEP, 2009; CEPB, 2011).

Date	Activities	Partner
November, 2009	“Environmental protection” themed photography exhibition	Chongqing Photographers Association
June, 2010	Environmental protection carnival in Chongqing	Chongqing Environmental Protection Bureau
September, 2011	“Create a National Environmental Protection Model City youth volunteer action” in Chongqing	Wanke (The largest residential real estate developer in China since 1991)  Chongqing Environmental Protection Bureau  Chongqing Municipal Government Office
July 2011	Radiation monitoring patrol program launched in Chongqing	Chongqing Environmental Protection Bureau  Dongfeng Honda Automobile Co., Ltd. (a 50:50 joint-venture between Dongfeng Motor Corporation and Honda Motor Company)
June, 2012	Chongqing “environmental protection” themed calligraphy exhibition	Chongqing Environmental Protection Bureau  Chongqing Municipal Government Office
June, 2012	“Create a National Environmental Protection Model City volunteer action” Campaign in Chongqing	Chongqing Environmental Protection Bureau

**Table 4 CQEP Achievements Summary**

<sup>1</sup>Chongqing Environmental Protection Bureau is a local government agency, which is responsible for environmental protection related activities in Chongqing. It is also the monitoring/administrating agency of local registered environmental NPOs under the civil organisation administration regulations by Ministry of Civil Affairs.

## 5.4.4 The SP

### 5.4.4.1 *Origin of Motivation*

Years of experience gained from operating in the international market has facilitated Haier to understand the importance of merging their CSR program with key business conduct (Haier Inc., 2011). According to comments from Haier's representative:

Haier has been dominating China's appliance market for years. With the kind of support we have received from our consumers, we strongly believe that it is important to give something back to society... We have been very active in terms of supporting our society through philanthropic activities...Where Chinese businesses' enthusiasm regarding CSR commitment has always been concerned, we have to make progress and constantly evaluate our business strategies to address those concerns.

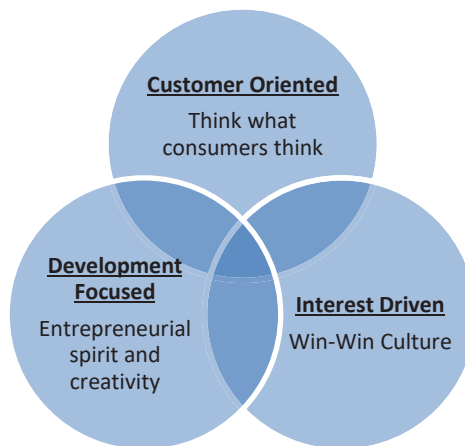
Similarly, Haier realised the importance of developing their target market based on the specific expectation of regional markets on CSR conduct (China Daily, 2011; Haier Inc., 2011). The character of each regional market varies due to elements such as geographic location, climate, and industrialisation level (Haier Inc., 2011). As a result, each regional branch has a customised marketing strategy, based on identified regional market characteristics, to tackle specific regional markets individually across China (China CSR, 2009; Haier Inc., 2011; China Daily, 2011).

Since the introduction of the "low-carbon" lifestyle campaign imposed by the Chinese central government in 2007, Chongqing, one of the four direct-controlled municipalities in China, was at the forefront of this campaign due to the city's significant economic/political position in China (CEPB, 2012). At the same time, Haier introduced a new "low-carbon" appliance line corresponding to the government strategy of the time (Haier Inc., 2011).

Haier considered that the product launch campaign alone might be insufficient for the target audience to appreciate their "low-carbon" lifestyle inspired product concept. Therefore, Haier began to seek opportunities to promote themselves as a "low-carbon" oriented business in China. As they pointed out:

Commercial advertising is already overkill for consumers in today's world, as a consumer myself, I get sick of seeing the same ads over and over again. We

certainly don't want to overdo it. We figured it would be smarter to adapt people to a different lifestyle experience which is closely connected with our product offering. That is how the plan originally got started...low-carbon is not trendy marketing jargon; it represents Haier's current business philosophy, a positive way to improve our life with a sustainability initiative in mind. And our products would help customers to achieve it [low carbon lifestyle].



**Figure 9 Haier's Core Values**

From a corporate culture perspective, as illustrated in Figure 9, pursuing common interests shared with their stakeholder is embedded in Haier's corporate culture. As described in a statement on their website:

Haier is about all stakeholders – our employees, customers and shareholders. Only the win-win culture can guarantee the sustainable growth of Haier. In order to realize this goal, Haier will continue to innovate its business modes to build a Haier-specific win-win culture – the enterprising and innovative employees will be committed to value creation for customers in different independent operations... while at the same time realize values for themselves, the company and shareholders.

Accordingly, the three core corporate values of Haier are connected and balanced through their development of a CSR program (Haier Inc., 2012).



#### ***5.4.4.2 The Formation of the Partnership***

As Haier decided to tackle the new low-carbon theme at a regional level, its headquarters empowered individual regional branches to determine their own best approach (Haier Inc., 2011; China CSR, 2009). Taking into consideration the cost/effective ratio from traditional advertising, plus the geographic size of the diversified Chinese market, CQEP was approached as the preferred partner by Haier for the Chongqing region, due to shared vision and interest at the organisational level.

During the interview with Haier Chongqing, Haier indicated their interest in their partner's relationship with local authority. Haier incorporated the governmental factor as a key aspect during the formation stage of the partnership:

Registered NPOs are all monitored by the government agents from corresponding departments. It ensures NPOs are conducting activities within the legal boundaries of government. This adds extra security for us to establish a partnership [with CQEP]...there are always risks when we team up with an unknown external entity...but having government monitoring our partner in principle, it would reduce this kind of risk to a minimum.

At the same time, Haier discussed their assessment of CQEP in terms of common interest:

...CQEP has been doing a fantastic job in addressing environmental issues in Chongqing... With our introduction of “low-carbon” product lines in 2009, after we approached CQEP, the formation of the partnership becomes a natural progression... It was such a rare opportunity... Haier's HQ has always been aligning business strategies with the current market trend... Most importantly, CQEP had great influence in the local Chongqing community... close connection with local government, and we operated under the close monitoring of local government... Partnering up with them (CQEP) has given Haier the confidence from a social legitimacy perspective to conduct a successful campaign in the long run.

CQEP also commented on their reasons to choose Haier as their partner:

...their [Haier's] progressive corporate culture and their latest line of “Low-carbon” appliance products. It is unique and interesting enough for ordinary

people to become interested in...[CQEP is] fairly experienced in working with businesses [and they evaluate potential partners] based on the context of a specific project [prior to the formation of partnership]...It is easy to find a donor, but hard to come across a good partner who wishes to make a difference to the environment...our organisation has limitations apart from funding, and we need a good partner to share their organisational and managerial skills to get greater performance out of the things we do.

In this case, the choice of SP formation at regional level set the criteria for the partner selection, the decision was made at regional level in response to the national level marketing strategy. The firm size and formalised operation strategy pre-determined their demand for a formalised NPO as SP partner to maximise the publicity while ensuring the task was conducted in a way that achieved solid progress.

#### ***5.4.4.3 Partnership Objective***

The discussion with Haier Chongqing emphasised how their partnership with CQEP was different from give-take philanthropy. Instead it was strategically orientated, with embedded business objectives:

...for Haier, it [partnership with CQEP] is beyond sponsorship and donation. It helped us to understand more about “Low-carbon” lifestyle with countless valuable information for future reference. Of course, we deliver highly regarded CSR to society as a market leader by providing our consumers a great opportunity to learn about our products as well.

Further, Haier identified their shared vision and scope of activity based on their business agenda, specifically in the environmental protection context. Taken from Haier’s official press articles and public media, the activities included handing out “low-carbon” lifestyle fact fliers and “low-carbon” lifestyle demonstration campaigns with the latest “low-carbon” lifestyle inspired products from Haier. By integrating core CSR philosophy into the related collaborative activities with CQEP, Haier conducted purposeful CSR activities while enhancing their identity as a socially responsible firm:

In the short run...[it] lifts our brand equity and brand image, but will eventually benefit the whole society if we integrate our CSR program with a

sustainable development orientation... it is a piece of the puzzle of Haier's global low-carbon campaign and a part of our current global marketing strategy, which is to create and strengthen market demand for low-carbon products... we want a dedicated CSR program to present Haier with this new company direction.

From the perspective of the NPO, the partnership with Haier would facilitate CQEP to gain greater public exposure in terms of their environmental campaign:

we need to convince our target market and help them to understand the actual benefit of a low-carbon lifestyle and Haier's production solution.

In this particular case, both publicity and creativity were greatly enhanced via the utilisation of the latest creation of Haier, which allowed the campaign to be carried out in a vivid manner. There was also a possibility of gaining personal experience with the demonstration units supplied by Haier. CQEP pointed out that their partnership with Haier has that:

unique eye catching theme... It is unique and interesting enough for ordinary people to become interested in...[because] simply repeating [environmental protection] messages won't catch anyone's attention... we want to approach more audiences, and we need find a smarter way to deliver that idea [low-carbon lifestyle] to the public...and Haier is capable of helping us to achieve that.

The spirit of engagement could be identified from the interview data, where both parties have demonstrated a clear understanding of partnership conduct and willingness to commit beyond exchange of favours and resources.

#### **5.4.4.4 Expectations**

Through the interview, the general impression from Haier towards their expectation of the partnership was neutral. Haier expected their partner to be able to deliver optimal performance in a professional manner, which is reflected in their description about their partner CQEP:

In terms of confidence, because CQEP is a registered NPO, it has a formal internal structure and managerial system.

This comment was further explained by Haier during the discussion, where their expectations of their partner were revealed as:

...communication routine... decision-making process... assigned person to deal with specific enquires from us [Haier]... we also have a formal organisational structure to ensure smooth cooperation between us... We are certainly not expecting CQEP as our sales team, that's not what we want, we want a dedicated CSR program to represent Haier, and express our genuine environmental concerns to the public with a partner with the same energy and dedication.

Similarly, the discussion with CQEP demonstrated that CQEP had a good understanding of Haier's expectation as their partner:

Haier is trying to demonstrate their CSR initiatives through supporting/working alongside CQEP. We want to make sure their expectation is realistic in practice via partnership. A win-win outcome is highly anticipated, therefore we don't just talk some firm into a project and forget about them after got what we want from them...we are fairly experienced in working with businesses. We had a diverse list of partners from the past, so it [cross sector partnership] was not new to us... In fact, we did not have to put too much effort to fit Haier into the program, their company philosophy and product fits perfectly into the project, and we felt no pressure to anticipate high cooperation from Haier and a positive outcome.

Critical assessment of the SP shows both organisations had a fair expectation regarding the commitment in the partnership. Moreover, since the SP is publicity related activity, there was no direct revenue generating involved but the promotional effect of the campaign was expected to promote the low-carbon lifestyle via plotted product demo.

#### ***5.4.4.5 Resource Utilisation***

According to the interviews with both organisations, significant emphasis on the resources was identified as a key construct of the partnership. Incorporating Haier's product into the partnership activities provided target audiences with fresh environmental campaigns. In particular, the demonstration units allowed the "low-

carbon” lifestyle to be introduced to audiences in a more vivid manner (Haier Inc., 2011).

One of Haier’s strengths is their capability to enable strong partnership performance via facilitating different resources, which includes intelligent integration of technological advances with market trends. In this case, the newly introduced “low-carbon” line was used as the key instrument to demonstrate a “low-carbon” lifestyle concept:

Haier’s HQ has always been aligning business strategies with the current market trend... we integrated our new product lines into the campaign as the demonstration example [but] we [Haier] do not want to push the product message too far before it becomes overly commercialised and overwhelming for the audience.

Thus, from Haier’s perspective:

...having CQEP as our partner really transformed the low-carbon campaign idea into a more “not-for-profit” format than us doing it alone. This fact definitely helped the campaign reach more audiences...and our products were only for the purpose of demonstrating the differences in terms of power consumption and so on... It is a social marketing campaign [environmental protection oriented ‘low-carbon’ campaign] for the benefit of our society’s future.

CQEP evaluated their partner’s resources and capability to deliver expected partnership performance:

...capability contains several different attributes. Of course, resource is a major attribute, but this does not stand for everything in a successful partnership. We believe that a successful partnership has to have a unique eye catching theme to become successful.

Nonetheless, in this particular environmental protection context, CQEP considered the whole campaign as a process of selling environmental awareness to its target audience. CQEP pointed out that:

...we claim the whole experience [promoting effort of environmental protection campaign] as a selling process, not just telling people what to do. We need that selling pitch to sell our ideas [benefit of ‘low-carbon’ lifestyle]. In this case, we believe that each party has to have something unique to construct that special selling pitch. This is what we believe to be important, rather than simply labelling as ‘resources’. [The] progressive corporate culture [of Haier] and latest line of ‘low-carbon’ appliance products [are] unique and interesting...

Furthermore, CQEP also highlighted their capability in terms of their resources from the partnership perceptive:

It would be our capability and experience in terms of a social campaign, especially in “low-carbon” and “environmental protection” areas.

Outlining tasks for conducting the campaign helped and specific tasks and duties were assigned to each organisation. The unique resources of each organisation played an important role here, where the resources were extensively utilised to carry out the SP task.

#### **5.4.4.6 Commitment**

The commitment from the focal firm and partner organisation included both tangible and intangible resources. Haier provided free demonstration examples from their latest “low-carbon” product line, for the convenience of explanations to the audience about how the concept fits into people’s daily lives. They

...integrated our new [low-carbon household appliance] product lines into the campaign as the demonstration example.

Date	Event	Location	Highlight
2009 (Haier, 2009)	Haier Inc. launched new “low-carbon” household appliance line	China	First Chinese appliance manufacturer to incorporate the idea of “low-carbon” products for household
2010 (CQEP, 2010; CEPB, 2010)	Haier Chongqing formed social partnership with CQEP  Begin to draft “low-carbon” Green Book	Chongqing &  Online via <a href="http://Life.haier.com">http://Life.haier.com</a>	Collaborative effort between Haier and CQEP  Open online submission/entry form to collect “low-carbon” lifestyle ideas and tips from consumers.

			Total of over 7 million submissions were received over the internet
17 <sup>th</sup> March (Sina, 2011; ChinaDaily, 2011;	Haier Inc. signed corporation agreement with Dow Chemical Company, Europe BEST, and New Zealand FPA.	Haier HQ, Qingdao city Shandong Province China	Response to the energy-saving and green consumption trend in the home appliance industry.
16 <sup>th</sup> March-26 <sup>th</sup> March 2011 (Haier, 2011; Tencent, 2011; Sina, 2011)	Haier Inc. launched Earth Hour Site	Online <a href="http://earthhour.haier.com">http://earthhour.haier.com</a>	Global site and reached over 37,000 visits in 10 days.
March 2011 (Haier, 2011)	Haier Chongqing launched “Green Haier” micro-blogging site with CQEP on weibo.com	Online <a href="http://weibo.com/u/1727209391">http://weibo.com/u/1727209391</a>	Instant communication and interaction with local stakeholders and environmental activists  Followed by over 15,000 blog fans
Sep 2011 (Haier, 2011; LOVER C, 2011)	Haier Chongqing launched environmental volunteer recruitment campaign	Chongqing	Recruit local environmental protection volunteers in Chongqing with CQEP
3 <sup>rd</sup> Sep 2011 (CCTV, 2011; CQEP, 2011; Haier, 2011)	Haier Chongqing launched “Low-carbon Green Book” in Chongqing with CQEP	Chongqing	Handing out free printed handbook to mass public which contains detailed guide to “low-carbon” lifestyle  Product demonstration session  High media coverage, including CCTV (predominant state television broadcaster in mainland China)
17 <sup>th</sup> Nov 2011 (Sina, 2011; Haier, 2011)	Haier Chongqing nomination of local “low-carbon” individuals	Chongqing	CQEP and Haier nominated individuals who have participated online during the drafting stage of “Low-carbon Green Book”
March 2012 (Goodcar, 2012)	Haier Chongqing 2012 Chongqing International Marathon	Chongqing	Green “low-carbon” lifestyle inspired sports event, collaborative effort with CQEP, with additional sponsor: Goodcar.com

**Table 5 Notable CSR Activities of Haier**

As displayed in Table 5, the ongoing process since 2009 involves a notable amount of interaction between Haier and various different partners. Thus, Haier’s commitment can be easily identified from the corporate strategic level to regional sub-branch operational level, where the joint effort between Haier Chongqing and CQEP is also clearly presented.

Apart from providing the demonstration units, the collaboration between Haier and CQEP also involved recruiting environmental protection volunteers from the local Chongqing community to promote the “low-carbon” lifestyle concept to the public (China Daily, 2011). As part of their commitment, Haier supplied promotional

material for CQEP to organise promotional events (China Daily, 2011; Haier Inc., 2011; CEPB, 2011). They also supplied promotional flyers to be handed out at all pedestrian malls in Chongqing; aspects such as time, manpower, and resources were all heavily demanded (China Daily, 2011; Haier Inc., 2011).

Haier commented positively about this commitment during their interview:

[it was]worth it...[a] vast amount of time, volunteering staff members, demo products, and printing materials...followed by a decent amount of media coverage, they all subjected a significant cost to Haier, we accepted that as part of our commitment, and it means a lot to us.

The commitment from a firm the size of Haier is easily traceable, with proven records in different media, where the capability and willingness in commitment distinguishes this case study from the rest in this research. More importantly, the findings show that Haier has a track record of social/environmental initiativeness.

#### **5.4.4.7 Achievements Assessment**

It was evident that Haier assessed the partnership's achievements from several different aspects during their partnership with CQEP. A toned-down commercial feature was considered a positive attribute of this particular SP conduct. As stated by Haier's representative, the SP with CQEP had boosted the actual volume of publicity and important corporate image:

CQEP definitely helped the campaign reach more audiences... Feedback from our target audiences has been extremely positive and encouraging... looking at SinaWeibo <sup>2</sup> alone, our subscription has increased over 120% since the beginning of this operation [with CQEP]...

Furthermore, Haier was very careful to maintain its socially responsible image by utilising a “not-for-profit”, natural “social marketing campaign”, while ensuring the delivery of “highly regarded CSR to society, as a market leader, by providing our consumers a great opportunity to learn about our products as well”.

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<sup>2</sup>A Chinese microblogging website. It is one of the most popular sites in China, in use by well over 30% of Internet users, and has more than 300 million registered users as of February 2012. About 100 million messages are posted each day on SinaWeibo.



At the same time, a similar perception was held by CQEP:

...the project [partnership with Haier] would not have gained that much attention [which was largely contributed by Haier's] progressive corporate culture and their latest line of "low-carbon" appliance products... unique and interesting enough for an ordinary person to become interested in the [low-carbon lifestyle campaign] ...working with Haier has been fantastic... They are here to work with us, seeking co-operation and partnership, full of energy and positive attitude. So the outcome is certainly up on par with that, we could not be happier with the result... [Haier's] professional managerial team and efficient communication skills show they are true professional business people. CQEP are very confident to retain this working relationship... The assessment of achievement is largely based upon the feedback collected from the target audiences, SP conduct, company strategy are coherent to communicate the same low-carbon message via promotional campaigns and product offerings.

Table of Case Summary

	Haier	CQEP
<b>Origin of Motivation</b>	<ul style="list-style-type: none"> <li>• Technology innovative business culture</li> <li>• Fellowship of new national development direction</li> <li>• CSR awareness</li> <li>• Desired to promote new “low-carbon” products via non-ordinary advertising approach</li> </ul>	<ul style="list-style-type: none"> <li>• Environmental Civil-NPO</li> <li>• Specialised in low-carbon/low-emission field</li> </ul>
<b>Formation of Partnership</b>	<ul style="list-style-type: none"> <li>• Integration of product and potential partnership theme</li> <li>• Genuine expression of CSR with according product development strategy</li> </ul>	<ul style="list-style-type: none"> <li>• Professional business background</li> <li>• Sensible market reputation in the local regional market</li> <li>• Experienced in cross-sector partnership</li> <li>• Registered and monitored by local government environmental protection agency as a Civil-NPO</li> </ul>
<b>Partnership Objective</b>	<ul style="list-style-type: none"> <li>• Enhance brand image</li> <li>• Enhance publicity</li> <li>• Promote “low-carbon” lifestyle to local Chongqing residents</li> </ul>	
<b>Expectation</b>	<ul style="list-style-type: none"> <li>• Professional handling of partnership tasks from organisational perspective</li> <li>• Innovative organisational culture</li> </ul>	<ul style="list-style-type: none"> <li>• Communication efforts</li> <li>• Responsibility imitateness</li> <li>• Fair understanding of counter party’s expectation from the partnership</li> </ul>
<b>Resource Utilisation</b>	<ul style="list-style-type: none"> <li>• Availability of demonstration units</li> <li>• Ability to cover the cost for other relevant promotional material</li> </ul>	<ul style="list-style-type: none"> <li>• Influential position in the local environmental</li> <li>• Superior relationships with target audiences and government in this particular partnership context</li> </ul>

<b>Commitment</b>	<ul style="list-style-type: none"> <li>• Financial resources</li> <li>• New “low-carbon” appliance product line as demonstration units</li> </ul>	<ul style="list-style-type: none"> <li>• Sourcing target audiences</li> <li>• Plan “low-carbon” lifestyle campaigns with the provided resources.</li> </ul>
<b>Achievement Assessment</b>	<ul style="list-style-type: none"> <li>• Positive feedback from target market</li> <li>• Enhanced brand image</li> <li>• Enhanced product recognition</li> </ul>	<ul style="list-style-type: none"> <li>• Enhanced “low-carbon” lifestyle information perceived by local residents from Chongqing.</li> </ul>

**Table 6 Haier Case Summary**

## 5.5 Case Three: Alibaba Group

### 5.5.1 Introduction

This case study considers China's largest e-commerce firm, Alibaba Hangzhou as the focal firm, and their partner NPO, the China Green Foundation (CGF). The partnership arrangement involved tree planting campaigns with joint efforts from Alibaba and CGF in Hangzhou. With the efforts from CGF and Alibaba, Alibaba Group's Hangzhou Headquarter (HQ) granted an access permit to 100 acres of land from the Hangzhou regional subsidiary of Ministry of Forestry, to carry out "tree adoption". This was to enable employees from the Alibaba Group to obtain hands-on environmental protection experience, and further demonstrate the business's long-term CSR commitment.

### 5.5.2 Background – Focal Firm (Alibaba)

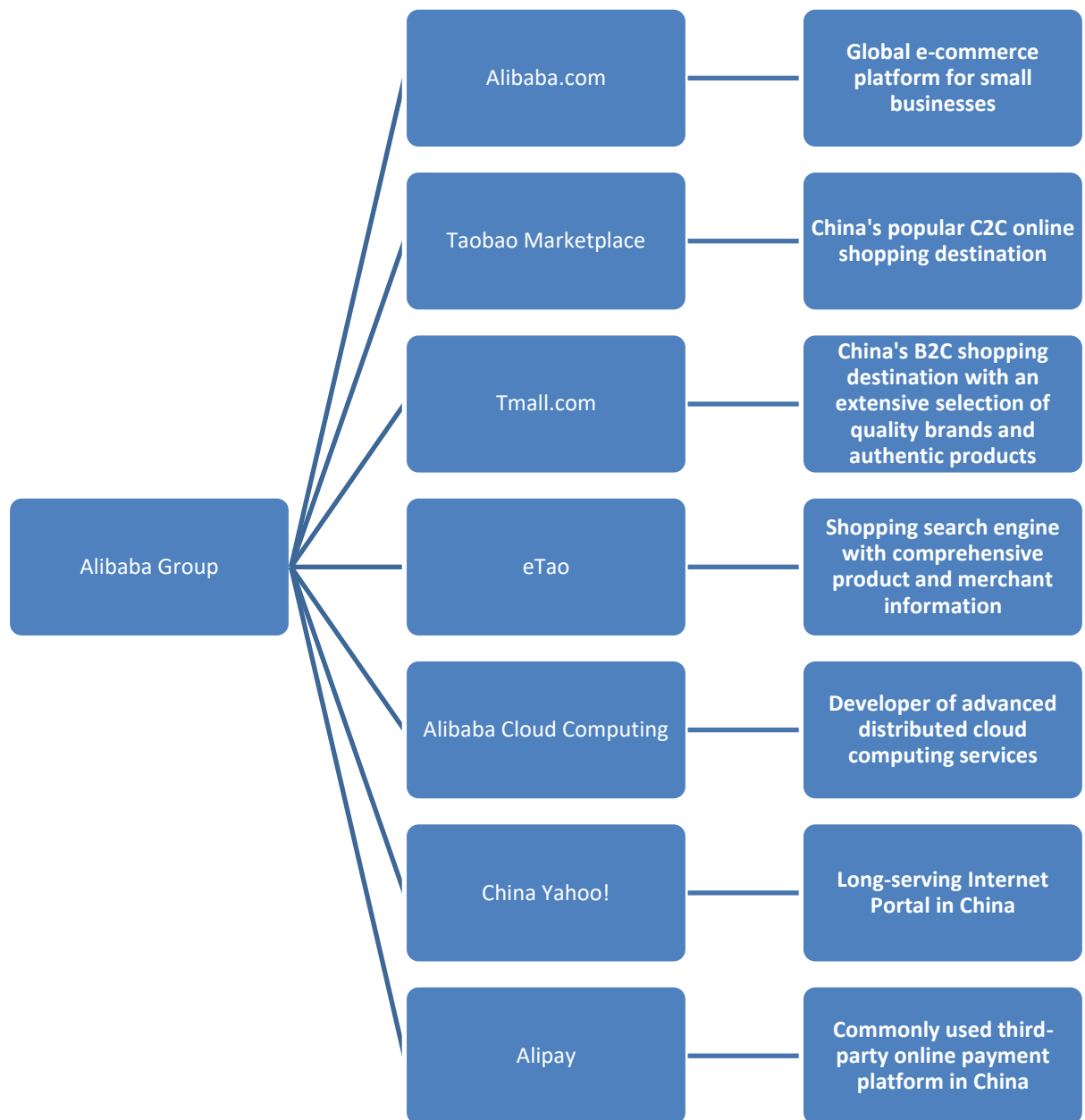
The Alibaba Group contains groups of internet-based businesses that provide an online marketplace to facilitate B2B/B2C/C2C international and domestic trading, retail and payment platforms, shopping search engines, and distribute cloud computing services<sup>3</sup> (Alibaba Group, 2011). The Group was founded in 1999 by Jack Ma, a pioneer who aspired to make the Internet accessible, trustworthy, and beneficial for everyone in China (Alibaba Group, 2011). The service from Alibaba has reached Internet users in over 240 countries (Alibaba Group, 2011). Alibaba Group, including its affiliated entities, employs more than 25,000 people in over 70 cities around the world, including China, the United Kingdom, and the United States (Alibaba Group, 2011). As of September 2014, Alibaba made its debut on the New York Stock Exchange, with the recorded biggest U.S. IPO in history (Shell, 2014).

The Alibaba Group companies and affiliated entities include several Internet related service entities, illustrated in Figure 10 (all wholly owned except "Alipay"<sup>4</sup>) (Alibaba Group, 2011)

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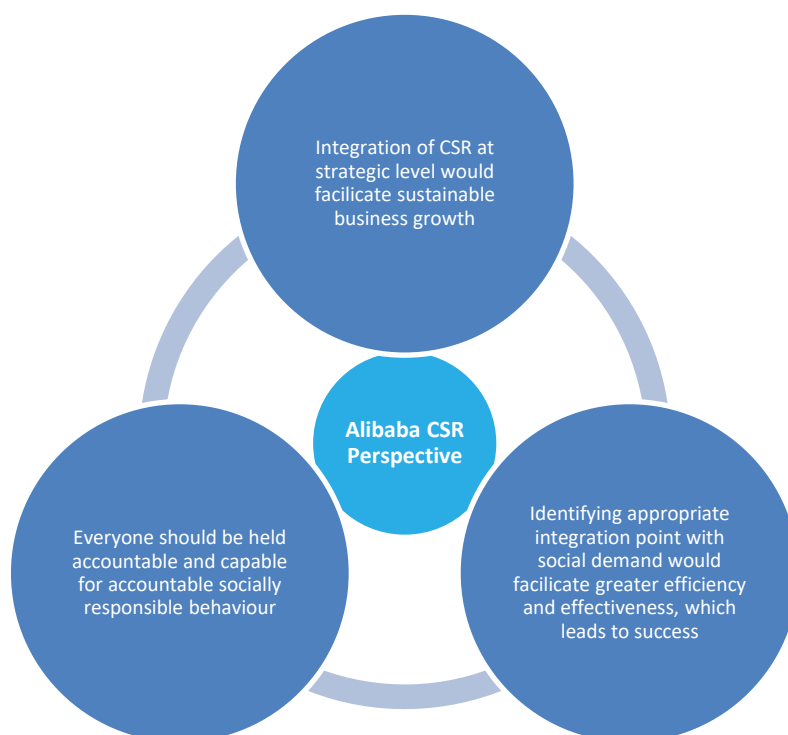
<sup>3</sup>an advanced data-centric cloud computing service platform, including e-commerce data mining, high-speed massive e-commerce data processing, as well as data customisation

<sup>4</sup>Alipay ([www.alipay.com](http://www.alipay.com)) is China's leading third-party online payment solution, providing an easy, safe and secure way for millions of individuals and businesses to make and receive payments on the Internet. Alipay is an affiliate of Alibaba Group due to the 2009 transfer of Alipay's ownership from the Alibaba Group to a private company controlled by Jack Ma.



**Figure 10 Alibaba Group Structure**

According to the information on Alibaba's CSR website, Alibaba has a large number of long-term partnerships with over ten NPOs, showing its commitment as a socially responsible business. Alibaba's three key CSR approaches are illustrated in Figure 11, and current partners of Alibaba are listed in Table 7.



**Figure 11 Alibaba CSR Perspective**

Organisation Name	Mission
<b>China Foundation for Poverty Alleviation</b> <a href="http://www.fupin.org.cn/">http://www.fupin.org.cn/</a>	<ul style="list-style-type: none"> <li>To help poor people in poor communities to enhance their capacity of self-development</li> <li>To upgrade basic production conditions and primary social service level</li> <li>To facilitate alleviating poverty of the recipients and promote the recipients' self-independence</li> <li>To intensify grass-roots management and organizations</li> <li>To mitigate social sufferings and disturbance</li> <li>To deliver love and charity and to promote harmony and civilization of human society through project assistance, recipient participation and learning-by-doing training.</li> </ul>
<b>The Chinese Red Cross Foundation</b> <a href="http://www.crcf.org.cn/">http://www.crcf.org.cn/</a>	<ul style="list-style-type: none"> <li>The Chinese Red Cross Foundation (CRCF) is a national public fundraising organization registered through the Ministry of Civil Affairs as an independent corporation, though it is still under the administration of the Chinese Red Cross Society</li> <li>To disseminate the Red Cross Spirit of humanitarianism, philanthropy, and dedication</li> <li>To care about people's living status and development</li> <li>To protect people's life and health</li> <li>To promote peace and development of the world</li> </ul>
<b>China Charity Federation</b> <a href="http://www.chinacharity.cn/">http://www.chinacharity.cn/</a>	<ul style="list-style-type: none"> <li>China Charity Federation works hand in hand with over 200 affiliated charity organizations worldwide. The work of CCF has made a difference in millions of lives by:</li> <li>Delivering much needed assistance at the scene of natural disasters</li> <li>Equipping the handicapped to better cope with their limitations</li> <li>Caring for orphans and the aged that would otherwise be neglected, providing medical equipment and supplies to relieve and prevent illness, aiding education so that everyone can be well educated, and generally alleviating sufferings and helping people to help themselves</li> </ul>
<b>Jet Li One Foundation</b> <a href="http://www.onefoundation.cn">http://www.onefoundation.cn</a>	<ul style="list-style-type: none"> <li>The "Red Cross Society of China Jet Li One Foundation Project" (Jet Li One Foundation) was founded by Red Cross ambassador Jet Li, under a strategic partnership with the Red Cross Society of China. The Jet Li One Foundation Project works independently to pursue its charitable mission and agenda.</li> </ul>
<b>Green Choice Alliance</b>	<ul style="list-style-type: none"> <li>The Green Choice Partnership (GCA) is a coalition of NGO organizations that promote a</li> </ul>

<a href="http://www.ipe.org.cn">http://www.ipe.org.cn</a>	global green supply chain by pushing large corporations to concentrate on procurement and the environmental performance of their suppliers. At the same the GCA consumer initiative takes into consideration the environmental performance of manufacturing enterprises while exercising their purchasing power to make green choices.
<b>Hangzhou Charity Federation</b> <a href="http://www.hzcs.org/">http://www.hzcs.org/</a>	<ul style="list-style-type: none"> <li>• Hangzhou regional NPO, the communication hub and resource centre for local NPOs. Their key activities include:</li> <li>• Raise money for charity</li> <li>• Poverty Alleviation</li> <li>• Disaster relief</li> <li>• Develop charitable cause</li> <li>• Cooperation and exchanges with foreign</li> </ul>

**Table 7 Current Social Partners of Alibaba**

In May 2010, the Alibaba Group (including all of their subsidiaries), announced that it would begin to earmark 0.3 percent of annual revenues to fund efforts designed to prompt environmental awareness and protection in China and around the world (Alibaba Group, 2012). They had a two-pronged approach to preserving: firstly control waste within the company through recycling and conservation efforts, secondly mobilising resources to cultivate environmental awareness in society (Alibaba Group, 2012)

### 5.5.3 NPO Background (CGF)

The China Green Foundation (CGF) was established on the 27<sup>th</sup> September 1985. On the 2<sup>nd</sup> November, 1991, at the approval of the People's Bank of China, GCF was registered with the Ministry of Civil Affairs as a registered civil-NPO (China Green Foundation, 2012). Despite the fact that CGF is a non-governmental civil-NPO, it has demonstrated a tight relationship with high-ranking government authorities by having numbers of high ranked officials as the organisation's honorary chairmen (China Green Foundation, 2012).

CGF aims to protect and develop Chinese native forest and grassland resources, including speed up land forestation, allocate funds for projects, and satisfy the desires of different groups of people and organisations to provide donations for forestation (China Green Foundation, 2005). CGF also helps to raise and utilise funds to expand green land, plant trees, and protect mountains and rivers, and contribute to the development of a favourable environment and a global ecological balance (China Green Foundation, 2005). In addition, CGF participates in assisting to strengthen contact with relevant foreign and domestic institutions and organisations, participate in relevant international cooperation and exchange activities, and draw on useful

experiences from other countries to facilitate China's forestation undertakings (China Green Foundation, 2012; China Green Foundation, 2005). Furthermore, it uses various forms to publicise the importance and urgency of forestation of China, and promote efforts to enhance people's consciousness on forestation, environment, and the importance of donating to reforestation funds (China Green Foundation, 2005).

#### 5.5.4 The SP

##### *5.5.4.1 Origin of Motivation*

CSR has been implanted as a critical part of the Alibaba Group's business philosophy (Alibaba Group, 2012). Alibaba considers that a well established CSR program would directly improve the long-term competitiveness of the company, and realisation of this mission has resulted in job creation and grassroots economic development for millions of stakeholders around the world (Alibaba Group, 2012). In addition, it also contributes to the wellbeing of the community in other ways as well, including providing disaster relief, environmental protection initiatives, and providing opportunities for employees to individually give back to society (Alibaba Group, 2012)

According to a press release from the (Alibaba Group, 2012):

Alibaba Group believes that setting an example as a responsible corporate citizen first starts at home. By building a strong company culture based on Alibaba Group's shared values, the Group strives to ensure that its employees and subsidiaries are aligned in positively impacting its customers, fellow employees and local communities. In addition to our own internal processes, Alibaba Group accepts its unique responsibility to share ideas with and positively impact the millions of registered members in its global business community.

A variety of previous CSR programs organised by Alibaba Group has illustrated their social responsibility stance and thoughtful commitments through the years (Alibaba Group, 2012). Thus, the innovative nature of Alibaba has defined their path for continuous improvement in their business operations. According to their regional operation manager's comments:



In early 2010... the board of directors decided to take a more defined approach to improve our CSR program...we have gone through a number of alternatives, we finally decided to go ahead with this current tree planting program... because it is a straight forward action based CSR activity... In fact, after years of CSR experience, for a country the size of China, it would be smarter and more effective to tackle raised concerns on a smaller/regional scale.

In addition to Alibaba Group's CSR strategy, the potential benefit of their proposed SP program with CGF includes:

...enhanced brand equity and brand image, which we consider as the additional benefit from our socially responsible behaviour for sure... tree planting will certainly benefit us all in long term; even though it's short term benefit may not appear to be that obvious... What we did will be appreciated by our stakeholders in the long run.

Furthermore, the respondent from CGF illustrated their understanding of their partnership with Alibaba:

...it is interesting that after many years of operation, we have not seen any firm as brave and responsible as Alibaba, it was great, and we believe that is what makes Alibaba the flagship of China's e-commerce, and by working with a well-established, well-known business, it has not just opened up our vision for the future, and it was certainly a win-win collaboration for both organisations.

The origin of this SP started with the extensive CSR-focused background of the focal firm. The SP originated to serve a specific purpose as part of the focal firm's CSR plan. There was a clear vision ahead of the formation and partner selection in Alibaba's case.

#### ***5.5.4.2 Formation of the Partnership***

The partnership arrangement between Alibaba Group and CGF was formed in Hangzhou, in 2010. In the eye of the Alibaba Group, the tree planting program was a straight forward and easily manageable programme, especially based on location:

Compared to other philanthropic activities, it appeared to be a rather measurable and tangible solution for us to keep track of it... it was easily manageable from our HQ here in Hangzhou... it was an instinctive reaction for us to team up with CGF here in Hangzhou, regardless of our business field; we strongly believe that it was adequate for Alibaba to keep proving itself as the role model among Chinese businesses. Social commitment was not new to us, and with CGF was just a natural transaction from a remote location to local reach for a more productive operation.

When referring to Alibaba Group's partner selection, they stated:

CGF is a successful environmental NPO according to our previous homework; it is a well-established NPO under a professional administration system. Interestingly, CGF is well-known for their impressive forestry works in China, thus the later partnership between CGF and us was certainly foreseeable.

Due to complicated land access regulations<sup>5</sup> in China, Alibaba approached CGF. CGF offered more insights about their partnership with the Alibaba Group during the formation stage:

The program was firstly briefed to us in early 2009, when Alibaba officially expressed to us their intention of 'land adoption' as a part of their local CSR program... With help from us, they gained access to a piece of land in Hangzhou rural area, which is about 100 acres. The land is under the shared care between us and Alibaba...we do have lots of convenience in terms of land access; I believe that Alibaba understand that too, and they had to approach us if they wanted to go ahead with that particular CSR program at the time.

Following the clear vision of the focal firm, Alibaba's partnership was formed to fulfil the CSR expectation at corporate level. The specific partner selection criteria was incorporated to accommodate the SP program.

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<sup>5</sup> The land in China belongs to the state and the collectives. A land user obtains only the land use right, not the land or any resources in or below the land. A land grant contract shall be entered into between the land user and the land administration department of the people's government at municipal or county level

#### *5.5.4.3 Partnership Objective*

Alibaba defined their partnership with CGF as: “a straight forward action based CSR activity”, which was categorised as “a partnership with strategic considerations”. The objective of this partnership relationship was revealed as “[to] express our [Alibaba Group’s] social responsibility to our stakeholders”.

Benefiting relevant stakeholders is another partnership objective identified by Alibaba Group during the interview, where they also stated the short-term limitations of the partnership practice:

...tree planting will certainly benefit us all in long term, even its short term benefit may not appear to be that obvious, but it will be appreciated by our stakeholders in the long run... [It is] measurable and tangible... if we plant a tree, it is there.

Similarly, from the perspective of CGF: “This program is largely a fulfilment of CSR commitment for our business partner [Alibaba]”.

The press article from Alibaba’s CSR website emphasised the three key attributes of their CSR objectives, which includes a trustworthy CSR image, tangible CSR activity, and a transparent CSR implementation system (Alibaba Group, 2012). According to the respondent from Alibaba, the objectives were described as:

...to achieve a sustainable CSR image through a series of locally oriented social activities to enhance brand awareness and promote a socially responsible business model [and] because of the shallow understanding of CSR among many domestic businesses, we believe it is important to demonstrate a hands-on tangible CSR example with serious commitment, to let everyone see that we [Alibaba] are serious about it.

As for CGF, a prioritised objective for them was to enhance publicity via their SP with Alibaba:

...we have been experiencing difficulties in terms of publicity and awareness... We are inexperienced with publicity and promotion, and we considered the

partnership with a well-known business, such as Alibaba, as a great learning opportunity, and we are hoping to make a difference in the future for ourselves.

The Alibaba Group added that:

...Because the kind of partnership allows them [CGF] to gain more public exposure, and they had never experienced such a powerful way to promote themselves [CGF]... Our business network is massive, and there will be others [potential business partners for CGF] who might adapt their current corporate philanthropic approach similarly...

The partnership objective was clearly identified with realistic tangibility in mind. Achievable and traceable SP progress was highlighted by both the focal firm and NPO.

#### **5.5.4.4 Expectations**

Regarding the tree planting program between the two organisations (including a series of planting activities on the land adopted by the Alibaba Group), the Alibaba Group commented on the administrative aspect:

...since it is an on-going project, everything involved is formally administrated, well documented, each party's responsibilities and tasks were clearly defined to make sure it was a smooth and satisfying experience for both parties...With a pre-discussed planting schedule formed with joint effort, a cross monitoring program is in place to ensure a satisfactory outcome is securely achieved.

Feedback from the correspondent of CGF upon SP conduct was that:

Tree planting is simple enough, but involves a rigorous maintenance schedule, especially with the harsh climate in China, so proper detailed planning in advance is important... land is an extremely valuable asset; we cannot afford any irresponsible behaviour from our partner [Alibaba] after they adopted it from the local authority.

Interestingly, CGF also demonstrated their consideration of their partner's perspective:

In this particular case, we fully understand that this project is a fulfilment of CSR commitment for our business partner. So an execution plan is in place to avoid task overload [for Alibaba].

With a clearly defined tangible SP objective in place, the expectations during the conduct mirrored the SP obligations from both parties to ensure the SP objective was achieved.

#### **5.5.4.5 Resource Utilisation**

In this case, Alibaba gave the credit to CGF for their expertise in tree planting by stating that:

CGF is well-known for their impressive forestry works in China... in fact, we were planting trees under the direct assistance from CGF people after we were granted the access rights to the 100 acres of land for this project... the experts from CGF helped us to plan and arrange the land, therefore, the project became much easier to manage.

The actual execution plan was categorised into three different parts, which are summarised in Table 8.

Activity	Description	Responsible Party(s)	Supporting Unit
<b>Planning</b>	Drafting planting proposal after the land access permit was granted from Ministry of Forestry	Alibaba Group CGF	Ministry of Forestry
<b>Planting</b>	Tree planting takes place	Alibaba Group  Both staff & their family members	CGF
<b>Adopting</b>	Assign individual staff and department unit from Alibaba Group as the future caretaker of planned tree(s)	Department Unit  Staff & their family members	CGF

**Table 8 Alibaba Reforestation Plan**

As displayed in the above table, the proposed program required expertise in forestation, plus an intensive demand for labour in practice. A press article from the Alibaba Group shows that over 2,500 staff and more than 200 family members participated in the planting program, and a dedicated team from Ali-Express (a subsidiary of Alibaba Group) became responsible for the future maintenance of nearly 250 new plants alone (Alibaba Group, 2012).

In response to CGF's interest in enhancing the publicity and networking opportunity, Alibaba Group pointed out their unique advantage in facilitating this aspect:

Because the kind of partnership allows them [CGF] to gain more public exposure... our business network is massive, and there will be others [potential business partners for CGF] who might adapt their current corporate philanthropy approach similarly.

This was confirmed later by CGF:

Alibaba was the first one [who approached CGF for long-term forestry/environmental protection work] here in Hangzhou, many others copied them afterwards.

As for granting the critical land access permission for the forestation program, it was considered a key advantage of CGF:

With help from us, they gained access to a piece of land in Hangzhou's rural area, which is about 100 acres. The land is under the shared care between us and Alibaba...we do have lots of convenience in terms of land access; I believe that Alibaba understand that too, and they have to approach us if they want to go ahead with that particular CSR program at the time.

A large motivational factor for this SP construct was based on the accessibility of the resource, however, rather than this simply being an exchange of favours, the SP relies on the resource access to accomplish/conduct the SP task.

#### **5.5.4.6 Commitment**

Through the interview, the respondent from Alibaba Group expressed a clear understanding of their responsibility in terms of the expected commitment to the SP:

...it's a long term commitment for our business to express our social responsibility for our stakeholders... We strictly followed the planting schedule and check completion rates from time to time... it is time consuming and it is a long-term task, we are prepared to put even more time and effort into it than we already have. More importantly, volunteers from Alibaba were all very enthusiastic about this program; in fact, everyone works hard with pride and is filled with satisfaction from the steady progress... more importantly, no one was forced into the project at all, we were all very motivated and proud to be part of the team.

From CGF, positive comments were provided regarding the contribution of Alibaba Group:

I personally really admire their enthusiasm and passion about their CSR commitment...it is not a one-off donation, or one-off tree planting event. It is an on-going project for them. I am talking about real commitment and effort, not just money. For a business, it was a brave yet definitive action. Of course, for others, I think it is good to have such a “trend” among those top performing businesses in China... Businesses are doing good things to make them look good, but how many of them are actually meaningful to our society, how many of them are truly genuine?.. Take a look at CSR in China now [2012] I cannot find a comparable example, which is on the same scale of commitment and presence as Alibaba.

Here Alibaba are demonstrating a real, long-term commitment, rather than simple financial aid, to ensure the achievement of the partnership objective through their supply of man-power from their internal work force.

#### **5.5.4.7 Achievement Assessment**

From Alibaba Group's perspective, partnership achievements were assessed from two aspects, which were the completion rate of the planting schedule and “the enhanced

brand equity and brand image”. The latter was considered to be less tangible and a “*bonus*” for the socially responsible behaviour of the business. As Alibaba described:

We consider CSR commitment as our duty, we have been demonstrating a socially responsible business philosophy through different projects around the world, and we are hoping people value Alibaba as we would, but it is totally up to them, we cannot expect anything from our stakeholders...

CGF’s comment on the assessment of the operation was, “in our case with Alibaba it was very simple, just follow the plan, check, double check, and revise if needed”. A question was asked regarding CGF’s future plan about their partnership with Alibaba Group, based on their current perception of the partnership, and their response was: “there won’t be much change”. As described by the respondent from CGF, they considered that: “sharing the same vision and value with our partner” is an aspect which facilitated their partnership operation.

Since the formation of the SP, CGF has gained greater publicity than they anticipated in the partnership objective, and their partner Alibaba Group commented that “many businesses got in touch with CGF and tried to come up with something similar”. CGF further described how: “the partnership with Alibaba is a benchmark in China; we would like to work closely with government and encourage more businesses to approach CSR in a more effective way as Alibaba did”.

#### 5.5.4.8 Table of Case Summary

	Alibaba Group	CGF
<b>Origin of Motivation</b>	<ul style="list-style-type: none"> <li>• Integrated CSR strategy</li> <li>• Innovative CSR approach</li> <li>• Extension of existing CSR practice</li> </ul>	<ul style="list-style-type: none"> <li>• Publicity</li> </ul>
<b>Formation of Alliance</b>	<ul style="list-style-type: none"> <li>• Genuine expression of CSR under the business philosophy</li> <li>• Hands-on experience for employees</li> </ul>	<ul style="list-style-type: none"> <li>• Professional business background</li> <li>• Sensible market reputation in the local regional market</li> <li>• Experienced in cross-sector alliance</li> </ul>



		<ul style="list-style-type: none"> <li>Registered and monitored by MoCA as Civil-NPO</li> </ul>
<b>Partnership Objective</b>	<ul style="list-style-type: none"> <li>Enhance organisation image and publicity</li> <li>Solid/tangible achievements</li> </ul>	
<b>Expectation</b>	<ul style="list-style-type: none"> <li>Professional handling of partnership agreements from administrative perspective</li> <li>Strict following of proposed schedule/plan</li> </ul>	
<b>Resource Utilisation</b>	<ul style="list-style-type: none"> <li>Availability of manpower</li> <li>Ability to cover the cost for other relevant costs</li> </ul>	<ul style="list-style-type: none"> <li>Expertise in planting</li> <li>Superior relationships with relevant government department to facilitate the land access</li> </ul>
<b>Commitment</b>	<ul style="list-style-type: none"> <li>Plant trees</li> <li>Manage/maintain planted trees</li> </ul>	<ul style="list-style-type: none"> <li>Sourced land access</li> <li>Offered assistances and advices</li> </ul>
<b>Achievement Assessment</b>	<ul style="list-style-type: none"> <li>Tangible achievements</li> <li>Remarkable contribution to the environment</li> <li>Role model among the rest of Chinese firms</li> </ul>	<ul style="list-style-type: none"> <li>Enhanced publicity</li> <li>Enabled further collaborations with other organisations/businesses</li> </ul>

**Table 8 Alibaba Case Summary**

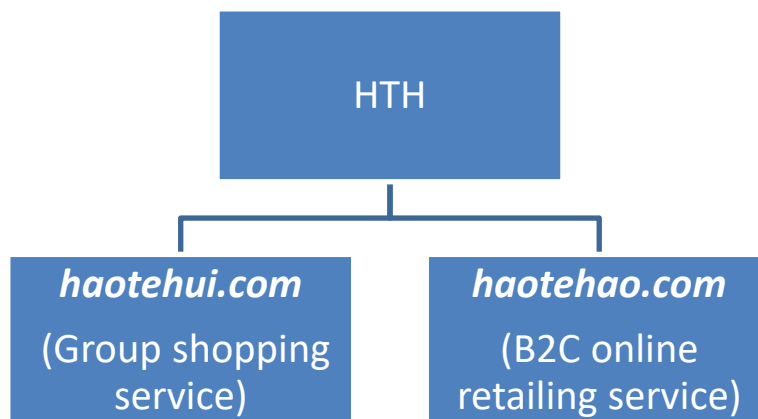
## 5.6 Case Four: Haotehao Ltd. Co

### 5.6.1 Introduction

This case study considers the focal firm Haotehao Ltd. Co. (HTH) and their SP with the China Environmental Protection Foundation (CEPF). As a Beijing based firm, HTH noticed that pollution and environmental degradation had become a serious regional issue, which needed to be addressed immediately; in particular the frequent dust storms were a major issue for local residents. As an environmentally minded business, HTH approached CEPF in 2011 and carried out a series of forestation activities around suburbs in Beijing to reduce harm from future dust storms. The campaign caught a fair amount of media exposure and will continue as an ongoing activity, with shared responsibilities between the focal firm and NPO.

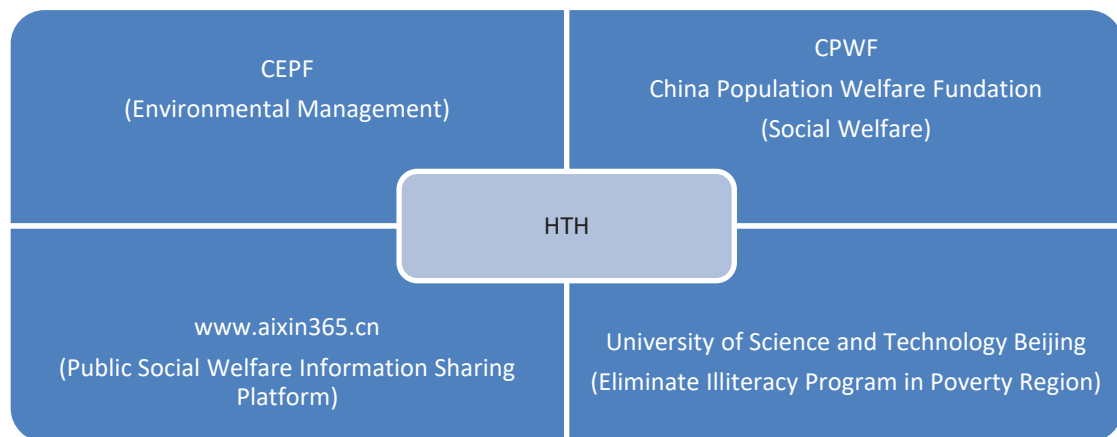
### 5.6.2 Background–Focal Firm (HTH)

HTH is an internet based B2C service provider from Beijing. HTH was founded in 2009 with two divisions, as illustrated in Figure 12, a B2C retailing site and a B2C group shopping site (Haotehao, 2012). The core structure of the company was formed by young entrepreneurs, in their late 20s/early 30s, with backgrounds of overseas tertiary education (Haotehao, 2012). As mentioned on the homepage of HTH, their leaderships' extensive overseas experience has empowered HTH with an edge to compete in a mass market, such as China. The Western inspired, market driven business philosophy helped HTH's rapid growth in both size and market presence, and it soon became one of the most popular B2C retailers in China. HTH started in Beijing and expanded their market across the country within three years (Haotehao, 2012). In 2011, HTH's service network had reached most of the medium to large cities in China (Haotehao, 2012). It had formed several partnerships with other organisations, such as Internet service providers and NPOs, to further enrich their business portfolio. HTH's vision is to achieve steady, long-term growth through a progressive management approach and exceptional delivery of stakeholder value (Haotehao, 2012).



**Figure 12 HTH Structure**

Since HTH's establishment in 2009, the company has been working with several domestic organisations to demonstrate their CSR consideration. Apart from CEPF, featured in this study, HTH has three other major partner organisations/institutions, which have been working with HTH on different projects, see Figure 13.



**Figure 13 HTH CSR Partners**

### 5.6.3 NPO Partner (CEPF)

Founded in April 1993, the China Environmental Protection Foundation (CEPF) was the first NPO dedicated to environmental protection in China, and an NPO in Special Consultative Status with the UN ECOSOC<sup>6</sup>. In accordance with the principle of "From the people, to the people and for the benefits of mankind" (China Environmental Protection Foundation, 2011), CEPF works to raise funds through different means and channels, to commend organisations and individuals that have made outstanding contributions to environmental protection, to sponsor activities and projects of various kinds, and to promote technical exchange and cooperation with other countries in the field of the environmental protection and ecosystem conservation in China. The supreme organ of CEPF is its Board of Directors, which is composed of celebrities, both from China and other countries, and representatives of social bodies committed to environmental protection.

Under the leadership of the Board of Directors, CEPF has formulated strict rules for the raising, management, and use of funds and is subject to supervision by relevant administration and donors (China Environmental Protection Foundation, 2011). Environmental protection is a public cause of far-reaching significance. CEPF believes that "everybody is entitled to a beautiful environment; such an environment

<sup>6</sup>In 1992, Prof. Qu Geping, the first Administrator of China National Environmental Protection Agency and the former Director of Natural Resources Conservation Committee of the National People's Congress, was awarded by the UN the Environment Prize for his contribution and leadership for China's environmental protection at the UN Conference on Environment and Development in Rio De Janeiro, Brazil. Prof. Qu decided to donate the award of US\$ 100,000 and proposed to establish the China Environmental Protection Foundation.

needs public care and protection” (China Environmental Protection Foundation, 2011). CEPF desires to have friendly communication with social organisations and individuals at home and abroad, establish a relationship of mutual support and cooperation, and work together for the protection of the environment on which mankind depends for survival (China Environmental Protection Foundation, 2011).

Their mission statement is:

To promote China's environmental protection undertaking by carrying out activities and projects with donation and raised funds from the public [and] to fund and commend individuals and organizations which have made outstanding contributions to China's environmental protection undertaking. (China Environmental Protection Foundation, 2011).

#### 5.6.4 The SP

##### *5.6.4.1 Origin of Motivation*

According to HTH, the partnership with CEPF was their very first cross-sector attempt in their CSR plan, and they started in Beijing where HTH is based. When HTH was asked about their initial ideal, HTH commented on trying to become a socially responsible icon in China’s B2C retailing business:

The environment here [Beijing] is getting worse, faster than people could manage. As a local business, we felt it was important for us to help the government and NPOs within our reach... What we did was try to make a difference. For a young business like us, we are trying to distinguish ourselves from our competitors with a real tangible commitment...China is progressing forward in every aspect, we as a business need to push ourselves to help our country to develop faster, not just economically, which counts, but the wellbeing of society and sustainable environment also leverages the long-term growth of China.

CEPF commented on their own motivation:

CEPF has been serving society for nearly twenty years, we are open to all kinds of opportunities to improve the environment in China [and] partnership with business was new to us at the time, we thought it was a good opportunity

to create more impact and added effectiveness to our work... In fact, the nature of our organisation encouraged us to explore different kinds of support from society, in today's environment, having a partner like HTH helps in many aspects, including social recruitment.

The unique feature of HTH is that it is a young business, with very limited funding, however it is still trying to make a difference to society. The motivation and enthusiasm are the highlight of the HTH case study, as a grass-root level business trying to play their part in the bigger CSR field in China.

#### ***5.6.4.2 Formation of the Partnership***

During the interview with HTH, the respondent also commented on their limited knowledge of the environmental management sector, and on CEPF:

...we only started to pay attention to them [CEPF] when we decided to get into a CSR program early last year [2011], we were amazed by the amount of work they did in the past, we never expected such levels of contribution from a Chinese NPO, despite most of their work being unheard of before.

One aspect of the partnership formation was related to the actual funding of HTH. HTH expressed their concerns regarding the funding of their CSR practice, and how it encouraged them to seek cooperation with an external partner to achieve their proposed CSR objectives:

...we are at a growing stage, which means we cannot afford to donate large amounts of funds to support our society... limited financial ability did not limit us from contributing to our environment. Therefore, we did what we could with our own commitment.

As a result, the partnership with CEPF was formed in 2011, in Beijing, with a common interest in local environmental management between the two organisations.

HTH commented on CEPF:

I was amazed at how well organised they are... beyond my typical "calling for donation" kind of stereotypical NPO... We were looking for a genuine NPO to guide us, and help HTH to express our environmental concerns. CEPF were quite happy to let us work alongside them, and they are actually going out there

and doing the work themselves, we found this fact very appealing to us... The partnership helped us to express our environmental concerns without overly stressing our business financial capability, we are glad that CEPF accepted our contribution too.

From the NPO partner's perspective, CEPF described the formation of the partnership as their first experience in a cross-sector partnership:

...as a NPO, we had lots of experience in receiving donations from different sources and utilising those collected funds efficiently through projects. But with HTH, we actually worked together as a team from the very beginning of our relationship...[It was] a collaborative effort [with] involvement [and these two terms] distinguished this partnership relationship with HTH from our previous work as a standalone NPO [and] broadened our vision for future development.

The formation and mutual selection occurred under the earlier assessment of internal capability, where with limited funding available, the selection focused more on the engagement and hands-on conduct.

#### ***5.6.4.3 Partnership Objective***

HTH described their partnership objective as:

... [to] distinguish ourselves from our competitors with a real tangible commitment...we did what we could with our own commitment... this partnership allows us to play our part in society without going bankrupt. It proves HTH to be a genuine, socially and environmentally minded business, more importantly, we worked hard with our partner, and we are glad that we did not have to buy a meaningless title with our money just for the marketing effects.

CEPF was asked about their perceived perception of HTH:

...because it is a partnership for those businesses, who skipped the common donation practice, while seeking an alternative but still meaningful way to conduct CSR activities...[Which would enhance HTH's] exposure, social legitimacy, and brand personality...What we did wasn't anything flash, these

are just very basic things we have been doing [environmental management] for decades, we will carry on with what we have been doing and be proud of it, [and] hopefully attract more capable partners to help improve China's environment in the future.

The objective was developed to match the motivation for the original SP, along with the internal capabilities of the focal firm to ensure the achievement and smooth progress of the SP.

#### **5.6.4.4 Expectations**

Regarding HTH's expectations from their partnership with CEPF, HTH pointed out their own lack of experience in CSR and how important CEPF were:

For us, it is totally volunteering and we expect nothing but self-satisfaction. We believe people will appreciate what we have done to our environment in the future... [CEPF are a] genuine NPO to guide us, and express our social wellbeing concerns... let us work alongside them.

The interview also explored CEPF's expectations of the partnership. Some interesting comments were given by CEPF:

In fact, we did not expect much from HTH in the first place. For us, we have got used to limited media exposure from our previous work. But let's be honest, tree planting is nothing fancy to brag about. We did it because we care, and giving is actually a good feeling, and we did not expect to take anything back... for HTH, we expect they are pursuing the same goal as we are, showing some real commitment and involvement, which they have been doing since the beginning; really, a group of young people with the energy and passion to work with us, which I believe they will keep it that way in the years to come.

The expectations from both parties demonstrated a fair, shared vision which matched the specific SP task.

#### **5.6.4.5 Resource Utilisation**

It has been emphasised that HTH is a small e-business at a stage of early growth, with limited resources. In particular, financial resources are limited:

...we would not be able to afford to donate huge amount of funds to support our society. But limited financial ability won't limit us from contributing to our environment... we did what we could... our employees were very pleased to have such an opportunity to do something to this place [Beijing], a place we have all loved for so long.

Despite their limited funding, HTH launched their CSR page as a sub-category on their main discount-shopping site, [www.haotehui.com](http://www.haotehui.com), in 2011 (Haotehao, 2012). Instead of promoting the company's socially responsible stance, HTH's CSR page shared an identical layout design as their shopping page - the page setup allows visitors to donate to HTH's different NPO partners directly via HTH's e-billing system, where the funds are transferred to each NPO's own account automatically (Haotehao, 2012). HTH commented that:

...we figured it would be a good way to help those NPOs to promote themselves; the website traffic has been growing steadily, which will help them [NPOs] to capture more attention from those socially minded individuals.

CEPF, an experienced environmental NPO with over 20 years of experience in Chinese environmental protection, mentioned their own experience in hands on environmental practice and project management skill:

...despite lack of experience in such a scenario [partnership with business], we are certain that CEPF is willing to share all of our knowledge and experience from the past with HTH. Like I said, they definitely need someone like CEPF to set them right with their CSR program, and we are happy to share everything we could to help such a socially responsible business.

Both parties demonstrated a critical way of thinking during the planning and evaluation of the SP in order to best use the limited resources and internal capability to achieve the SP objective.



#### **5.6.4.6 Commitment**

According to HTH, their commitments include:

...keeping our employees informed and motivated all the time... especially the time consumed, which usually takes up our weekends, to complete the proposed tasks with CEPF... volunteers, including all 48 staff from HTH, everyone is engaged and highly motivated... it also requires a constant maintenance schedule to be followed on a weekly basis due to the harsh climate in Beijing... we also took the subway instead of driving, to further eliminate emissions...we do not feel any pressure from CEPF, because we are highly motivated since the beginning.

CEPF said:

...we were working over the weekends to be able to fit in with HTH's schedule... we have got 10 volunteers from CEPF to assist HTH with their weekend planting job and maintenance work, ensuring they follow correct planting and maintenance procedures all the time... everyone agreed to travel from the city to the suburbs in public transportation, which might be more time consuming and inconvenient for some individuals, but it keeps the entire project more environmentally focused.

#### **5.6.4.7 Achievement Assessment**

HTH and CEPF were both new to this kind of cross-sector partnership. Feedback from HTH towards CEPF was:

They are excellent to deal with; honestly, they are highly organised and managed, effortless to work with...CEPF knows what they are doing, which not only gives us confidence, but also keeps HTH motivated all the time with their passion in environmental care, their commitment is beyond our expectation from a NPO.

When HTH was asked about an assessment of their achievements according to their CSR objectives, HTH mentioned that:

...it is hard to measure. But our PR people did put the information out and let our customers know that we are a socially responsible business. We are not

acting, we are not trying to cover up any of our mess, certainly we are not there for the show effect, plain and simple, we leave our customers to judge us [and] work hard as a socially responsible business.

Regarding the limited media exposure, the respondent from HTH commented that:

HTH is still new, especially for an e-business, people won't notice us unless they shop online. So we guess it is normal. We never rely on any media since we are solely relying on our own publicity program.

A similar attitude was found through the interview with CEPF, where the respondent stated:

Well, it [limited media exposure and coverage] happens, but at least we know we are doing the right thing [tree planting] for this place, which is more important... we felt that we needed to create more media exposure for them [HTH], since HTH have been very supportive in all possible ways...we are in the process of developing a new publicity strategy since we are not getting enough media exposure right now. Possibly a twitter or micro-blogging account in the future, so we could update our latest news and programs to the stakeholders in order to create more public awareness.

Lastly, achievements and limitations were closely assessed and evaluated against the original motivation and SP objective with a clear intention for future improvements.

#### **5.6.4.8 Table of Case Summary**

	HTH	CEPF
<b>Origin of Motivation</b>	<ul style="list-style-type: none"> <li>Local environment condition concerns</li> <li>Limited experience and capability to conduct CSR program as a young business</li> </ul>	<ul style="list-style-type: none"> <li>Long established environmental NPO</li> <li>Experience and expertise in environmental management in China</li> </ul>
<b>Formation of Partnership</b>	<ul style="list-style-type: none"> <li>Utilise external partner's experience and expertise to conduct CSR program</li> <li>Improving local environment conditions in Beijing</li> </ul>	<ul style="list-style-type: none"> <li>Improving the overall environment and rectify environmental issues</li> <li>Willingness to take external partners on board as an experiment</li> </ul>

<b>Partnership Objective</b>	<ul style="list-style-type: none"> <li>• Conduct meaningful/tangible CSR program</li> <li>• Building unique socially responsible business image</li> </ul>	<ul style="list-style-type: none"> <li>• Improve environmental conditions in suburbs around Beijing</li> </ul>
<b>Expectation</b>	<ul style="list-style-type: none"> <li>• Professional handling of tasks from organisational perspective</li> <li>• Enhanced media coverage</li> </ul>	
<b>Resource Utilisation</b>	<ul style="list-style-type: none"> <li>• Availability of manpower and employee involvement</li> <li>• Availability of web resources to promote partner organisations through their business site</li> </ul>	<ul style="list-style-type: none"> <li>• Expertise and knowledge in planting related tasks</li> </ul>
<b>Commitment</b>	<ul style="list-style-type: none"> <li>• Volunteers</li> <li>• Time</li> <li>• Public Transportation</li> </ul>	<ul style="list-style-type: none"> <li>• Volunteers</li> <li>• Time</li> <li>• Public Transportation</li> </ul>
<b>Achievement Assessment</b>	<ul style="list-style-type: none"> <li>• Limited media exposure to work on for the future</li> <li>• Self-satisfaction via organisation's contribution to the environment</li> </ul>	

**Table 9 HTH Case Summary**

## 5.7 Case Five: Li-Ning

### 5.7.1 Introduction

This case study considers Li-Ning as the focal firm, and three partner NPOs. The case study explores the CSR philosophy of Li-Ning through their philanthropic activities and social partnerships with NPOs. Three previously associated NPOs were interviewed to access experience based insights from those social partners. Opinions were obtained from both the focal firm and partners.

### 5.7.2 Background-Focal Firm (Li-Ning)

Li-Ning Company Limited is one of the leading sports brand enterprises in China, possessing brand marketing, research and development, design, manufacturing, distribution, and retail capabilities. The company was founded in 1990 by Li Ning, a former Chinese Olympic gymnast. As of 2007, Mr. Li Ning remains the Chairman of the company's board of directors. The Group's products mainly include footwear, apparel, equipment, and accessories for sport and leisure use under its own Li-Ning brand. Li-Ning branded products are targeted for consumers playing sports, such as running, basketball, badminton, football, tennis, and fitness. Li-Ning counts Nike and Adidas as its main competitors. The company endorses a number of athletes and teams, both in China and abroad. The Group has established an extensive supply chain management system, and a distribution and retail network in China, primarily through outsourcing of manufacturing operations and distribution via franchised agents. The Group also directly operates retail stores for the Li-Ning brand.

### 5.7.3 CSR Commitment

As a pro-athlete inspired sports brand, Li-Ning has been an active player in terms of demonstrating themselves as a socially responsible firm since the beginning (China Central Television, 2009). Li-Ning has incorporated large numbers of promotional activities with their product brand. In recent years, under the influence of the government-promoted environmental protection and low-emission life style, Li-Ning launched a number of environmental protection campaigns with regional NPOs to promote to society. Through years of commitment, Li-Ning has established their reputation in the Chinese market through undertaking corporate social responsibility. Table10 contains a list of Li-Ning's notable CSR events.

Time	Event	Location	Category
1994	Establishment of the China Sports Foundation, to help create a plan to	N/A	Sports

	improve Chinese sportsmen and women's performances at the highest level.		
1998	Donated relief funds of 6 million Yuan (1.2million NZD) to flooded areas in Jiangxi, Anhui Province.	Jiangxi, Anhui Province	Disaster Relief
2001	Participated in national-scale charity event organized by the Red Cross Society of China, the giving of donations, Mr. Li Ning personally served as "China Bone Marrow Bank Ambassador".	Mainland China	Healthcare
2003	Donated 10.48 million Yuan of goods to the Red Cross Society of China for disaster relief to the Inner Mongolia, Jiangxi, Anhui, Hunan, Hubei and north-eastern area.	Inner Mongolia, Jiangxi, Anhui, Hunan, Hubei and north-eastern area.	Disaster Relief
2003	Donated sports clothing, sports shoes and sports equipment worth a total value of 210,000 Yuan to Adebo and Jinshuihe Middle School, which both located in the poor mountainous areas in Jinping County, Yunnan Province.	Jinping County, Yunnan Province	Education
2004	Supported China Environmental Protection Foundation, organised 2005 "Beijing-Hongkong China Environmental Prize Propaganda Tour" as the official clothing sponsor for the event.	Hong Kong and mainland China	Environmental Protection
2005	Supported "Tibetan Bright Line" Cataract Treatment Advocacy in poor areas of Tibet as the official clothing sponsor for the event.	Tibetan, China	Healthcare
2006	Donated over 500 million Yuan worth of supplies to the China Charity Federation	Beijing, China	Social Welfare
2006	500,000 Yuan of goods donated to the "Lifeline Express" free mobile operation train service for cataract patients in poverty.	Beijing, China	Healthcare
2006	Started the national poverty district sports teacher training project "Sports for All" with China Foundation for Poverty Alleviation.	Mainland China	Education
2007	Jointly with the Chinese Athletes Educational Foundation, CCTV and other institutions organised sports charity events and raised total of 11.018 million Yuan donation.	Beijing, China	Sports
2008	Donation of one million Yuan to disaster relief funds to rain and snow disaster affected areas in southeast of China.	Southeast China	Disaster Relief
2008	Contributed 2.7 million Yuan to the China Foundation for Lifeline Express, surgery to Nanyang, Henan Province as the "Lifeline Express" all of the funds.	Nanyang, Henan	Social Welfare
2008	Donated 12.93 million Yuan to the earthquake-affected areas in Wenchuan Country, Sichuan Province	Wenchuan Country, Sichuan Province	Disaster Relief

**Table 10 Li-Ning CSR Major Events 1994-2008 (China Central Television, 2009)**

According to information from Li-Ning's CSR web page, Li-Ning has had a bold CSR message through the years (Li-Ning, 2011). The respondent from Li-Ning expressed their thoughts on the increasing awareness of CSR among Chinese firms:

...business needs that extra pressure from society to take a step forward and move towards responsible matters in China. Personally, I reckon that external pressure is a positive driver. The result is significant, look around the market

now; everyone is putting a high priority on sustainability and CSR these days in China. It is slow progress, but it is always good to see some progress.

As an active CSR player in various sectors, Li-Ning commented on the alignment of CSR and government strategy:

It is also very important to constantly fine-tune our business strategy, to match the latest national strategy such as the current sustainable development strategy and low-carbon development theme. The orientation of national authority is always a good reference, it helps us to stay on the track. Actually, this theme is also a very important attribute in the business field these days.

According to the aforementioned strategic alignment approach, Li-Ning briefly discussed their latest product line as a result of theme matching with national strategy:

It is a casual-sports crossover clothing line from us, targeting adults under 40, since 2010, the materials used are 100% recyclable and the entire production line has been adjusted to accommodate the "low-carbon" image... It is a collection of efforts from different stages through the manufacturing process. From raw material sourcing to the manufacturing process, then the final packaging and dispatch. It is a matter of taking the initiative on environmental protection throughout the business strategy. Or like the old Chinese saying: "implementation, is the only way" to let the target market feel the same idea through the product.

Li-Ning further commented on corporate CSR commitment:

Being socially responsible is costly for any business; Li-Ning is no exception. But honestly, for a large business like Li-Ning, the exceptional level of stakeholder value and social value is huge. Just like I said before, sure, a firm certainly has to have the willingness to act in a socially responsible manner, but the pressure from outside is the main driver in my opinion, which pushes businesses to commit more to satisfying external stakeholder's interests... with the increasing pressure from the external environment, business has to dedicate themselves by expressing their interest in terms of meeting stakeholder demand.

Hence, it cannot be simply justified or evaluated via economic factors. Most of the time, it is a complicated process for the decision makers.

Further to the comments above, Li-Ning, mentioned that:

...we have had to compromise the operational overheads in order to meet expectations... that was why we introduced those low-carbon lines... people between their 20s and 30s have been showing lots of interest... the positive response which we have got from the market really encouraged us to deliver more environmentally friendly lines.

#### 5.7.4 Pollution Scandal

In July 2011, Li Ning, along with other major sportswear brands including Nike, Adidas, and Abercrombie & Fitch, was the subject of a report by the environmental group, Greenpeace, entitled 'Dirty Laundry' (China CSR, 2011; Greenpeace, 2011). Li-Ning was accused of working with suppliers in China who, according to the findings in the report, contributed to the pollution of the Yangtze and Pearl Rivers (Greenpeace, 2011). Samples were taken from one facility belonging to the Youngor Group located on the Yangtze River Delta and another belonging to the Well Dyeing Factory Ltd (WantChinaTimes.com, 2012; Greenpeace, 2011), located on a tributary of the Pearl River Delta. These revealed the presence of hazardous and persistent hormone disruptor chemicals, including alkyl phenols, per fluorinated compounds and per-fluorooctanesulfonate (Greenpeace, 2011).

Under pressure from society and media press, Li-Ning responded directly to the raised issue and admitted their irresponsible behaviour as a well-established firm (Li-Ning, 2012; Li-Ning, 2011). The aftermath of this event is yet to be identified, but it certainly had a dramatic negative impact on the company's social image (WantChinaTimes.com, 2012). However, Li-Ning handled this scenario with a proactive approach, to minimise the damage to the company caused by this scandal (Li-Ning, 2011; WantChinaTimes.com, 2012).

A response was given by Li-Ning about the reported pollution scandal:

...things could go wrong in reality; for a business of our size, it is common for our original equipment manufacturer (OEM) supplier to behave in the wrong way, then some media took it and made a big fuss about it... the media's role is

to report the facts accurately and provide a reliable source of reference for the public.

## 5.7.5 Partnership with Lifeline Express

The partnership between Li-Ning and Lifeline Express, from 2005 to 2009, was carried out to help cataract patients who live in rural areas without access to medical services, especially in areas impacted by the degrading environment from business conduct over the years. Li-Ning began to support Lifeline Express through donating funds and goods to support their operation.

### 5.7.5.1 NPO Background (Lifeline Express)

Lifeline Express is a hospital train service that provides free cataract operations to patients in China, operated by the Lifeline Express Foundation (Lifeline Express , 2012). The development of Lifeline Express was supported by the Ministry of Health, Ministry of Railways, and Hong Kong and Macao Affairs Office (Lifeline Express , 2012). The Ministry of Health estimated that 1 million cataract patients remain uncured, with an increase of half a million new cases every year (China Central Television, 2009). People suffering from cataracts are younger in remote areas due to unsatisfactory hygiene conditions and demanding physical labour; more and more are being diagnosed as genetically inherited. Lifeline Express brings back sight to the patients, allowing the people to pick up their work in the fields again and help poverty-stricken areas to retrieve their work force and improve their livelihood (Lifeline Express , 2012). While working on the eye-train, eye-doctors are trained to facilitate future development. Table 11 displays the awards Lifeline Express has received between 2005 to 2008 (Lifeline Express , 2012).

Year	Organization	Award
2005	State Council National Award-Issuing Ceremony on Ethnic Unity and Progress	National Award on Enhancing Ethnic Unity and Progress
2005	China Charity Federation, Ministry of Civil Affairs of PRC	China Charity Award
2006	The State Council Leading Group Office of Poverty Alleviation and Development	China Poverty Eradication Award
2008	China Charity Federation, Ministry of Civil Affairs of PRC	China Charity Award

**Table 11 Lifeline Express Recived Awards (Lifeline Express , 2012)**

### 5.7.5.2 The Formation of the Partnership

The partnership was formed in 2005 and ended in 2009; Li-Ning discussed the beginning of their partnership with Lifeline Express as:



...our attention were firstly caught by the presence of Lifeline Express in China. At the time, for Li-Ning, we were constantly seeking for opportunities to demonstrate how much we care about our society, as a business... our extensive CSR commitment over the years is the evidence of our seriousness, then Lifeline Express was one of them.

From Lifeline Express:

...we are one of the very first NPOs to carry out free mobile sight restoration services to the cataract patients in rural China, and are supported by relevant government departments directly... the things we have done have had a huge impact in Chinese society... hence we were not surprised when big names, such as Li-Ning, approached us several years back... Li-Ning is a great brand with many loyal followers in China, we are glad they joined us.

#### ***5.7.5.3 Partnership Objective***

Li-Ning illustrated their expectation from the partnership with Lifeline Express as:

...increasing brand awareness... enhancing brand loyalty... extending brand perception... enriching brand culture... through performing CSR activities with Lifeline Express to express the genuine social initiative in our business strategy.

Lifeline Express stated that:

...the purpose of establishing various partnerships with businesses has always been a resource recruitment oriented action for Lifeline Express... finding capable businesses to help Lifeline Express to carry out our social mission... it is an essential part of our operation as a NPO with limited access to funds and other resources.

#### ***5.7.5.4 Expectations***

With regard to the expectation from their partnership with Lifeline Express, Li-Ning mentioned that:

Through the operation with Lifeline Express, we did not expect much from them but adequate usage of recruited resources, in fact, they did exceptionally

well with a rigorous managerial system to ensure the maintenances of high efficiency.

Lifeline Express commented on their expectations of working with Li-Ning as:

...we were expecting genuine commitment from our partners... we do not judge by how generous they are... how much involvement they commit themselves into the program... plus we expect matching ethical behaviour from our partners in their business practice.

#### **5.7.5.5 Resource Utilisation**

Li-Ning listed a number of resources which they had been utilising through their partnership with Lifeline Express:

Li-Ning is a well-know brand in China with an extensive retailing network across China, and Mr. Li Ning is a highly respected public figure in China, which are the most valuable resources to us... besides, the size of our business actually allows Li-Ning to support NPOs and government, considering the large population size which often requires a fairly significant amount of monetary resources to make a difference, not just with Lifeline Express, but philanthropy and CSR in general are often associated with the financial capability of the participating business.

Lifeline Express stated that:

Lifeline Express is an action oriented NPO, not a marketing agent to create buzz for business... we have appreciated all the contributions made by businesses and individuals in the past to keep our organisation going... we praised their efforts to the public in every possible way all the time, not just to keep them happy and motivated, it also allows Lifeline Express to show a positive spirit to our people in this country.

#### **5.7.5.6 Commitment**

Li-Ning began to support Lifeline Express through making donations to the Lifeline Express Foundation in 2005, and over three million Yuan worth of goods and funds has been donated by Li-Ning until 2009 (Li-Ning, 2012). Li-Ning commented:

...it was not easy for us to come up with that amount of funds and goods; however we did, purely because we strongly believed in Lifeline Express and the difference we could make together to our society.

Over four years of sponsorship, Lifeline Express commented that:

...we are very grateful for the amount of help that we received from Li-Ning over the past few years... we are glad that a large firm like Li-Ning stepped in and empowered us with funds and goods to help those patients to recover their vision. What we have achieved with our sponsors cannot be put into words because of the large demand for funds and efforts.

Further, Lifeline Express commented on the aspect of consistency when establishing social image:

...speaking from our own experience, it is difficult to conduct social work in China; we have to make sure we keep a positive image from every possible aspect to slowly build trust and credibility from the ground up. A rigorous control system is what every Chinese NPO needs in China; without a consistent pattern, matched promise and commitment, years of hard work could be easily destroyed.

#### **5.7.5.7 Achievements Assessment**

Li-Ning assessed their partnership with Lifeline Express as:

...it was an honour for Li-Ning to be able to put its name next to Lifeline Express, we felt completely satisfied with the achievements over the years... as a progressive enterprise, we always experiment with new ideas, there was nothing wrong with the partnership we had with Lifeline Express, the decision [to terminate the partnership] was only a business decision in our changing CSR strategy.

Lifeline Express spoke about their assessment of the partnership:

Li-Ning has been demonstrating their superior social awareness through their actions, which should be appreciated by the entire nation for what has been achieved, not just the ones who recovered from the operation... The very last donation which we received from Li-Ning was in 2009... we never pushed any

of our sponsors for funds and we have been working on our strategies to pursue a self-sustaining operational model for the future too... before the pollution scandal was reported, Li-Ning had begun to phase out from supporting Lifeline Express without much clear indication for the future; it could be changes in their strategic direction, but I am aware that they are still very proactive in terms of social work in mainland China.

Lifeline Express then commented on the reported pollution scandal of Li-Ning:

...in fact, we don't know much about what actually happened; judging from the past experience with Li-Ning, we doubt it was their intention at all... however, according to my limited knowledge on this case, it happened due to an insufficient control system over the supplier or contractor, which I think makes a lot of sense... Li-Ning spent millions of Yuan to establish their social image, they should be wise enough to protect it with priority... regardless, it is a hard route for many domestic firms to learn about establishing a solid social image, donations and social works are only a part of it, but maintaining consistency through the entire operation cycle is the key to sustainable success.

#### 5.7.5.8 Table of Case Summary

	Li-Ning	Lifeline Express
<b>Origin of Motivation</b>	<ul style="list-style-type: none"> <li>Enhancing socially initiated corporate culture</li> </ul>	<ul style="list-style-type: none"> <li>Newly established</li> <li>Resources recruitment</li> </ul>
<b>Formation of Partnership</b>	<ul style="list-style-type: none"> <li>National presence and exposure</li> <li>Social initiative corporate culture</li> </ul>	<ul style="list-style-type: none"> <li>Resource capabilities</li> </ul>
<b>Partnership Objective</b>	<ul style="list-style-type: none"> <li>Enhance brand awareness</li> <li>Maintain socially responsible business image</li> </ul>	<ul style="list-style-type: none"> <li>Allocating resources</li> <li>Mobile sight recovery in rural/poor areas</li> </ul>
<b>Expectation</b>	<ul style="list-style-type: none"> <li>Improved brand awareness</li> <li>Enhanced corporate image</li> <li>Publicity</li> </ul>	<ul style="list-style-type: none"> <li>Supply of funds</li> <li>Ethical business approach</li> </ul>

<b>Resource Utilisation</b>	<ul style="list-style-type: none"> <li>• Availability of funds and goods</li> </ul>	<ul style="list-style-type: none"> <li>• Publicity channels</li> </ul>
<b>Commitment</b>	<ul style="list-style-type: none"> <li>• Donations of funds and goods</li> </ul>	<ul style="list-style-type: none"> <li>• Publicity</li> </ul>
<b>Achievement Assessment</b>	<ul style="list-style-type: none"> <li>• Donated funds</li> <li>• Gained positive corporate image</li> <li>• Change in CSR strategy focus</li> </ul>	<ul style="list-style-type: none"> <li>• Empowered by Li-Ning's donations</li> </ul>

**Table 12 Li-Ning Case Summary 1**

### 5.7.6 Partnership with China Foundation for Poverty Alleviation (CFPA)

In 2006, Li-Ning launched the “Sports for All” campaign together with the China Foundation for Poverty Alleviation (CFPA) (Li-Ning, 2011). The campaign aimed to improve the standards of physical education in impoverished regions. As one of the main focuses of Li-Ning’s CSR activities since 2006, “Sports for All” has been operating for six successful years since its commencement in 2006, and has provided fully funded professional training for over 1,800 physical education teachers from primary and secondary schools, in state-designated poverty stricken counties (Li-Ning, 2011). This SP is relevant to the environmental category as part of CFPA’s mission of disaster relief and re-conditioning living conditions in poverty stricken regions across mainland China.

#### 5.7.6.1 NPO Background (CFPA)

The China Foundation for Poverty Alleviation (CFPA) was founded in 1989, and is a registered Civil-NPO engaged in managing domestic and overseas donated funds and materials (China Foundation for Poverty Alleviation , 2012). Programs include water and livestock, terracing, rebuilding houses, rural education, rural technology training, women’s and children’s health, and disaster relief (China Foundation for Poverty Alleviation , 2012). CFPA also operates some micro-finance projects (China Foundation for Poverty Alleviation , 2012).

#### 5.7.6.2 The Formation of the Partnership

According to Li-Ning, they first approached CFPA in 2006 to discuss a possible collaboration with CFPA:

...first of all, as an international sports brand, Li-Ning has been putting high priority on its CSR activities... as you would expect, the progressive corporate culture allowed us to keep seeking for opportunities to conduct CSR activities, as soon as we heard about CFPA in 2006, we immediately approached them, hoping to start something which has never been done before, and contribute to our society and allow Li-Ning to fit into it as a sports brand, and ‘sports for all’ was born.

CFPA commented:

...we were approached by Li-Ning back in 2006. We started to discuss the possibility of collaboration, and we wanted something meaningful yet unique... something that matches the mission of CFPA and the brand identity of Li-Ning, and the ‘sports for all’ campaign was born: a sports teacher training campaign in rural areas in China.

#### ***5.7.6.3 Partnership Objective***

Li-Ning stated their objective when they entered the partnership with CFPA as:

...we wanted to strengthen our ‘socially responsible domestic brand’ image and contribute something actually meaningful to our society through the collaboration with CFPA, while maintaining a strong association between our projects and business context.

Accordingly, CFPA’s objective was:

...to extend our existing operation at the time by collaborating and utilising the unique resource advantages of big firms, such as Li-Ning, to develop different projects in poverty stricken areas.

#### ***5.7.6.4 Expectations***

During the interview, Li-Ning stated that:

...we did not expect much in return from our collaboration with CFPA... there are many businesses and individuals doing the same thing over time to support those disadvantaged ones living in poverty... Li-Ning did not expect to gain

much from supporting those who live in poverty in terms of marketing effects, but Li-Ning did expect the collaboration to utilise a transparent implementation plan to carry out activities to ensure the desired impact on society.

CFPA added:

...for what we do, we were expecting mutual understanding of the scenario in poverty stricken areas; moreover, effectively utilising the resources to help those in poverty with a brighter future... there are hardly any rules applying to our partners, but they have to be socially minded with matching business ethics in practice.

#### ***5.7.6.5 Resource Utilisation***

Li-Ning utilised their resources through their partnership with CFPA:

...we were prepared to donate funds and goods as a big part of our obligation as a partner of CFPA... not saying Li-Ning was a mindless donator, but conducting sports teacher training program in poverty stricken areas does require the resources, the materials and recruiting volunteers with sports training expertise... as the top sports brand and our presence in domestic sports field, our network with athletes across the country is also considered as a valuable resource, especially during the recruiting and training of the volunteers.

As illustrated by CFPA:

...the project, our partner, and CFPA are the three key elements, regardless of the specific project context, our organisation philosophy encourages engagement and involvement between those three key elements, there was no exception with Li-Ning... the 'sports for all' campaign was co-developed with Li-Ning, we took them seriously as a socially oriented business, then we utilised our expertise in poverty alleviation to conduct effective operations in the areas where sports teacher training was missing... with the significant level of commitment from Li-Ning, we tried our best to inform the people about how grateful we were to have Li-Ning play their supporting role through the campaign... during the time we were working on 'sports for all' with Li-Ning,

we constantly collected and fed the information to Li-Ning, and they helped to allocate the resources. As for CFPA, our strength was that we understood the specific regional characteristics around China, which ensured the team arrived at each area well prepared, leaving no room for uncertainty... [CFPA's expertise] ensured effectiveness and efficiency during the execution stage of the program, as well as saved efforts for conducting investigation by others who were unfamiliar with the poverty scenario in China.

#### **5.7.6.6 Commitment**

Li-Ning discussed how:

...due to the size of our business and high priorities of our CSR program, Li-Ning were able to have access to a variety of resources... having said that, we have a dedicated team to handle all the running CSR programs, and extensive works were planned, executed, and monitored... in this case with CFPA, they fed us the information about the selected poverty stricken area each time, then the CSR team was responsible for allocating specific personnel, goods, and funds, and helped CFPA to accomplish the task together.

CFPA commented that:

...our role in the partnership with Li-Ning was crucial... the operation relied on the accuracy of our information, therefore to minimise the uncertainty when the team arrived at a location... we ensured the accuracy and fair assessment by utilising our expertise [which has] ensured effectiveness and efficiency during the execution stage of the program, as well as saved efforts for conducting investigations by others who were unfamiliar with the poverty scenario in China.

#### **5.7.6.7 Achievements Assessment**

The campaign benefitted over 500,000 primary and secondary school students by training their sports teachers in those poverty stricken regions (Li-Ning, 2011). Under the leadership and assistance of the Group, 250 physical education teachers from Mashan county of Guangxi Province and Yi county of Hebei Province received free training in 2011 (Li-Ning, 2011). By raising standards of physical education and the professional skills of physical education teachers in rural areas, children there can



now enjoy the pleasure of and the right for sports (China Foundation for Poverty Alleviation , 2012; Li-Ning, 2011).

CFPA commented on over six years of successful operation of the “Sports for All” sports teacher training campaigns with Li-Ning:

...it has been a fantastic experience for all of us... it has been an excellent journey so far, especially to have China’s number one sports brand on board working with us as a team, the social presence and courage we have got from each other were fantastic; plus, their generous support, such as funds and goods, were crucial which has facilitated this campaign to achieve such success in a great way.

CFPA also illustrated their perspective on their future partnership with Li-Ning:

...there are no confirmed words from Li-Ning for the future, but we expect the continuation of this partnership simply because they originally started this campaign with us six years ago and it is still going strong.

As for the negative affect from the pollution scandal on their partnership with Li-Ning, CFPA pointed out:

...there will be factors we take into consideration from this fact, but with the officially released ‘Joint Roadmap towards Zero Discharge of Hazardous Chemicals by 2020’<sup>7</sup> statement from Li-Ning, we are confident to continue this relationship with them...it was totally unexpected, particularly for Li-Ning; we have worked closely with Li-Ning for over six years, there is no way that we want to believe what has been reported in the news... we held an immediate meeting with Li-Ning after we heard it on the news, the explanation given by Li-Ning points towards their irresponsible contractors, which we believe was true... but, it was Li-Ning’s responsibility to address the issue, more importantly, such things should be avoided in the first place... especially with Nike and Adidas next to Li-Ning’s name on the pollution list, it actually hurt

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<sup>7</sup> Li-Ning, together with other well-known international sports and fashion brands, launched the “Joint Roadmap towards Zero Discharge of Hazardous Chemicals by 2020” in November 2011, setting a new benchmark for environmental protection in the global garment and footwear manufacturing industry (see appendix p 200 for full content of this statement).

the feelings of their loyal followers...nevertheless, it is not CFPA's role to criticise Li-Ning, and the scenario could be more complicated than it appears.

#### 5.7.6.8 Table of Case Summary

	Li-Ning	CFPA
<b>Origin of Motivation</b>	<ul style="list-style-type: none"> <li>Enhancing social initiative corporate culture</li> </ul>	<ul style="list-style-type: none"> <li>New opportunity</li> <li>Resources recruitment</li> </ul>
<b>Formation of Partnership</b>	<ul style="list-style-type: none"> <li>National presence and exposure</li> <li>Social initiative corporate culture</li> <li>Matching brand context</li> </ul>	<ul style="list-style-type: none"> <li>Resource capabilities</li> <li>Social initiative corporate culture of partner</li> <li>Matching organisation mission</li> </ul>
<b>Partnership Objective</b>	<ul style="list-style-type: none"> <li>Enhance brand awareness</li> <li>Maintain socially responsible business image</li> </ul>	<ul style="list-style-type: none"> <li>Poverty Alleviation</li> <li>Sports teacher training program</li> </ul>
<b>Expectation</b>	<ul style="list-style-type: none"> <li>Improved brand awareness</li> <li>Enhanced corporate image</li> <li>Publicity</li> <li>Effective implementation plan</li> </ul>	<ul style="list-style-type: none"> <li>Supply of funds and supports</li> <li>Ethical business approach</li> </ul>
<b>Resource Utilisation</b>	<ul style="list-style-type: none"> <li>Availability of funds and goods</li> <li>Networking with domestic athletes and sports training experts</li> </ul>	<ul style="list-style-type: none"> <li>Publicity channels</li> <li>Expertise in poverty region knowledge</li> </ul>
<b>Commitment</b>	<ul style="list-style-type: none"> <li>Donations of funds and goods</li> </ul>	<ul style="list-style-type: none"> <li>Publicity</li> </ul>
<b>Achievement Assessment</b>	<ul style="list-style-type: none"> <li>Donated funds and goods</li> <li>Gained positive corporate image</li> </ul>	<ul style="list-style-type: none"> <li>Empowered by Li-Ning's donations</li> <li>Recognised training result in poverty areas</li> </ul>

**Table 13 Li-Ning Case Summary 2**

#### 5.7.7 Partnership with China Environmental Protection Foundation (CEPF)

In late 2004, the Beijing-Hong Kong China Environmental Prize Propaganda Tour was initiated in Beijing, sponsored by CEPF, the Bank of China, and Phoenix TV. The tour comprised 53 volunteers and representatives, including Olympic champions, TV

stars, and entrepreneurs, including Li-Ning's founder Mr Li Ning. It started from Beijing and passed through the provinces of Hebei, Henan, Hubei, Hunan, Guangdong, and finished in Hong Kong. It was the first environmental protection advocating tour from mainland China to Hong Kong. Li-Ning supported the tour as the official clothing sponsor for the event. It was a one-off tour organised by CEPF.

#### ***5.7.7.1 NPO Background (CEPF)***

Founded in April 1993, China Environmental Protection Foundation (CEPF) is the first NPO dedicated to environmental protection in China, and an NPO in Special Consultative Status with the UN ECOSOC<sup>8</sup>. In accordance with the principle of "From the people, to the people and for the benefits of mankind" (Martin, 2007), CEPF works to raise funds through different means and channels to commend organisations and individuals that have made outstanding contributions to environmental protection, to sponsor activities and projects of various kinds and to promote technical exchange and cooperation with other countries in the field of the environmental protection and ecosystem conservation in China. The governance body of CEPF is the Board of Directors, which is composed of celebrities both from China and other countries and representatives of social bodies committed to environmental protection. CEPF desires to have friendly communication with social organizations and individuals at home and abroad, establish a relationship of mutual support and cooperation and work together for the protection of the environment on which mankind depends for survival (Martin, 2007). Interestingly, CEPF is also the current partner for HTH (another featured social partnership case study in this research).

#### ***5.7.7.2 The Formation of the Partnership***

The partnership was formed in late 2004 for the one-off "Beijing-Hong Kong China Environmental Prize Propaganda Tour" in 2005. Li-Ning commented that:

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<sup>8</sup>In 1992, Prof. Qu Geping, the first Administrator of China National Environmental Protection Agency and the former Director of Natural Resources Conservation Committee of the National People's Congress, was awarded by UN the Environment Prize for his contribution and leadership for China's environmental protection at the UN Conference on Environment and Development in Rio De Janeiro, Brazil. Prof. Qu decided to donate the award of US\$ 100,000 and proposed to establish the China Environmental Protection Foundation.

CEPF was the co-organiser of the event, they approached Li-Ning in late 2004 to see if Li-Ning was willing to do anything with them for the one-off tour across China. It was like the 'all-star' tour of celebrities and sports stars in China, it was Li-Ning's honour to be shortlisted by CEPF, certainly, we agreed immediately over the phone and Mr. Li Ning was on the next day's flight to Beijing to discuss the details of the event with CEPF.

CEPF commented:

Mr. Li Ning was well known for his social and environmental imitativeness, either as a person or a leader of his business... that was why we approached them in the first place, of course. Their firm answer approved our initial thoughts and we were glad to be able to work with Li-Ning.

#### ***5.7.7.3 Partnership Objectives***

By joining CEPF's environmental protection campaign, Li-Ning's objectives were to:

...generate greater brand exposure and set the theme for later developed environmentally oriented clothing lines in the following years as part of our business strategy at the time.

CEPF also stated their objective as:

...the goal of recruiting celebrities and well-known public figures was to help draw greater attention from the public... especially for a long discussed environmental topic in China. We were trying to make the whole campaign appealing and interesting enough for the audience... plus firms such as Li-Ning could also help with the supplies and funding for the campaign, which was a bonus for CEPF.

#### ***5.7.7.4 Expectations***

Li-Ning commented on their expectations at the time:

...we were surely expecting a good amount of media exposure through the entire campaign, but we more interested in how the campaign was organised and the possibilities to plant Li-Ning's future brand orientation towards a 'green' image at the time.

CEPF stated:

...we expected the appearance of Mr. Li Ning through the entire campaign and left the rest of Li-Ning to come back to us with other commitments, which they were willing to make [such as] funding and goods... in particular we had fairly good support from the government, therefore it was totally up to our business supporters to decide if they wanted to provide extra support, other than their appearances.

#### **5.7.7.5 Resource Utilisation**

For this particular campaign, Li-Ning mentioned that:

Mr. Li Ning's appearance was definitely the highlight of our resources, apart from that we decided to support the campaign as the official clothing sponsor with a uniform for all the participating members of the campaign.

CEPF commented:

...it was a pity that micro-blogging was not an option at the time; however, promotional TXT messages were sent with the kind help of China Telecom to target the entire cell-phone user population in China... our close relationship with local news media agents across China also facilitated the full coverage of the campaign on TV and the Internet... not just to keep our sponsors happy, but it also helped build awareness among the target audiences.

#### **5.7.7.6 Commitment**

According to Li-Ning, their commitment included:

...the guest appearance of Mr. Li Ning through the entire campaign across China... donated uniforms to all the crew members and participants... of course, Mr. Li Ning is a busy man, but we were very proud of him for his support and appearance through the entire campaign for four weeks, a remarkable effort in the book of Li-Ning brand.

CEPF commented that:

...it was the first 'Environmental Prize Propaganda Tour' ever in China, as the co-organisier of the campaign, we were very grateful for all those 'famous'

people who joined the tour, it was a great beginning for CEPF... more importantly, we were glad to experience the passion and energy from those supporters and audiences about environmental protection in China.

#### **5.7.7.7 Achievements Assessment**

Li-Ning commented on the experience with CEPF as:

...it was such an interesting campaign, it was great that we joined CEPF, especially when we were planning a shift towards an environmentally oriented image at the time, participation in that campaign helped... it was a great experience and well worth the effort.

CEPF commented on their experience with Li-Ning on the particular event:

...interestingly, it turned out great and we certainly achieved the proposed agenda of promoting environmental protection with the help of celebrities to attract enough attention from the public; as for Li-Ning, they were very much engaged with the whole concept and their generous sponsorship of official clothing for the event ensured our sharp presentation too... Mr Li-Ning was also a touring member at the time.

When CEPF was asked about the Li-Ning pollution scandal in 2011, CEPF commented that:

Li-Ning should have learned from Nike in the 90s, it should never have happened with Li-Ning; especially with the amount of effort which Li-Ning had put into building a good public image, such a negative report could easily ruin their hard work... according to our experience with business, environmental protection should be integrated into the corporate strategy instead of an add-on task, in order to avoid such things from happening.

Since CEPF is also the social partner for HTH, as discussed in a previous case study, CEPF also compared Li-Ning with HTH based on the two businesses' different environmental approaches:

...compared to HTH, Li-Ning could have done miles better in terms of their social image; but the risk exists when the firm gets overly large, there is an insufficient control mechanism, which can easily bring the performance down.

Not like HTH, who are doing e-business over the internet, Li-Ning's operation is all over the world, and the nature of manufacturing business in general is often associated with pollution, things can go wrong easily.

#### 5.7.7.8 Table of Case Summary

	Li-Ning	CEPF
<b>Origin of Motivation</b>	<ul style="list-style-type: none"> <li>Enhancing social initiative corporate culture</li> </ul>	<ul style="list-style-type: none"> <li>New opportunity</li> <li>Public awareness</li> </ul>
<b>Formation of Partnership</b>	<ul style="list-style-type: none"> <li>National presence and exposure</li> <li>Social initiative corporate culture</li> <li>Matching future business orientation</li> </ul>	<ul style="list-style-type: none"> <li>Resource capabilities</li> <li>Public awareness of celebrities</li> <li>Matching organisation mission</li> </ul>
<b>Partnership Objective</b>	<ul style="list-style-type: none"> <li>Enhance brand awareness</li> <li>Maintain socially responsible business image</li> <li>Planting future business orientation</li> </ul>	<ul style="list-style-type: none"> <li>Environmental protection</li> </ul>
<b>Expectation</b>	<ul style="list-style-type: none"> <li>Improved brand awareness</li> <li>Enhanced corporate image</li> <li>Publicity</li> </ul>	<ul style="list-style-type: none"> <li>Attendance of Mr Li Ning</li> </ul>
<b>Resource Utilisation</b>	<ul style="list-style-type: none"> <li>Availability of funds and goods</li> <li>Attendance of Mr Li Ning</li> </ul>	<ul style="list-style-type: none"> <li>Publicity channels</li> </ul>
<b>Commitment</b>	<ul style="list-style-type: none"> <li>Donations of funds and goods</li> <li>Attendance of Mr Li Ning</li> </ul>	<ul style="list-style-type: none"> <li>Publicity</li> </ul>
<b>Achievement Assessment</b>	<ul style="list-style-type: none"> <li>Donated funds and goods</li> <li>Gained positive corporate image</li> </ul>	<ul style="list-style-type: none"> <li>Empowered by Li-Ning's donations and Mr Li Ning's attendance</li> </ul>

**Table 14 Li-Ning Case Summary 3**

### 5.7.8 Single Case Study Summary

Organisation	Previous Relationship	Impressions	Reasons to Terminate Relationship
Lifeline Express	Donation	<ul style="list-style-type: none"> <li>• Supportive</li> <li>• Resource Capability</li> </ul>	<ul style="list-style-type: none"> <li>• Pollution scandal</li> </ul>
China Foundation for Poverty Alleviation	Donation	<ul style="list-style-type: none"> <li>• Sufficient funds</li> <li>• Networking Resources</li> </ul>	<ul style="list-style-type: none"> <li>• Pollution scandal</li> </ul>
China Environmental Protection Foundations	Donation	<ul style="list-style-type: none"> <li>• Sufficient funds</li> <li>• Networking Resources</li> </ul>	<ul style="list-style-type: none"> <li>• Pollution scandal</li> </ul>

**Table 15 Li-Ning Case Summary**



## 5.8 Case Six: Shuanghui

### 5.8.1 Introduction

This case study considers Shuanghui as the focal firm, and three NPO partners. This case study explores Shuanghui's perspective on social partnership as one of the largest domestic manufacturing firms in China. Shuanghui have demonstrated their social initiatives on a "one-off" or "short term" basis through arrangements made with different NPOs. Shuanghui and three previously associated NPOs were approached and interviewed to discuss reasons behind these short-lived /terminated partnerships.

#### Background-Focal Firm (Shuanghui)

Headquartered in the city of Luohe, Henan Province, Shuanghui is China's largest processed meat manufacturer, and was ranked 177th among China's Top 500 enterprises in the year 2009 (Shuanghui Group, 2012), with an annual sales income of more than 40 billion Yuan (Shuanghui Group, 2012). As the largest meat processing enterprise in China, the company has total assets of over 10 billion Yuan, over 50,000 employees, and the capacity to slaughter 15 million pigs per year and process over 2.5 million tons of cooked meat products (Shuanghui Group, 2012). Shuanghui has insisted on self-innovation and has been nominated and rewarded several times, by local and state government, for their technologically advanced "cold-processing" production, for the purpose of enhanced food safety standards (Shuanghui Group, 2012). Their meat products were awarded "Famous Brand in China", and the company has been awarded "Excellent Enterprise in Quality Management" by the National Quality and Quarantine Inspection Bureau (Shuanghui Group, 2012).

### 5.8.2 CSR Commitment

Shuanghui has been frequently reported as a top "socially responsible" firm for its social and environmental commitments by Chinese mainstream media (Shuanghui Group, 2012; People's Daily Online, 2011). This fact was brought up during the interview:

Shuanghui is the largest processed meat product manufacturer in China; we have been maintaining this position for the past 25 years. For a leading business in China, we have never stopped searching for opportunities to deliver CSR promptly through our practices.

Shuanghui's CSR activities cover different areas of Chinese society, and include sponsoring schools, disaster relief and other social and environmental activities across China. Table 16 is a summary of Shuanghui's CSR commitments from 2006 to 2010 (Shuanghui Group, 2012) during which time they donated more than 60 million Yuan to support social welfare undertakings in China (WH Group, 2011).

Time	Event	Location	Category
2006	Donated 1 million Yuan (about 0.2 million NZD) to regional government department of Yilong Town, Sichuan Province to build a Shuanghui primary school for local school children.	Yilong Town, Sichuan province	Education
2008	Donated 1.5 million Yuan (about 0.3 million NZD) disaster relief fund to help affected cities in southern China to recover from snow disaster.	Southern China	Disaster Relief
2008	Donated 15 million Yuan (about 3 million NZD) disaster relief funds to help the affected areas in Wenchuan Earthquake.	Wenchuan City, Sichuan Province	Disaster Relief
2008	Shuanghui won the China Charity Award for Most Socially Responsible Business, issued by Ministry of Civil Affairs	N/A	Award
2009	Donated 0.5 million Yuan (about 0.1 million NZD) to Luohe Disabled Persons Federation to support over 20 million workers' education and poverty issues.	Luohe City, Henan Province	Social Welfare
2009	Donated more than 1 million Yuan (about 0.2 million NZD) (accumulated since 2006) to Shuanghui employees and their families who affected by poverty, illness or with disabilities.	Luohe City, Henan Province	Social Welfare
2010	Donated 6 million Yuan to Yushu of Qinghai Province to support post-earthquake reconstruction.	Yushu City, Qinghai Province	Disaster Relief
2010	Donated 0.4 million Yuan (about 0.1 million NZD) to China Aging Development Foundation, Henan Branch to support elderly education.	Henan Province	Education
2010	Donated 0.3 million Yuan (about 600,000 NZD) to Department of Education of Henan Province, to support poor students.	Henan Province	Education
2010	Donated 0.5 million Yuan (about 0.1 million NZD) to Luohe City Committee of Civilisation, and Shuanghui was awarded the "Excellent Supporting Business in Education Sector"	Luohe City, Henan Province	Education

**Table 16 Shuanghui CSR Event Log 2006-2010 (Shunghui Group, 2012)**

On the subject of the scale of commitment, Shuanghui commented on their more localised CSR activities in Luohe, where Shuanghui is located.

We have done a number of volunteering works, including a river cleaning project, and we are still doing it every year to improve the local living environment... for any manufacturing business, there will be a large amount of wastage/sewage discharged into the environment from time to time. Therefore, we have invested large amount of funds and efforts into sewage treatment as a crucial social responsibility for our business; and volunteering work such as river cleaning is just a step further in taking responsibility for society and the environment.

Regarding Shuanghui's specific CSR strategy and perception of longterm partnership practice with NPOs, Shuanghui commented:

They [past CSR activities] were mostly one-off projects, in our case; it has been difficult to find an ideal partner for long term partnership... most NPOs these days are either too demanding or overpowered. It would never work when philanthropy turned into a game with one party overpowering another... it is common in China... In reality, NPOs are often considered as socially vulnerable groups, which I cannot disagree with more personally... Speaking about their power in the public media alone, they almost have the absolute advantage over any for-profit organisations... this kind of imbalanced power distribution actually makes the collaboration extremely difficult for business.

### 5.8.3 Clenbuterol Scandal

Shuanghui was involved in a scandal to do with using harmful drugs. This was reported in 2011 and created a numbers of negative effects on Shuanghui. On March 15<sup>th</sup>, the media disclosed that Shuanghui used Clenbuterol<sup>9</sup>-tainted pork in their products (BBC, 2011; People's Daily Online, 2011). As the largest meat processor in

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<sup>9</sup>Clenbuterol is a growth-promoting drug intended to result in leaner meat with a higher muscle-to-fat ratio; the drug is banned due to health concerns about symptoms noted in consumers. These include increased heart rate, muscular tremors, headaches, nausea, fever and chills. In the majority of cases, these adverse symptoms are temporary. It is not licensed for use in China, the United States, nor the EU for food producing animals, but some countries have approved it for animals not used for food, and a few countries have approved it for therapeutic uses in food-producing animals (People's Daily Online, 2011).

China, the Shuanghui Group renewed food safety fears in China and now suffers from declining sales, as well as lowered share prices.

Right after the food safety problem was disclosed, the Shuanghui Group published a statement on their website apologising to the public (People's Daily Online, 2011). The Jiyuan plant of Shuanghui, a subsidiary company of the Shuanghui Group (People's Daily Online, 2011), was disclosed to have been involved in the Clenbuterol case and Shuanghui ordered this plant to halt operations (People's Daily Online, 2011). In their statement, Shuanghui did not mention any recall policy, only emphasising that Shuanghui would strengthen management on product safety issues. However, a number of comments circulated online criticising Shuanghui for lacking sincerity by using the word 'trouble' (*'kun rao' in Chinese*) to describe the harm of Clenbuterol and blaming its subsidiary company.

The following day, March 17, the Shuanghui Group published a second statement, saying that products produced by the Jiyuan plant would be recalled, and indicating some policies to strengthen the inspection of meat products (People's Daily Online, 2011). On the 23rd, Chang Wanlong, the CEO of the Shuanghui Group responded to the public in a video conference, promising that Shuanghui would inspect 100% of their pigs in order to provide safe products for consumers (WH Group, 2011; Shuanghui Group, 2012; People's Daily Online, 2011). In addition, Shuanghui named March 15 as their 'Food Safety Day' and created a section online encouraging people to report any problems with Shuanghui's products.

However, despite all these attempts to manage the crisis, Shuanghui hardly gained any positive response. On one hand, Chinese people had lost confidence over food safety due to a number of food scandals in China; on the other hand, Shuanghui did not do a good job in responding to the crisis (People's Daily Online, 2011). According to the two statements made by the Shuanghui Group, although they made apologies, no action was taken to help people who had already eaten the tainted pork (People's Daily Online, 2011).

Local governments also play an important role in food safety crises in China. In this case, a report disclosed that the local government of Luohe, where the Shuanghui headquarters are based, asked for hotels to pay close attention to journalists who came

to cover the news. This is not a stand alone case. In the milk scandal of the Sanlu Group, the local government also tried to cover up information in order to protect the credibility of the company, as well as themselves. Usually, big corporates are the major sources of tax revenue for local governments. However, non-transparent information can significantly harm a company, if people would rather believe in rumours, instead of official statements. The measures taken by local government made the situation even worse, since people believed Shuanghui was playing with fire by making statements without taking actual steps to solve the actual problems. More importantly, the credibility of a socially responsible Chinese firm was once again being questioned (BBC, 2011; People's Daily Online, 2011).

Shuanghui commented on the causes and impact of their scandal:

It has something to do with our control system, especially in monitoring a contractor's behaviour. Of course, we did not take any action in the first place because we were investigating the scenario at the time, really... [It resulted in] declined sales and share price... shareholders weren't impressed at all, and followed by dumping shares in the share market. We never expected anything like this, at least we have been in the market for so long, and we would not want to ruin Shuanghui's market reputation by using restricted additives with our products...we are recovering from that incident slowly, but rebuilding brand credibility for a giant firm like Shuanghui is difficult and costly. We were lucky that we have got our loyal customers to back us up. Even though, in the meantime, we have to rebuild the brand and market share, but it takes time.

#### 5.8.4 Social partnership with Luohe Disabled Persons Federation (LDPF)

In 2008, Shuanghui started to work with the Luohe Disabled Persons Federation (LDPF) in Luohe. The partnership involved supporting local disabled persons through supplying living essentials and work skill training programs. The operation of the partnership was terminated in 2010 after the “tainted meat” scandal was made public. LDPF was supported by Shuanghui with funds and materials between 2008 and 2010 (Luohe Disabled Persons Federation, 2010).

#### ***5.8.4.1 NPO Background (LDPF)***

The Luohe Disabled Persons Federation (LDPF) is a locally operated Civil-NPO from Luohe, formed and registered in 2008. LDPF helps people with disabilities' legitimate rights/interests, and helps disabled people fully participate in social life (Luohe Disabled Persons Federation, 2010). LDPF carries out education, employment, culture, sports, and benefits for persons with disabilities, plus disability prevention efforts (Luohe Disabled Persons Federation, 2010).

#### ***5.8.4.2 The Formation of the Partnership***

The partnership between Shuanghui and LDPF was established in 2008, shortly after LDPF was founded in Luohe. Regarding the formation of their partnership with LDPF, Shuanghui stated:

...it was almost a natural movement for Shuanghui, since Shuanghui has been very active in terms of our corporate philanthropy activities through our corporate history.

LDPF stated:

...it was very simple for Shuanghui and LDPF to come up with a mutual agreement about the things we were hoping to achieve, there was no doubt that Shuanghui could liberally deliver anything we wanted to help LDPF's operation... more importantly, we were confident in terms of helping Shuanghui to build their desired socially responsible corporate image.

#### ***5.8.4.3 Partnership Objective***

Shuanghui defined their partnership objective as:

...to enhance brand awareness and promote a positive organisational image from conducting CSR activities... eventually, reinforcing consumers' brand loyalty and increasing sales, due to the stronger association of Shuanghui brand with our contribution to our hometown as a local business.

LDPF claimed:

...explicitly, at the beginning stage of LDPF, we were focusing more on the developmental aspects of our organisation... we were more demanding in

terms of resources than we currently are... big corporates, like Shuanghui, actually contributed a lot during the early resource-recruitment stage of LDPF.

#### ***5.8.4.4 Expectations***

According to Shuanghui, their expectation from the partnership with LDPF were:

...through the partnership with LDPF, we were expecting improved brand awareness and enhanced corporate image in the local Luohe market... in fact, the actual behavioural aspects of our consumers are always difficult to measure, and market surveys do not work very well in China, according to our experience.

LDPF commented:

...we were at the beginning stage of our organisation at the time, having Shuanghui helping us was exceptionally helpful, especially in monetary terms... we have to admit that we were more demanding for financial resources during our early days, but things have changed; now we are no longer that financially demanding.

#### ***5.8.4.5 Resource Utilisation***

Apart from financial resources, Shuanghui did not mention any other notable resources that had been utilised to conduct activities with LDPF:

...based on Shuanghui's assessment of CSR practice in China, we believe that the financial resources are the most essential part in supporting NPOs... to a certain degree, strong financial capability will empower the business during the conduct of CSR, but it is not the only attribute.

LDPF commented:

...speaking of the resources, we did not have much to start with, that was why we approached Shuanghui at the time... big corporates like Shuanghui actually contributed a lot during the early resource recruitment stage of LDPF... we did our best to inform the public through every possible way of Shuanghui's social initiatives and supportive role through our operations.

#### **5.8.4.6 Commitment**

Shuanghui mentioned their commitment within the partnership, mainly from the financial aspect:

...in fact, there was not much beside the funds donated to LDPF over the time... as a food company, we also donated some of our products, especially before the holiday seasons... there were not anything beyond donations of funds and goods during our partnership with LDPF.

LDPF commented from the resource aspect of their commitment, as well as on the possibility of a long-term partnership with Shuanghui:

...big corporates like Shuanghui actually contributed a lot during the early resource recruitment stage of LDPF... it might be difficult for us to establish a long-term partnership with Shuanghui, because of their giant sized operation and complicated organisational structure. Without a dedicated CSR team, communication has become difficult to maintain, it was much easier for us to consider Shuanghui as a reliable source of funds, rather than a long-term partner. A one off agreement was easier to work out in reality than to draft a long-term cooperation agenda. That way none of us has to deal with the risk of being attached to each other if things ever changed.

#### **5.8.4.7 Achievements Assessment**

LDPF was among several other NPOs who dropped Shuanghui from their partner list in 2010, after the report of the “tainted meat” scandal. Shuanghui commented that:

...it was difficult for us to face LDPF and many others’ reactions after it [the scandal] happened, however, we learned from it and will keep contributing to our society and environment... the sitting on the fence attitude from those partners who dropped Shuanghui was disappointing... [however] we did our best to support our local communities and NPOs who promote social welfare, no doubt about it... despite the disappointing ending of our partnership with LDPF, it was still our honour to work with LDPF in the past, and the respect we gained from supporting local NPOs and society should not be erased.

LDPF illustrated their past experience with Shuanghui and commented on the Clenbuterol scandal:



Shuanghui lived up to their bold market presence as a well-known business; we valued them as a proactive and socially minded business to start with. Regarding their enormous help in the past, we really appreciate their support... considering the size and social impact of LDPF, it was such a pleasant experience to work with them...in fact, Shuanghui never expected to be associated with such things [tainted meat]; however, with the insufficient monitoring system among Chinese businesses, similar things are happening everyday. I am not just talking about businesses, but with NPOs too, there are plenty of them out there with mismatched promises and behaviours... regardless, this fact has impacted people's perceived value, credibility, and trust within the entire Chinese society... Shuanghui was caught and reported, what about the rest of them?... same with the 'Red Cross', you might have read the news already about their mis-used donations and such, and it was all due to lack of transparency in the system which allowed such things to happen in China.

#### ***5.8.4.8 Table of Case Summary***

	<b>Shuanghui</b>	<b>LDPF</b>
<b>Origin of Motivation</b>	<ul style="list-style-type: none"> <li>Locally oriented social commitment</li> <li>Enhancing social initiative corporate culture</li> </ul>	<ul style="list-style-type: none"> <li>Newly established</li> <li>Resource recruitment</li> </ul>
<b>Formation of Partnership</b>	<ul style="list-style-type: none"> <li>Locally oriented</li> <li>Social initiative corporate culture</li> </ul>	<ul style="list-style-type: none"> <li>Locally based partner</li> <li>Resource capabilities</li> </ul>
<b>Partnership Objective</b>	<ul style="list-style-type: none"> <li>Enhance brand awareness</li> <li>Promote positive brand association</li> <li>Maintain socially responsible business image</li> </ul>	<ul style="list-style-type: none"> <li>Allocating resources</li> <li>Help local disabled population</li> </ul>
<b>Expectation</b>	<ul style="list-style-type: none"> <li>Improved brand awareness</li> <li>Enhanced corporate image</li> </ul>	<ul style="list-style-type: none"> <li>Supply of funds</li> </ul>
<b>Resource Utilisation</b>	<ul style="list-style-type: none"> <li>Availability of funds</li> </ul>	<ul style="list-style-type: none"> <li>Publicity channels</li> </ul>

<b>Commitment</b>	<ul style="list-style-type: none"> <li>• Donations of funds</li> </ul>	<ul style="list-style-type: none"> <li>• Publicity</li> </ul>
<b>Achievement Assessment</b>	<ul style="list-style-type: none"> <li>• Donated funds</li> <li>• Gained positive corporate image</li> </ul>	<ul style="list-style-type: none"> <li>• Empowered by Shuanghui's donations</li> <li>• Withdrew due to tainted meat scandal</li> </ul>

**Table 17 Shuanghui Case Summary 1**

### 5.8.5 Partnership with China Aging Development Foundation (CADF), Henan Branch

This case study considers China Aging Development Foundation's Henan Branch as the NPO partner of Shuanghui. The partnership was established on the basis of Shuanghui's support of CADF from 2008 to 2010. Specifically, key partnership activities focused on local elder population services, where Shuanghui played a supporting role by providing funding and goods to CADF over the years. The partnership ended in 2010 shortly after Shuanghui's tainted meat scandal.

#### **5.8.5.1 NPO Background (CADF)**

The China Aging Development Foundation (CADF) was established in May 1986, is a registered Civil-NPO under the leadership of the Ministry of Civil Affairs and National Aging Offices, and services the whole older population in China (China Aging Development Foundation, 2008). Henan is the regional branch of, and is responsible for organising the operations of CADF, within Henan Province.

#### **5.8.5.2 The Formation of the Partnership**

Shuanghui started working with CADF, mainly through donations, in 2008 (China Aging Development Foundation, 2008). Shuanghui mentioned:

...it was a few years back, when CADF started their operation in Luohe, we were asked if Shuanghui wanted to do any work together with CADF, we accepted immediately after a brief conversation over the phone... the decision of establishing a relationship with CADF was not a random decision. CADF was a NPO with proven history in China, we were more than happy to join them and do whatever we could to help.

CADF mentioned:

...shortly after the CADF Henan branch was established, we began to look for partners in the local community. Shuanghui was on the top of our list, and we were glad they accepted our offer without much hesitation... in fact, we approached Shuanghui because they were known for being an active CSR oriented business in China.

#### **5.8.5.3 Partnership Objective**

In this partnership with CADF, Shuanghui stated their objective as:

...for Shuanghui, we have been trying to capture every possible opportunity to demonstrate our social responsibilities... especially on a small-regional scale, supporting locally oriented NPOs has been a main focus of Shuanghui's CSR strategy... with CADF, they have both the national presence and local focus, that was something we considered as a valuable opportunity to associate Shuanghui with.

CADF commented that:

our objective was none other than allocating resources and seeking for opportunities to strengthen CADF's operation... it was our most common way of approaching new partners at the time, asking for it instead of waiting.

#### **5.8.5.4 Expectations**

Regarding Shuanghui's expectations from the partnership:

...even today, CSR and cross-sector partnership has not been clearly defined in China, including us... we did not have any unrealistic expectations to begin with... however, same as what we were expecting from many other CSR works in the past, we were expecting, at least, increased media coverage and enhanced brand reputation among our consumers.

CADF mentioned their expectations from a previous partnership with Shuanghui:

...regardless of the initial motivation of Shuanghui to join us in 2008, we expect two very basic things from any of our partners, first was adequate ethical justification in their business practice, and a fair level of engagement with our organisational activities.

#### **5.8.5.5 Resource Utilisation**

Besides donating Shuanghui products, financial resources were considered as the main resource which was utilised through their partnership with CADF:

...we believe it is true that financial capability directly affects the effectiveness of CSR related matters... however, financial capability does not mean we were trying to buy a good reputation, we see that as an investment, not trade.

CADF commented:

CADF's operations cover the entire country, which will eventually create extraordinary media exposure for any of our supporters... we also have strong support from local government agencies, which often helps businesses to earn honourable titles and rewards from government.

#### **5.8.5.6 Commitment**

CADF also shared their view about long-term partnership between NPO and businesses:

...it [partnership with business] really depends on the organisation. We have been experimenting with similar ideas with several businesses, but the actual outcome varies from one to another... often businesses find it is much easier to donate than to collaborate, but we wish them to actually join us and experience what we actually do with their donated money. A socially responsible title is essential for business these days, but that title should never be brought. However, we are still very grateful for the firms who have been supporting us in the past, but the future of our society demands more enthusiasm from the business, especially those large firms, and I am sure their customers feel the same way too.

#### **5.8.5.7 Achievements Assessment**

CADF commented on their previous partnership with Shuanghui:

Shuanghui is a socially responsible firm who is willing to commit and help to address social issues... for a foundation, we really appreciate large firms like Shuanghui for their support over the years, especially in recent years. It is a good sign which encourages NPOs like us to become more passionate about our jobs.

However, CADF's relationship with Shuanghui ended in late 2010. The respondent from CADF explained the reason for terminating the relationship:

...we were expecting more from Shuanghui apart from their generous donations, but we need more volunteers than money... Shuanghui has over 60,000 employees to look after, it is understandable that they dedicate their time to looking after their employees before they help us to look after elders in society... in fact, there will always be elders from Shuanghui's employee's family demanding extra care, so Shuanghui is doing great already, no question about it... however, we still need to progress forward and carry out our duties as a NPO, so we choose to look beyond donators such as Shuanghui and search for a better matched business to work with.

In addition, CADF did mention appropriate company ethical behaviour as one of their expectations from the collaboration; Shuanghui's meat scandal was not acceptable as "adequate ethical justification".

#### 5.8.5.8 Table of Case Summary

	Shuanghui	CADF
<b>Origin of Motivation</b>	<ul style="list-style-type: none"> <li>Locally oriented social commitment</li> <li>Enhancing social initiative corporate culture</li> </ul>	<ul style="list-style-type: none"> <li>Locally focused strategy</li> </ul>
<b>Formation of Partnership</b>	<ul style="list-style-type: none"> <li>Locally oriented</li> <li>Social initiative corporate culture</li> <li>Partner's social presence</li> </ul>	<ul style="list-style-type: none"> <li>Known partner's CSR initiative</li> <li>Locally based partner</li> <li>Partner's resource capabilities</li> </ul>
<b>Partnership Objective</b>	<ul style="list-style-type: none"> <li>Enhance brand awareness</li> <li>Promote positive brand association</li> <li>Maintain socially responsible business image</li> </ul>	<ul style="list-style-type: none"> <li>Allocating resources</li> <li>Help elderly population</li> </ul>
<b>Expectation</b>	<ul style="list-style-type: none"> <li>Improved brand awareness</li> <li>Enhanced corporate image</li> </ul>	<ul style="list-style-type: none"> <li>Supply of funds</li> <li>Ethical business approach</li> </ul>

<b>Resource Utilisation</b>	<ul style="list-style-type: none"> <li>• Availability of funds</li> </ul>	<ul style="list-style-type: none"> <li>• Publicity channels</li> </ul>
<b>Commitment</b>	<ul style="list-style-type: none"> <li>• Donations of funds</li> </ul>	<ul style="list-style-type: none"> <li>• Publicity</li> </ul>
<b>Achievement Assessment</b>	<ul style="list-style-type: none"> <li>• Donated funds</li> <li>• Gained positive corporate image</li> </ul>	<ul style="list-style-type: none"> <li>• Empowered by Shuanghui's donations</li> <li>• Withdraw due to tainted meat scandal</li> <li>• lack of engagement outside of donation</li> </ul>

**Table 18 Shuanghui Case Summary 2**

## 5.8.6 Partnership with Luohe Charity General Federation (LCGF)

The partnership between LCGF and Shuanghui was established in 2007. Similar to Shuanghui's partnership with CADF and LDPF, the partnership was formed with a local NPO from Luohe. The cooperation between the two ended in 2010 due to the "tainted meat" scandal. Over three years of partnership, Shuanghui helped LCGF to establish their social network and backed this up with operational essentials, including funds.

### 5.8.6.1 NPO Background (LCGF)

The Luohe Charity General Federation (LCGF) was established on September 20, 2007 as a Civil-NGO; the organisation mission is to establish and improve the city's charity network, and to organise and mobilise social forces to address local social and environmental issues in Luohe City, Henan Province (LCGF, 2011). Located in the same city as Shuanghui's headquarters, LCGF has partnered with Shuanghui on several occasions, including donations and charitable auctions.

### 5.8.6.2 The Formation of the Partnership

Shuanghui put it as:

Luohe is the birth place of Shuanghui, it is our honour and pleasure to support local community... LCGF in particular, we see them as the hub of social welfare in Luohe, and their existence has made a whole lot of difference to the scattered NPOs in Luohe with greater access to resources.

LCGF commented on their previous partnership with Shuanghui:

...we were very excited when we first approached Shuanghui back in 2007... we did not expect Shuanghui to come on board with LCGF at our early stage... however, we were surprised by how approachable they were, and the positive attitude from Shuanghui was impressive.

#### **5.8.6.3 Partnership Objective**

Similar to Shuanghui's other social partnerships with other NPOs, Shuanghui explained their specific partnership objective as:

...we were trying our best to support our home town. The idea of LCGF sounded impressive and would eventually help improve the local NPOs' efficiencies... further, we were expecting refined brand image and brand.

LCGF talked about their objective through their cross-sector partnership with Shuanghui:

...the reality is that NPOs such as us, we have to face the reality of surviving before we can help others... this fact sometimes can alter our focus, because we have no choice but to source every possible fund to support our operations... when our financial demand meets the business's demand for social image, we accept their donations and utilise these funds to complete our mission.

#### **5.8.6.4 Expectations**

Regarding the expectations and contributions of the partnership, Shuanghui stated:

...we never doubt the performance of a long established NPO, such as LCGF, since the partnership mainly involves donating funds and materials which we did not have control over; hence we expected those goods and funds to be used wisely... the increasing presence of LCGF in Luohe ensured the desired media coverage and publicity, and that is what we were expecting from it, publicity and media coverage.

LCGF commented on their expectations towards their business partners as:

...ideally, businesses need to be consistent with their behavior as a genuine socially responsible business... we would like to see more businesses work with us on a long-term basis to address the specific social issues together, it is a

honorable commitment, but it requires a lot of input from business, not just limited to donations... our strong network with all the registered local NPOs, we would like to assign businesses to one or a few NPOs to carry out specific social and environmental tasks, to promote the participatory aspect in this whole socially responsible movement in China.

#### **5.8.6.5 Resource Utilisation**

The partnership was established on the basis of donation, where the funds were the main resource, as Shuanghui mentioned:

LCGF was still new back then, but as the hub of local NPOs, their networks and connections with other NPOs, media, and government were very unique, which allowed Shuanghui to commit to society confidently while adding value to the business.

In the view of LCGF, the utilisation of Shuanghui's resources were described as:

...Shuanghui are empowered with resources, which allowed Shuanghui to contribute significant amount of funds to society, no other business in Luohe could match that... they are capable and willing to commit themselves as a socially responsible firm, and took responsibilities beyond their business task, and the fact shows that they have been passing their care to society for many years.

#### **5.8.6.6 Commitment**

No specific figure was given by Shuanghui in terms of financial commitment, however Shuanghui mentioned:

...supporting NPOs or CSR comes at a cost, we were not forced into it but willing to commit ourselves as a socially responsible business... as for LCGF, their work was remarkable in Luohe, and all of our donations have been fully utilised to a great extent.

LCGF commented on Shuanghui's commitment as:

...a significant amount of funds...and willing to commit themselves as a socially responsible firm, and took responsibility beyond their business tasks,



and the fact shows that they have been passing their care to society for many years.

#### **5.8.6.7 Achievements Assessment**

LCGF described their experience of a SP with Shuanghui:

...it was a great experience to work with Shuanghui since 2007; we did a lot of work together in Luohe with exceptional achievements...when our financial demand meets the business's demand for social image, we accept donations and utilise these funds to complete our mission... but eventually, it worked out that a socially responsible badge could be brought through organisations like us, and it is totally different from what we are trying to establish in the first place.

Regarding their terminated relationship with Shuanghui, the respondent from LCGF revealed that:

...it was complicated to put it in simple words, there was absolutely nothing against Shuanghui about their past commitment, however, with the Clenbuterol scandal being reported by the major media, we had to re-evaluate our working procedures for the future, simply, Shuanghui no longer fit in our book.

Regarding the above discussion, LCGF extended their comments on future directions:

...ideally, we would like to consider firms who might not be as financially capable as Shuanghui, but consistent with their behavior as a genuine socially responsible business... we would like to see more businesses work with us on a long-term basis to address the specific social issues together. It is an honorable commitment, but it requires a lot of input from businesses, not just limited to donations... our strong network with all the registered local NPOs, we would like to assign businesses to one or a few NPOs to carry out specific social and environmental tasks, to promote the participatory aspect in this whole socially responsible movement in China.

#### 5.8.6.8 Table of Case Summary

	Shuanghui	LCGF
<b>Origin of Motivation</b>	<ul style="list-style-type: none"> <li>Locally oriented social commitment</li> <li>Enhancing social initiative corporate culture</li> </ul>	<ul style="list-style-type: none"> <li>Locally focused strategy</li> </ul>
<b>Formation of Partnership</b>	<ul style="list-style-type: none"> <li>Locally oriented</li> <li>Social initiative corporate culture</li> <li>Partner's potential social impact</li> </ul>	<ul style="list-style-type: none"> <li>Known partner's CSR initiative</li> <li>Locally based partner</li> <li>Partner's resource capabilities</li> </ul>
<b>Partnership Objective</b>	<ul style="list-style-type: none"> <li>Enhance brand awareness</li> <li>Promote positive brand association</li> <li>Maintain socially responsible business image</li> </ul>	<ul style="list-style-type: none"> <li>Allocating resources</li> <li>Assisting local NPOs development</li> </ul>
<b>Expectation</b>	<ul style="list-style-type: none"> <li>Improved brand awareness</li> <li>Enhanced corporate image</li> </ul>	<ul style="list-style-type: none"> <li>Supply of funds</li> <li>Ethical business approach</li> </ul>
<b>Resource Utilisation</b>	<ul style="list-style-type: none"> <li>Availability of funds</li> </ul>	<ul style="list-style-type: none"> <li>Publicity channels</li> </ul>
<b>Commitment</b>	<ul style="list-style-type: none"> <li>Donations of funds</li> </ul>	<ul style="list-style-type: none"> <li>Publicity</li> </ul>
<b>Achievement Assessment</b>	<ul style="list-style-type: none"> <li>Donated funds</li> <li>Gained positive corporate image</li> </ul>	<ul style="list-style-type: none"> <li>Empowered by Shuanghui's donations</li> <li>Lack of involvement from business partner</li> <li>Withdrew due to tainted meat scandal</li> </ul>

**Table 19 Shuanghui Case Summary 3**

### 5.8.7 Single Case Study Summary

Organisation	Previous Relationship	Impressions	Reasons to Terminate Relationship
Luohe Disabled Persons Federation	Donation	<ul style="list-style-type: none"> <li>• Supportive</li> <li>• Resource Capability</li> </ul>	<ul style="list-style-type: none"> <li>• Communication barriers to establish in-depth involvement apart from donation type of relationship.</li> <li>• Clenbuterol scandal, mismatched CSR statement and behaviour</li> </ul>
China Aging Development Foundation, Henan Branch	Donation	<ul style="list-style-type: none"> <li>• Commitment</li> <li>• Generous donations</li> </ul>	<ul style="list-style-type: none"> <li>• Shuanghui's responsibility to conduct ethical business practice</li> <li>• Availability of volunteering commitment</li> </ul>
Luohe Charity General Federation	Donation	<ul style="list-style-type: none"> <li>• Empowered with resources</li> <li>• Significant funding contributions</li> </ul>	<ul style="list-style-type: none"> <li>• Re-position of NPO strategy</li> <li>• Clenbuterol scandal, mismatched CSR statement and behaviour</li> </ul>

**Table 20 Shuanghui Case Summary**

## 6 Chapter Six: Cross-case Analysis

### 6.1 Overview

This chapter discusses key themes emerging from the cross-case analysis. This chapter examines common attributes which had a significant impact prior, during, and after the conduct of the SP across the studied SPs. Cross-case analysis was conducted through comparing the single-case studies discussed in Chapter Five. The cross-case analysis mainly involved an inductive incorporation of significant aspects from each single case study, and then explored emerging themes based on the common aspects across all single cases. The results of the cross-case analysis presented in this chapter contain the significant common attributes among the cases, plus illustration of the interrelationships between each aspect of the overall findings, and with the literature.

### 6.2 Themes

Three key themes, inter-connected with each other, have been identified and shaped through the analytical process. An attempt has been made to maintain integrity with the research objectives and address the research questions. Also, another attempt has been made to discover the influential aspects of conducting a productive, yet sustainable, SP in China based on the data presented in the previous chapter.

- Theme One: A business's initial perceptions of SP prior to the formation of partnership will impact later satisfaction with the outcome of SP decision.
- Theme Two: A clearly defined partnership objective will contribute to the co-creation of value in a SP.
- Theme Three: Strategic integration of SP activity will enhance the value perceived by the focal firm and promote a healthy sustainable partnership.

The results analysis suggest that these three themes impact the conduct of SPs in China and influence the outcomes.

### 6.3 Theme One: A business's initial perceptions of SP prior to the formation of partnership will affect later satisfaction with their SP decision.

#### **Key Evidence**

In this study, four out of six interviewed businesses started with a clear initial perception of SP and were satisfied with their decision to participate in a SP. Two exceptions (Li-Ning and Shuanghui) demonstrated their different initial perceptions, which later influenced the conduct of their SPs. Respondents commented on the organisation's initial perception towards a SP and how it affected the execution of the SP throughout the process. Based on the interview data, the initial perception of the focal firm towards SP conduct had a significant effect on the execution approach, which later impacted the satisfaction with the SP outcome.

#### **What impacts the focal firm's initial perception towards a SP?**

It was evident that an organisation's initial perception of a SP was influenced by various factors, including corporate strategy, business philosophy, firm size, target market, organisational structure, and geographic location. These contextual factors formed the initial perception of an individual focal firm's business prior to their consideration and formation of a SP. The six studied focal firms' experiences and backgrounds had pre-shaped their perceptions prior to the formation of the SPs.

Kaimei, Alibaba, and Haier had richer previous CSR experience, hence those three focal firms demonstrated a similar, more mature, understanding of co-operation based SP conduct. In fact, these three focal firms operate in a larger market scale, where SP conduct could be viewed as a strategic decision more than a short-term problem solving venture. In comparison, Shuanghui's SP perception was rather limited compared to the rest of the firms, where Shuanghui had intended to enter a SP only prepared to "exchange" brand image for financial contribution. Thus, the emotive difference between how focal firms perceived a SP had a significant impact on the later conduct and outcome of the SP.

The existing literature suggests that Confucianism-influenced corporate culture often promotes genuine CSR conduct during the initial stage, with the discussion often held around the decision makers at a personal level (Cheung & King, 2004). However, the

vision and perspective of individual decision makers and corporate culture are the two important determination factors that would influence the later choice of specific CSR instrument. Findings from this study extend the current emphasis on the individual decision maker to a greater extent: company size, background, operational environment context, and geographic location all shared their role in shaping the perception of the individual firm towards the SP concept.

### **Why does initial perception impact the performance of the SP?**

#### **Prior formation decision-making factor**

Findings indicate that there is an obvious affiliation between initial SP perception and satisfaction about the decision to enter the SP, which could be found across all the interviewed businesses. Kaimi, Haier, HTH, Alibaba, and Li-Ning's SP decisions were all initiated by their established social/environmental initiatives or developed social/environmental tasks as embedded within their corporate mission. Without explicit expression of the influence from Confucianism, the key message from these firms' mission statements were impacted by the traditional cultural philosophy.

For instance, Kaimi expressed their understanding of SP practice as an approach to distinguish themselves from mass competitors in the Chinese domestic detergent market. Kaimi values SPs as an opportunity to reinforce their brand identity as an eco-friendly detergent brand, which is the key business strategy of Kaimi since the founding of their business. As outlined in Kaimi's mission statement:

Keeping sustainable development at the forefront of our mind... promoting a more harmonious development of mankind alongside environment... reworking the economy, mobilising our population and resources, launching a more coordinated system of environmental development (Kaimi, 2012).

The words from Kaimi's mission statement reflect their business philosophy, including corporate social responsibility and environmental sustainability as the key constructs of their competitive advantage and business orientation. In terms of its effect on the assessment of SPs prior to formation, it set the contextual background for Kaimi to seek opportunities and execute/pursue their corporate values.

As a senior manager from Kaimi pointed out during the interview:

It is the concept of being green and eco-friendly; this is what makes Kaimi stand out from mass competitors in the domestic detergent market. Because we truly care about the world we live in.

As a result, the SP was defined and executed by the focal firm under the influence of their business philosophy. Moreover, the extent of SP practice matched the corporate strategy of Kaimi, hence it helped Kaimi's satisfaction with their SP, which was enhanced and sustained along the process.

Similarly, Haier, China's leading appliance brand also illustrated the concept of the focal firm's initial perception at the start point of the SP contributing to the overall satisfaction of their SP experience. Haier's respondent provided various illustrations about their thought processes regarding the origin of their SP as an active philanthropic player in the market:

Haier has been dominating China's appliance market for many years. With the kind of support we had from our consumers, we strongly believe that it is important to give something back to the society...we have to make progress and constantly evaluate our business strategies according to those [ethical business conduct in China] concerns.

Haier's SP formation was influenced by a prioritised brand image and stakeholder value. Plus, the integrated technologically innovative corporate culture was a coherent aspect to connect the business with their stakeholders, which has also reinforced the competitiveness of the firm. In particular, the technology driving advantage facilitated Haier to construct a unique, socially responsive image through the utilisation of their internal resources.

In fact, the respondent emphasised their intentional effort. at organisational level, to distinguish Haier from its competitors through different CSR approaches, thus enhancing the brand image from a socially responsible perspective, which is almost identical to how Kaimi perceives CSR at an organisational level:

Where Chinese businesses' initiatives regarding their CSR commitment has always been concerned, we have to make progress and constantly evaluate our business strategies according to those concerns.

This was later confirmed by NPO partner CQEP, who also agreed on Haier's proactive approach of delivering anticipated social responsibility via a SP, by utilising the firm's existing resource of technological advantage:

It is easy to find a donor, but hard to come across a good partner [such as Haier] who wishes to make a difference to the environment.

These comments revealed how the SP was perceived by Kaimi and Haier; it was considered a balanced solution to enhance their company image while delivering the anticipated social responsibility. Specifically, resources, incentives, and opportunities all matched the initial motivations of the focal firm prior to the formation of the SP. Further, those elements have been utilised by the focal firm in a proactive manner to construct a solid, socially responsive image. Thus, the original strategic direction of the focal firm, a socially responsible firm with an extra competitive edge in technological capability, played a critical role prior to the formation of their SP, which enhanced the overall satisfaction with their SP decision throughout the process.

Apart from these two manufacturing firm, as a service provider, Alibaba, prior to the formation of their SP, integrated socially responsible business practice as a critical construct of their business philosophy (Alibaba Group, 2012). Alibaba believed that a well-established social program could enhance the long-term competitiveness of their company, and the realisation of this mission resulted in job creation and grassroots economic development for millions of Alibaba's stakeholders around the world (Alibaba Group, 2012). In addition, their socially minded business philosophy also contributes to the wellbeing of the community, such as disaster relief and environmental protection (Alibaba Group, 2012).

Taken from Alibaba's press release, the Alibaba Group believes that setting an example as a responsible corporate citizen first starts at home. By building a strong company culture based on Alibaba Group's shared values, the Group strives to ensure that its employees and subsidiaries are aligned in positively impacting its customers, fellow employees, and local communities. In addition to their own internal processes, Alibaba Group accepts its unique responsibility to share ideas with and positively impact the millions of registered members in its global business community (Alibaba Group, 2012).



As discussed in the case study, Alibaba Group has demonstrated their socially responsible stance and commitment through the years (Alibaba Group, 2012). As a result, their business model, which focused on social responsibility, inspired the company's later incorporation of SPs.

As Alibaba's respondent pointed out, their decision to enter a "tree-planting" SP was developed from previously conducted social responsibility and a corporate vision on social image, which helped the company accumulate experience and shape their decision making criteria:

In early 2010, the board of directors decided to take a more defined approach to improve our CSR program... we have gone through a number of alternatives, we finally decided to go ahead with this current tree planting program... because it is a straight forward action based CSR activity. In fact, after years of CSR experience, for a country the size of China, it would be smarter and more effective to tackle raised concerns on a smaller/regional scale.

In addition, due to the regulatory factors of land usage in China, the extent of land user responsibility undertaken by Alibaba in their SP decision needs to be mentioned. Undertaking such a responsibility demonstrated the passion and confidence for Alibaba's SP decision prior to its formation. Alibaba's NPO partner emphasised this point during the interview:

It is interesting that after many years of operation, we have not seen any firm as brave and responsible as Alibaba.

Overall, instead of passively fulfilling the obligations/expectations under the pressure of their stakeholders, the choice of small-scale operation and an action oriented SP program demonstrated Alibaba's positive intention and belief to incorporate SP practice to achieve mutually benefit outcomes over the years through their commitment. On the whole, later satisfaction was enhanced by the focal firm's assessment of SPs prior to formation.

In contrast to those three mentioned firms with rich social activity experiences, HTH, a rising e-business with limited resources and experience, commented on their thoughts towards CSR/SP by expressing their interest in local environmental issues.

As a growing firm, HTH aims to become a socially responsible icon in China's B2C retailing category; their initial drive was developed out of their genuine interest in local environmental management/improvement, which is less relevant to the key business of HTH, compared to Kaimi and Haier.

The environment here [Beijing] is getting worse, faster than people could manage. As a local business, we felt it is important for us to help the government and NPOs within our reach.

China is progressing forward in every aspect, we, as a business, need to push ourselves to help our country to develop faster; not just economically, which counts, but the wellbeing of society and a sustainable environment also leverages the long-term growth of China.

What we did was try to make a difference. For a young business like us, we are trying to distinguish ourselves from our competitors with a real tangible commitment.

Those expressions from HTH represented the company's level of social initiative prior to the formation of their current SP. As the focal firm, HTH's understanding of their limitations guided them to seek a realistic, "action based" approach to deliver their regarded social responsibility philosophy with a positive attitude. Similar to Alibaba, the initial perception towards the local environmental initiative was the key element that promoted the formation of the SP. The choice of partner and selection of approach for their SP was made accordingly, to compensate for the scarcity of resources and funds after critically assessing their internal capabilities and limitations. Genuine interest in demonstrating social initiative and a realistic assessment of their business's capacity directly enhanced HTH's later SP experience and satisfaction.

This finding progressed current arguments around the financial performance from CSR conduct towards a more realistic solution in practice. A large body of literature could be found arguing the financial outcome of CSR commitment and costly fact of CSR investment. However, the findings from this study pointed out that firms could benefit from having an extensive review of their internal capability and resource capacity, in order to adjust the level of commitment accordingly, to avoid any uncertainty and disappointments.

However, Li-Ning and Shuanghui revealed their opinions towards SPs, and discussed their SP from a rather passive perspective, when compared to the other studied focal firms. Li-Ning, a domestic sports brand with extensive experience in socially responsible activities commented on the origin of their SP practice as a response to society and government demand:

Business needs that extra pressure from society to take a step forward and move towards responsible matters in China... It is also very important to constantly fine-tune our business strategy, to match the latest national strategy, such as the current sustainable development strategy and low-carbon development theme. The orientation of national authority is always a good reference to help us stay on track. Actually, this theme is also a very important attribute in the business field these days.

According to their strategic alignment approach, Li-Ning briefly discussed their latest product lines as a result of theme matching with national strategy:

It is a matter of taking the initiative of environmental protection throughout our business strategy.

Further, Li-Ning mentioned their thoughts on the cost of delivering expected social responsibility:

Being socially responsible is costly for any business... [our] firm certainly has to have the willingness to act in a socially responsible manner, but the pressure from outside is the main driver... which pushes businesses to commit more to satisfy external stakeholder's interests... with increasing pressure from the external environment, business has to dedicate itself by expressing its interest in stakeholder demand. Hence, it cannot be justified or evaluated by economic factors.

Those words help explain the causes of different perceptions of being socially responsible, in the Chinese context. The external pressure from the government and stakeholders overweighed the internal enthusiasm of the company in Li-Ning's case. Based on this, the SP formation was justified and executed upon the basis of appeasing external stakeholders. This limited the vision of Li-Ning during their SP

implementation. Most importantly, it is risky if external stakeholder's interests clash with the actual behaviour of a focal firm, which happened for Li-Ning. Nonetheless, all three of Li-Ning's SPs studied in this research were affected and terminated when Greenpeace reported Li-Ning's unethical behaviour in 2011. In judging Li-Ning's attitude towards SP practice, the firm's inactive reaction to the scandal eliminated any prior satisfaction with their SP efforts and caused an unpleasant experience.

Shuanghui had similar opinions around SP practice. Shuanghui's respondent expressed his thoughts on SPs as NPO partners only being there for Shuanghui's financial resources. At the same time the NPO partners pointed out the demand for more collaboration and engagement from the focal firm within the SP conduct. In fact, with a missing dedicated team/department to work on SP conduct within the focal firm, the conflict eventually resulted in dissatisfaction with the SP, and eventually ended the partnerships as the meat scandal worsened the scenario in 2011.

This limited "donation based philanthropy" perception lead to undesired outcomes in Shuanghui's case, similar to Li-Ning's scenario. It appears that Shuanghui's assessment of SPs had led them to believe it is "difficult to find an ideal partner for a long term partnership". A distorted perception of socially responsible activities prevented Shuanghui further exploring the extent of SPs, and made the firm confuse a philanthropic donation with a SP. Eventually the different vision between the focal firm and NPO partners greatly reduced the satisfaction of Shuanghui in all three studied SPs.

Furthermore, the above comments from Shuanghui demonstrated their understanding of SPs and NPOs. The passive perception reflected the way the firm handled the pressure of concerns around social responsibility from their stakeholders. A negative attitude limited the firm in exploring the full potential of SPs and producing mutually beneficial outcomes. Satisfaction was difficult to obtain when involvement and enthusiasm were lacking prior to entering the SP. Accordingly, all three of Shuanghui's SPs were terminated due to dissatisfaction.

Compared to the findings from Western studies, it is more obvious that the limited understanding of SP conduct and CSR practice are the major barriers of SP development in China. The CSR context, still vaguely perceived by practitioners in

China, has given a false impression of SP conduct via CSR (Lin, 2005; Zhao, 2008). The equation of CSR is constructed with a genuine interest in social/environmental factors, instead of on a trading/exchange basis (Austin & Seitanidi, 2012; Berger, Cunningham, & Drumwright, 2006). Frequently described institutional pressure in Western theory is considered one of the main motivations of CSR conduct in general (Aguinis & Glavas, 2012; Waddock, 2008). The findings from this study suggest that engagement in a proactive manner is the key to the start of a healthy SP relationship right from the beginning, which allows shared vision and mutual agreement to be established for a sustainable relationship.

Moreover, the internal assessment prior to SP formation, as revealed in the findings, suggests that it is important to proactively seek opportunities to develop a customised CSR solution/approach to address a specific organisational issue, rather than adopting a “common practice” and trying to compensate the stakeholder’ demands. This finding is coherent with the Confucianism ideology where the genuine willingness to do good starts from the ability to match with reality.

## **Summary**

This theme discussed all six focal firms’ motivations, and justification of their actions prior to the formation of SPs, and how the initial perception affected later satisfaction. The theme indicates that the first step in establishing a satisfying SP program is to have a positive perception of SPs and a genuine interest in conducting social/environmental initiative activities. A positive perception will promote interaction and involvement between the focal firm and NPO, and this further creates opportunity for a SP to be developed to its full potential. In addition, a positive perception will facilitate focal firms to realistically assess the situation and their own capacity in the SP practice, which will help to prevent uncertainty and avoid disappointment. Overall, having a positive perception of an SP prior to formation is an essential step for the focal firm in a SP, and will impact the overall satisfaction and sustainability of the SP. Moreover, the examples of Li-Ning and Shuanghui indicate that mishandling external pressure and an unenthusiastic attitude towards SPs, without a coherent ethical business model, can lead to undesired outcomes for businesses and greatly reduce the productivity of a SP.

## 6.4 Theme Two: A clearly defined partnership objective will contribute to the co-creation of value in a SP

### **Key Evidence**

In this study, four out of six interviewed focal firms, Kaimi, Haier, Alibaba, and HTH, had a similar understanding that a clearly defined partnership objective had helped the different parties to merge their individual agendas together in SPs. Specifically, the findings indicate that mutually agreed partnership objectives were often developed based on the circumstances and needs of an organisation, which enabled the organisation to benefit from the value extension of the SP. In comparison, Li-Ning and Shuanghui demonstrated a different approach to establishing a tangible partnership objective in order to further develop the partnership.

Generally, the findings support that a clearly defined partnership objective facilitates organisations to fully explore the extent of their SP, and allows them to critically assess the achievements of the SP. Overall, this affects the satisfaction of an organisation's SP experience. The significance of this finding is that the gained insights provide an alternative view which differs from the relationship between CSR commitment and its financial outcome discussed in the literature. The importance of this finding is that it suggests there is a greater extent to SP objectives beyond explicit financial benefit, which would also add value to the organisation through SP conduct.

### **What are the key aspects in developing a SP objective?**

According to the findings from the case studies, there are several key attributes in developing a SP, including tangibility, accessibility, implementation approach, and monitoring mechanism/s. Austin (2000) argued that identification of opportunity and resources embedded within the partnership enables organisations to improve their effectiveness during the conduct, which will further enable practitioners to develop the partnership with a sustainable strategic vision. The findings suggest that an effective SP objective allows improved implementation and tracking of SP progress. The critical assessment of the SP eventually facilitates a platform for future performance enhancement, thereby sustaining a healthy SP relationship between the focal firm and NPO.

### **Why it is critical for the focal firm to have a well-developed SP objective?**

Focal firms from this study expressed that a well-defined SP objective had helped them to develop their partnership expectations, and the assessment of achievements. It has been argued that a clear SP objective benefited the focal firm by facilitating a fair outcome expectation from a dedicated SP. As the focal firms argued, objectives allowed a critical assessment of the extent of collaboration, which gave the focal firm a better understanding of the demand and realities of SP operation. The studied focal firms claimed that having a clear objective in place made it easier for the firms to navigate through the interactive SP relationship. Some focal firms also claimed that clear objectives are essential to help the business critically assess developing progress.

The partnership objective of Kaimi's SP was developed with a great amount of engagement and enthusiasm. Moreover, the partnership objective was well perceived by both the focal firm and NPO partner, which allowed Kaimi to work closer with their NPO partner under a mutually agreed vision. As a result, Kaimi's SP objective was developed and aimed to positively impact the conduct of SP activities and to help Kaimi to strengthen their environmentally oriented business principles. Similar practices could also be found in Haier, Alibaba, and HTH, where the translation of motivation into execution by following the objective helped the organisation stay focused as they progressed.

More importantly, SP objectives allow more room for creative thinking beyond simply financial achievement. The main feature of SP is that it allows participant firms to construct a mutually beneficial partnership and facilitates opportunities beyond short-term financial gain (Aguinis & Glavas, 2012; Cho & Kelly, 2014). The successful examples from this research confirmed this and revealed that it is important to establish a clear SP objective to ensure the SP is formed beyond just a generic exchange of favours/resources limited to using financial outcome as the only rigorous evaluation benchmark.

### **What role does tangibility play during the development of SP objectives?**



In this study, tangible and achievable SP objectives were often developed via the critical assessment of partnership capability, which ultimately supported the satisfaction and progress of healthy SP development. Nevertheless, tangible SP objectives had a great impact on avoiding disappointment and helped the SP maintain its original focus through the entire course of conduct.

For instance, the study of HTH demonstrated that a tangible partnership objective had greatly helped them stay focused on the partnership tasks and measure the achievements against the original objectives accordingly. Considering that HTH was the youngest business amongst all the firms in this study, and had the least capability to conduct CSR, it was enthusiastic about its own environmental contributions. The partnership objective aimed at contributing to the local community within the capability of HTH, and was later put into practice via contributing manpower through the tree-planting campaigns. This objective kept HTH motivated through their practice of the SP. When HTH were asked about their thoughts on facts, such as low media coverage in relation to limited promotional effects, HTH indicated that:

For a young business, we are trying to distinguish ourselves from our competitors with a real tangible commitment; we are not acting, we are not trying to cover up any of our mess. Most importantly, we are not there for the show effect, it is that simple; we weren't expecting it to be a promotional activity from the start, and we leave our customers to judge us while we work hard as a socially responsible business.

A similar question was asked during the interview with HTH's NPO partner CEPF, who stressed that a SP should be established on the genuine interest of all included parties in constructing social/environmental wellbeing. Moreover, the complimentary benefits gained from SP practice should only be taken as a bonus, and CEPF referred to their tree-planting activities as an example:

Well, it [limited media exposure and coverage] happens, but at least we know we are doing the right thing [tree planting] for this place, which is more important.

The proposed objective of HTH's SP was to improve environmental conditions, with limited resources, and later encouraged HTH to overlook the limitations of their SP



activities' low media coverage, while maintaining a positive attitude and focus on the primary SP objective. In this case, HTH's clearly defined SP objective played a critical role when HTH assessed their achievements against the primary objective.

In contrast, the way Shuanghui perceived SP practice was the fundamental issue with its ex-SPs, which eventually lead their partnerships to termination. The issues could be identified via the way Shuanghui interpreted their partnership objectives, including:

...to enhance brand awareness and promote positive organisational image from conducting CSR activities... eventually, reinforcing consumers' brand loyalty and increasing sales

...for Shuanghui, we have been trying to capture every possible opportunity to demonstrate our social responsibilities... especially on a small-regional scale, supporting locally oriented NPOs has been a main focus in Shuanghui's CSR strategy...

We were trying our best to support our home town... we were expecting refined brand image and brand loyalty.

In any case, enhanced marketing performance through an SP is a fair justification for a business to enter a SP. However, those comments from Shuanghui would not have been executable without a detailed plan, including tangible goals and objectives to be followed.

Interestingly, involved ex-SP partners of Shuanghui also provided their feedback about their past SP experience with Shuanghui. For instance, one NPO mentioned that:

Explicitly, at the beginning stage of LDPF, we were focusing more on the developmental aspects of our organisation... we were more demanding in terms of resources than we currently are... big corporates, like Shuanghui, actually contributed a lot during the early resource-recruitment stage of LDPF.

Then CADF shared similar thoughts about the resource allocation aspect from participating in the SP with Shuanghui:

Our objective was none other than allocating resources and seeking for opportunities to strengthen CADF's operation... It was our most common way of approaching new partners at the time, asking for it instead of waiting.

It was difficult for us to establish a long-term partnership with Shuanghui, because of their giant sized operation and complicated organisation structure. Without a dedicated CSR team, communication was difficult to maintain, it was much easier for us to consider Shuanghui as a reliable source of funds, rather than a long-term partner. A one off agreement was easier to work out in reality than to draft a long-term cooperation agenda.

Then LCGF talked about their objective through their partnership with Shuanghui:

The truth is that NPOs such as us, we have to face the reality of surviving before we can help others... this fact sometimes can alter our focus, because we had no choice but to source every possible fund to support our operations... when our financial demand meets the business's demand for social image, we accept their donations and utilise these funds to complete our mission.

Shuanghui's failure was largely due to lack of developing tangible objectives and an absence of mutually understanding the extent of the proposed SPs. It prevented the focal firm from establishing an interactive relationship with its partner and eliminated the focal firm from achieving a desired outcome without clearly defined tangible objectives. Thus, limited understanding with no specific plans in place to monitor the progress of SP conduct actually conflicted with the interactive and collaborative nature of the SP. In addition, inexperienced yet resource demanding ex-SP partners of Shuanghui, could be considered a part of the SP failure; the negative impact from the tainted meat scandal in 2011 also played a major part in those failed SP attempts by Shuanghui. As a result, these poorly established SPs ended early, with disappointment.

### **How does the implementation approach affect the achievement of the SP objective?**

The findings suggest that implementation procedure also plays a critical role in achieving the SP objective/s. The findings from the case studies revealed that a specific implementation approach largely contributes to the effectiveness and

efficiency of achieving SP objectives. All interviewed respondents from the focal firms described their overall SP objectives with very similar general phrases, such as “enhance brand image”, “increase brand awareness”, and “improve social responsibility standards”. A well-planned implementation is essential to breakdown each objective and relate it to specific SP conduct.

For instance, Haier’s implementation approaches were tailored at the regional level to match their localised SP activities:

...[to] integrate our CSR program with a sustainable developmental orientation... it is a piece of the puzzle of Haier’s global low-carbon campaign and a part of our current global marketing strategy.

Haier’s partner CQEP explained that the specific implementation approach focused on gaining greater public exposure in terms of environmental protection work:

We were trying to approach and convince our target audiences and help them to understand the actual benefit of a low-carbon lifestyle, and utilising Haier’s products was considered a practical solution in this scenario. It helped us to communicate the low-carbon life-style concept with our target audiences, ordinary citizens, on a daily life basis.

In addition, CQEP added that their partnership with Haier had a “unique, eye catching theme” contributed by the demonstration products from Haier. CQEP explained their description of “eye-catching” as:

It is unique enough for an ordinary person to get interested in [because] a simple repeat of [environmental protection] messages won’t catch anyone’s attention... we want to approach more audiences, and we need to find a better way to deliver that idea [low-carbon lifestyle] to the public... and Haier is capable of helping us to achieve that.

In this particular case, the goal of enhancing the SP’s publicity and interactivity with the target audience was achieved with the help of demonstration products provided by Haier; these helped visualise and distinguish the SP of Haier from similar low-carbon foot print campaigns. Nevertheless, the potential opportunity of having the audiences and creating personal experiences with Haier’s demonstration units was also highly

regarded by Haier. Hence, in Haier's SP with CQEP, both the business and NPO had their own clearly defined partnership objective to determine its achievements through the collaboration. Such an objective-driven implementation approach has enhanced performance and ensured achievement of these SP objective.

In Alibaba's case, both the focal firm and NPO partner had a clear SP objective, which was translated into practicable and measurable implementation approaches through the land adoption/tree planting activities. The respondent from Alibaba Group brought up the term "measurable and tangible" by saying "if we plant a tree, it is there". It reflected Alibaba's "hands-on" attitude and approach in creating a socially responsible business model, which is the key constructing element of SP implementation. Such criteria not only helped Alibaba to select an ideal partner to work with, it also set a rigorous groundwork to reach their later achievements. Alibaba's choice of SP implementation approach further strengthened the confidence of the individual parties during the conduct of SP activities.

Kaimi's SP offered a summer camp program for the local school children in Xi'an, which was carried out together with their local environmental NPO partner via a SP. Kaimi's partnership objective was discussed during the interview, and demonstrated the firm's careful consideration of practicability and relevancy to their business. Incorporating their key company philosophy and unique product range helped Kaimi to identify and connect SP conduct with business operations. As a result, the SP mission was achieved through their clearly defined objective, with realistic implementation approaches in place through maximising the utilisation of its internal resources. Through conducting environmental protection activities, Kaimi were trying to convince their audience to build more personal connections with the environment through the assistance of their demonstration products.

The findings extended the literature by identifying the realistic concerns often associated with SPs. This finding argues that it is important to critically assess internal capabilities and develop a realistic objective. This finding addresses the often discussed "satisfaction" concerns regarding co-operative partnership and CSR commitment. Firstly, assessing internal capability allows better understanding of the capability of its own firm, also it helps participant organisations to reinforce the connection in the proposed partnership. Overall, taking a tangible objective into

consideration not only assures what could be achieved, but also allows focal firms to reevaluate the meaningfulness of conducting SPs according to their core business conduct.

### **How does the monitoring mechanism affect the development of the SP objective?**

Findings from this study indicate that the monitoring mechanism is another key aspect in developing SP objectives. Based on the case studies, lack of a monitoring mechanism to constantly observe the achievement of SP objectives as it progressed would often prevent a SP from achieving its full potential.

For instance, the tree planting program between Alibaba and CGF had a dedicated monitoring system to ensure strict following, as per the schedule during the conduct. At the same time, NPO partner CGF pointed out that there would not be much change in the future regarding their SP operations due to a firm monitoring system in place to constantly match the SP objective with its achievements.

Similarly, both SPs of Kaimi and EPVA and Haier and CQEP also commented similarly on their SP monitoring approach, where the attendance and feedback from target audiences were tracked. This essentially provided the SP with detailed information for future improvements and implementation, as well as product improvements for the focal firm. Such systematic placement of a monitoring mechanism allows SPs to be formed with a clear objective, including detailed execution plans to be followed during implementation, for both the focal firm and NPO partner.

In contrast, the two least pleasant scenarios found in this study—Li-Ning and Shuanghui, failed at their attempts to conduct their SPs while maintaining basic ethical business conduct, as identified with lack of an adequate monitoring system. Using these two focal firms as an example, it is critical that the SP objective needs to align with the ethical behaviour of the organisation, from top to bottom, to justify the SP's efforts. Failed alignment or misconduct of the business might be adjusted and corrected with the help of a strict monitoring system in place, which were missing from both Li-Ning and Shuanghui's SPs. As a result, the missing monitoring

mechanism from both SPs was the cause of the undesired termination of SP operations, as both SPs did not facilitate a constant monitoring function throughout the partnership's conduct.

In the SP with CEPF, the objective Li-Ning set to achieve was to create groundwork for later environmentally friendly focused development. However, with no dedicated monitoring system in place to ensure the achievement of SP objectives and alignment with business conduct, Li-Ning's investment in SPs was washed away by reported unethical business conduct outside of the SP.

Nonetheless, Li-Ning also failed to keep up their business act to match the intended reinforcement of their socially responsible business image. Eventually, Li-Ning's SPs in this study were terminated after Li-Ning was reported to be involved in unethical business practice. Despite that, Li-Ning tried to declare their contractor was solely responsible for the pollution, Li-Ning failed to maintain an ethical image while conducting SP activities without a dedicated monitoring system, which was a critical mistake.

Austin (2012) illustrated a value creation map in a cross-sector partnership scenario, where the two-way value creation process can only be sustained when both the focal firm and NPO are contributing to the delivery of mutual benefits. Furthermore, the mutual, beneficial value creation process relies on a critical assessment of the specific SP scenario, and an execution of tasks under the guidance of realistic partnership objectives. In Shuanghui's case, where the clear SP objectives were missing, the mutually beneficial value-creation SPs were turned into one-way financial assistance to the NPOs. Therefore, the scenario left Shuanghui disappointed and frustrated about their SP decisions.

The findings suggest that a precisely developed partnership objective is the ultimate benchmark for businesses to execute SP tasks. Furthermore, a firm is likely to obtain a greater level of satisfaction from their SP if a well-developed partnership objective is available for assessing achievements. As posited by Matten and Moon (2008), the perfection of SP practice is a process of refinement under the guidance of a clearly defined objective. Needless to say, the vague partnership objectives found in the three studied Shuanghui SPs eventually caused their CSR attempts to fail. Others, such as

Kaimei, Alibaba, and Haier, all demonstrated their partnership objectives at the starting point of their partnership. Alternatively, the limitations caused by the scarcity of resources did not stop HTH from carrying out their SP, which was justified by their realistic objectives and focus on the SP tasks in their particular circumstance.

Overall, a well-defined partnership objective can help an organisation to focus on their particular mission in a SP. Further, it allows an organisation to evaluate and rectify their performance against realistic criteria. Googins and Rochlin (2000) argued that clearly defined SP goals/objectives are the very first step in the partnership building process. Andriof (2001) also stressed that a CSR-under-pinned cross-sector partnership should start with a clear definition of the purpose of the partnership.

Because of the fundamental difference in the individual organisation's circumstances, value creation and satisfaction varied from one entity to another. Moreover, some have argued that the extent of value is largely determined by the CSR philosophy of a business, which impacts the consistency of the ultimate SP objective and daily conduct of organisational activities outside of the SP. Unethical behaviour outside the SP will eventually ruin all SP attempts and efforts (Entine, 2003; Koka & Prescott, 2002; KPMG, 2002).

Moreover, Austin (2012) stated that implementation of CSR is a challenging task; it could take several attempts to find the sweet spot to achieve the ultimate organisational objective in practice. Accordingly, Shuanghui and Li-Ning have room to improve from their errors and re-launch another social program with better defined objectives. Hence, with a clearly defined objective available, the achievement of objectives sets the benchmark for SP practitioners to follow through the process.

## **Summary**

Overall, having realistic and measurable objectives is the ultimate benchmark of SP activities that will help a business to achieve a satisfactory experience with a rigorous point of reference for execution and evaluation. Satisfaction varies from one business to another, via the assessment and evaluation of the outcomes against the original objectives, during and after conduct. Vague or unrealistic SP objectives could lead to frustrations and a false assessment of the situation and outcome, plus a disconnection between the focal firm, NPO, and SP activity. After all, a sustainable SP experience

and pleasant outcome can become difficult to achieve without a clearly defined objective, through the operation of a SP. Last but not least, as Li-Ning and Shuanghui's case studies indicated, consistent ethical practice is the backbone of any socially responsible related business attempt, regardless of reality.

SP objectives should be developed with consideration of tangibility, which matches an organisation's self-regulatory aspects alongside their intended SP practice. In this study, Li-Ning and Shuanghui provided two examples of broad SP objectives that clashed with their unethical business practices and significantly reduced the validity of their intentions to build a socially responsible image.



## 6.5 Theme Three: Strategic integration of SP activity will enhance the value perceived by the focal firm and promote a healthy, sustainable partnership.

### **Key Findings**

- Integrating a SP at a strategic level enlarges the spectrum of future achievements through the conduct of SPs.
- Strategic integration facilitates resource utilisation efficiency.
- Strategic integration reinforces the relevancy between SP conduct and core business conduct of the focal firm, and thus enriches business identity.
- Strategic integration encourages the focal firm to conduct deeper engagement with the SP.

As indicated by the findings from these case studies, integration of SP activities with corporate strategy was a critical aspect for maintaining a healthy, sustainable SP. The findings from each case study suggest that integrating SPs at the strategic level will enhance the perceived value of SP conduct by the focal firm, which also encourages a long-term, collaborative relationship. Specifically, the discussion around integrating SPs at a strategic level has been assembled from three aspects: resource utilisation; alignment with core business strategy to reinforce business identity; and encouraging business' engagement and involvement in SP activities. As identified through the case study, these three aspects are the main, influential factors which contribute to the sustainability of SP practice.

### **How does strategic integration impact resource utilisation during SP conduct?**

Focal firms in this study expressed their expectations and interest in the availability of their partner organisation's resources. The collaboration between each focal firm and NPO partner was achieved through extensive sharing/exchange of tangible and intangible resources, such as time, information, knowledge, funds, and people, in order to achieve their mutual SP objectives, plus the agenda of individual

organisations. Therefore, the way resources were identified, utilised, and transferred into the SP activities defined the efficiency and effectiveness of the SP, which later affected the sustainability of the SP.

Moreover, the way the focal firm evaluates its NPO partner's resources is critical to the performance of an SP. As the findings indicate, the focal firm benefits from having a vision to determine the relevance of accessible resources and possible integration. However, the findings show that the vision and capability of resource determination were associated with the strategic integration capabilities of the SP of the focal firm. In particular, for those focal firms with limited CSR experience, aligning the SP activity with their corporate strategy could assist them to identify available resources to carry out their intended SP activity. In the co-operative scenario of SPs, incorporating a resource factor as one of the partnership selection criteria would make the pair-matching between the focal firm and NPO much easier and decrease the possibility of future disappointment.

Focusing on resource allocation in the case of Alibaba, the focal firm understood land access could only be obtained with help from a particularly NPO, in order to carry out the planting campaigns; hence the formation between Alibaba and their current SP partner. As their NPO partner commented:

...we do have lots of convenience in terms of land access; I believe that Alibaba understands that too, and they had to approach us if they wanted to go ahead with that particular CSR program at the time.

Similarly, Kaimi explained their understanding of resource utilisation from a focal firm's point of view:

...it is about utilising resources and coming up with a meaningful idea to pursue a common interest with the partner organisation; EPVA is an environmental NPO who has the capabilities to help bring ideas of alliance activities to a practical level in reality. The unique local environmental protection work experience of EPVA played a critical role in our partnership. Where the connections with schools ensured the project attracts the desired size of audiences.

In addition, Haier's SP partner pointed out the value of intangible resources, such as experience and expertise:

...our organisation has its limitations, apart from funds, and we need a good partner to share their organisational and managerial skills to get greater performance out of the things we do.

At the same time, Haier revealed their positive experience with the NPO's de-commercialising feature in the SPs:

...we did not push the product message too far before it became overly commercialised and overwhelming for audiences... having CQEP as our partner really transformed the campaign into a far more "not-for-profit" orientation than us doing it alone. This fact definitely helped the campaign reach more audiences... and our products were only for the purpose of demonstrating the differences in terms of power consumption.

Another example of resource utilisation was HTH, who looked beyond the scarcity of their financial resources and determined an alternative route to compensate for this. In their own words:

...we won't be able to afford to donate huge amounts of funds to support our society. But limited financial ability won't limit us from contributing to our environment... The SP helped HTH to express our environmental concerns without overly stressing our financial capability; we are glad that CEPF accepted our contribution too.

More importantly, HTH did not stop at providing manpower, but also mobilised their unique Internet platform to source more help from society. Specifically, HTH launched their CSR page, which allows visitors to donate to HTH's different SP partners directly, via HTH's e-billing system.

HTH commented that:

...we figured it would be a good way to help NPOs to promote themselves; the website traffic has been growing steadily, which will help them [NPOs] to capture more attention from those socially minded individuals.

Nevertheless, HTH's NPO partner was pleased with the SP conduct and commented:

... the SP with HTH broadened our vision for future development... having a partner like HTH helps in many aspects, including social recruitment.

Kaimi also added the importance of assessment and utilisation of the available resources through the conduct of SPs:

...it is about utilising your resources and coming up with a meaningful idea to pursue a common interest with your partner organisation.

In Kaimi's case, the NPO partner, EPVA, was an environmental NPO who had the capability to help bring ideas of alliance activities to a practical level. The unique local environmental protection work experience of EPVA played a critical role in this partnership. The connections with local schools ensured the SP activity attracted the desired audience size, as described by Kaimi:

EPVA did most of the external work with schools and such, then we just made sure we had everything set up for the kids, based on what we had agreed beforehand.

The importance of understanding the value of resources in a SP scenario was highlighted by Kaimi:

... [the] partnership needs to deliver mutual benefit for everyone, the projected outcome needs to meet the bottom line of each individual party's satisfaction criterion.

The above examples from the case studies demonstrate that focal firms' proactive assessment of internal capability and the availability of resources could directly affect the performance of the partnership. Reviewing resource capability allows focal firms to gain a more accurate assessment of the SP, at both partnership and corporate level. This approach in SP practice encourages focal firms to take initiative from the beginning of the SP relationship, to assess the critical resource factors and avoid disappointment and misplaced expectation. This will possibly enhance the SP performance and sustain the relationship in the long term, through utilising available resources with greater efficiency. Accordingly, Kaimi and the other focal firms with a

strategic vision on resource utilisation were satisfied with the outcome of their SP practice, as were their NPO partners.

### **How does strategic integration of a SP enhance the core business conduct of the focal firm?**

Apart from resource utilisation, a strategically integrated SP at corporate level will assist the focal firm to reinforce their business identity. Findings from these case studies indicate that intentional integration of SPs with business practice will help lift business identity. In particular, such integration would directly benefit the business in promoting associated products/services. The generic, promotional effect of SP practice to the focal firm themselves was also considered a notable benefit.

The findings from the case studies suggest that SPs could benefit from consideration of a matching theme with the key business conduct of the focal firm upon establishment of the SP. For example, both Haier and Kaimi established SPs with a clear orientation towards the core business conduct of the focal firms. As a result, both focal firms were satisfied with the outcome of their SP's performance.

Taking the SP of Haier as an example, the SP is a critical part of the focal firm's corporate strategy in terms of research and development strategy and market orientation. Haier commented on the importance of strategic integration from their multi-national operation perspective as:

... to integrate our CSR program with a sustainable development orientation... it is a piece of the puzzle of Haier's global low-carbon campaign and a part of our current global marketing strategy, which is to create and strengthen market demand for low-carbon products... we want a dedicated CSR program to present Haier with this new company direction.

Moreover, Haier's low-carbon themed SP practice represents both corporate philosophy and product orientation:

Low-carbon is not trendy marketing jargon; it represents Haier's current business philosophy, a positive way to improve our life with a sustainability

initiative in mind. And our products would help customers to achieve it [a low-carbon lifestyle].

Furthermore, Haier added that:

...we [Haier] do not want to push the product message too far before it becomes overly commercialised and overwhelming for the audiences... having CQEP as our partner really transformed the low carbon campaign idea into a more “not-for-profit” format than us doing it alone. This fact definitely helped the campaign reach more audiences and our products were only for the purpose of demonstrating the differences in terms of power consumption and so on... It is a social marketing campaign [environmental protection oriented ‘low-carbon’ campaign] for the benefit of our society’s future.

As for Kaimi’s environmental summer camp for school children, in conjunction with their eco-friendly business philosophy, the natural translation from core business conduct to social/environmental initiative, expressed via their SP, extended the value of the SP itself and seamlessly integrated with the Kaimi brand.

In Kaimi’s words:

...we want the kids, their families, and any related person to see what we actually do, and feel our effort, our commitment, and passion as a green company making green products for the household.

Therefore, by integrating corporate philosophy into the actual collaborative activities with an NPO partner, in order to express the focal firm’s social/environmental initiatives, a coherent SP objective was identified. This was an effective approach in Haier’s case.

A notable limitation of a SP’s contribution to the firm’s brand identity is that the actual benefit can be difficult to measure in tangible terms, for the focal firm to justify their commitment. This may cause confusion for the focal firm, especially those firms that are inexperienced with SPs. Under such circumstances, the SP attempt might fail its agenda and leave both parties feeling disappointed. Thus, it is critical for the focal firm to maintain a rigorous ethical code of conduct throughout their business activities,

while conducting the SP. Without a solid ethical business practice record, CSR practice of any kind will worsen the scenario of unethical business practice.

Both Shuanghui and Li-Ning experienced damage caused by unethical business conduct, while simultaneously running a SP program. Trust, credibility, and positive brand identity rebuild can be timely and costly to the firm, all of which could have been avoided by implementing a better self-regulation policy prior to undertaking their CSR orientated activities, including SPs.

Speaking about the aftermath of their tainted meat scandal and affected SPs, Shuanghui expressed:

...we are recovering from that incident slowly, but rebuilding the brand credibility for a giant firm like Shuanghui was difficult and costly. We were lucky that we have got loyal customers to back us up. Even though, in the meantime, we have to rebuild the brand and market share, but it takes time...

One of Shuanghui's past NPO partners also shared their view on this aspect:

...with the insufficient monitoring system among Chinese businesses, similar things are happening every day. I am not just talking about businesses, but with NPOs too, there are plenty of them out there with mismatched promises and behaviours.

Therefore, the evidence from these case studies indicates that proactively matching SP conduct closely with the principle business practice of the focal firm is important. Intentionally developing the SP with a theme matching aspect enhances the co-creation of value beside the social/environmental tasks of SP.

### **What are the notable impacts from strategic integration of SPs on the commitments from focal firms?**

Last but not least, strategic level integration of SPs is closely related with a focal firm's engagement level in a partnership, and further, will boost the performance of an SP. The depth of involvement contributes to another dimension in the strategic integration of the SP, and facilitates the business to explore the possible of co-operation and reconsider its role in a partnership setting. This is the key factor that

allows focal firms to distinguish their SP from philanthropic donations. As suggested by the literature, CSR activities were often confused with corporate philanthropy by Chinese firms, where businesses often practiced CSR, giving an impression of exchange of financial resources for enhanced business image. In this study, Shuanghui was identified with identical issues as an inexperienced focal firm, and their several attempts at SPs failed because of insufficient understanding of the extent of actual SP practice.

In fact, several of the interviewed focal firms expressed that the depth of involvement reflected the level of engagement and amount of commitment from the business into the SP. Both engagement factor and commitment factor contributed to the overall involvement of an organisation through SP practice. For example, Kaimi's eco-friendly product orientation and environmental protection summer camp; Haier's "low-carbon" line of products; and Li-Ning's environmental initiatives and eco-friendly clothing line.

Kaimi believed that having a business CSR program positioned at corporate level, and coherent with the actual SP in practice, was the key to conducting an SP with a satisfying outcome:

...lack of harmonising business objective and CSR program is often a hazard for business... sounds good but not necessarily meaningful... [meaningful means it] overlaps with our corporate vision... There is no short cut; it would only enhance the performance of business if blended correctly with business activities, but never a fast lane or easy way in terms of actual commitment.

Also, using Alibaba as another example, positive comments were given by their NPO partner regarding the contribution of Alibaba Group:

I personally really admire their enthusiasm and passion about their CSR commitment; it is not a one-off donation or tree planting campaign. It is an on-going project for them. I am talking about real commitment and effort, not just money. For a business, it was a brave yet definitive action. Of course, for others, I think it is good to have such "trends" among those top performing businesses in China... Businesses are doing good things to make them look good, but how many of them are actually meaningful to our society, how many



of them are truly genuine?... take a look at CSR in China now [2012] I cannot find a comparable example as on the same scale of commitment and presence as Alibaba.

Through their interview, the respondent from Alibaba Group expressed a clear understanding of their responsibilities in terms of the expected performance of the alliance:

...it's a long term commitment for our business to express our social responsibility for our stakeholders... We strictly followed the planting schedule and checked completion rates from time to time... it is time consuming and it is a long-term task, we are prepared to put even more time and effort into it than we already had. More importantly, volunteers from Alibaba were all very enthusiastic about this program; in fact, everyone works hard with pride and is filled with satisfaction from the steady progress... more importantly, no one was forced into the project at all, we were all very motivated and proud to be part of the team.

In contrast, Shuanghui expressed their confusion from failed SP attempts in the past:

CSR and cross-sector partnership has not been clearly defined in China... we did not have any unrealistic expectations to begin with... however, same as what we were expecting from many other CSR works in the past, we were expecting at least increased media coverage and enhanced brand reputation among our consumers.

However, their past NPO partners then commented on the past SP experience with Shuanghui:

...it might be difficult for us to establish a long-term partnership with Shuanghui, because of their giant sized operation and complicated organisational structure, without a dedicated CSR team, communication has become difficult to maintain, it was much easier for us to consider Shuanghui as a reliable source of funds, rather than a long-term partner. A one off agreement was easier to work out in reality than to draft a long-term

cooperation agenda. That way none of us has to deal with the risk of being attached to each other if things ever changed.

Accordingly, Shuanghui's issue with their execution of SPs was the main cause of the problem. Specifically, the similar "exchange approach", as found in the literature, was the key cause which prevented Shuanghui becoming more engaged with their SP program and NPO partner at the time of practice. Interestingly, Shuanghui described one of their past SPs as:

...in fact, there was not much beside the funds donated to LDPF over the time... as a food company, we also donated some of our products, especially before the holiday seasons... there was not anything beyond donations of funds and goods during our partnership with LPDF.

Eventually, the lack of involvement and engagement drove Shuanghui into confusion from the termination of their SPs, and they were left feeling disappointed. In contrast, the other studied focal firms all benefited at different levels from their engagement and commitment beyond the point of exchange of favour.

The literature indicates that the utilisation of resources is viewed as an interactional activity between focal firms and NPOs (Austin, 2000; Ramasamy & Yeung, 2009). Resources were frequently discussed in the case studies as one of the key contributors to a sustainable SP. Access to resources was considered the main motivational factor during formation of the SP, in particular, when the unique, accessible resources could help to accomplish the organisational mission, or achieve specific goals for the organisation. Besides both transparency and credibility regarding CSR conduct among Chinese firms, it is even more critical for businesses to set their ethical standards before, or while, expressing further social/environmental initiatives (Graafland & Zhang, 2014).

## **Summary**

Integrating SPs with corporate strategy could be considered a key attribute in developing a sustainable SP relationship. It encourages focal firms and NPOs to expand their vision and potential to utilise resources to their full extent during the co-construct/co-development process, with full engagement and commitment. As the key

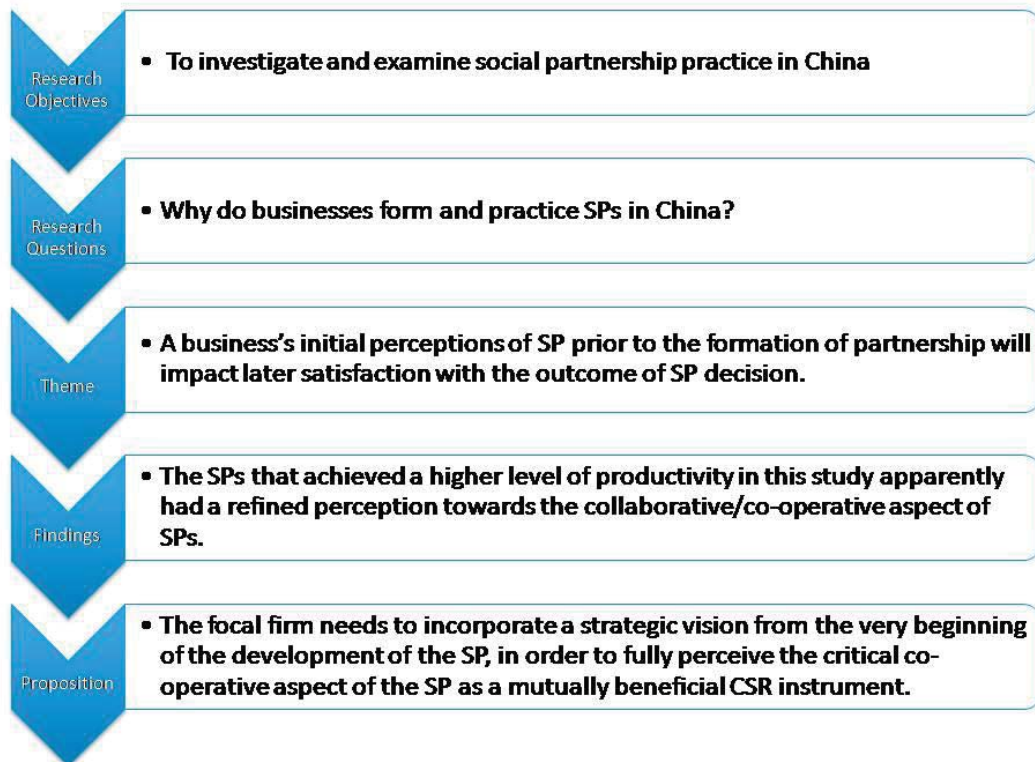
feature of a SP, commitment and engagement with a strategic vision is what distinguishes SPs from corporate philanthropy. Eventually, aligning SP activity with corporate strategy could enrich the collaborative experience and enhance the satisfaction of the outcome from mutual benefits for both the focal firm and NPO partner.

At the same time, the consistency between corporate strategy and business activity conduct varies from one organisation to another. For example, both Shuanghui and Li-Ning had committed themselves to address social/environmental issues with a bold, socially responsible stance, but the reported, unethical conduct of business from both organisations significantly altered their brand image and SP practice, followed by termination of SP operation and damaged market reputation.

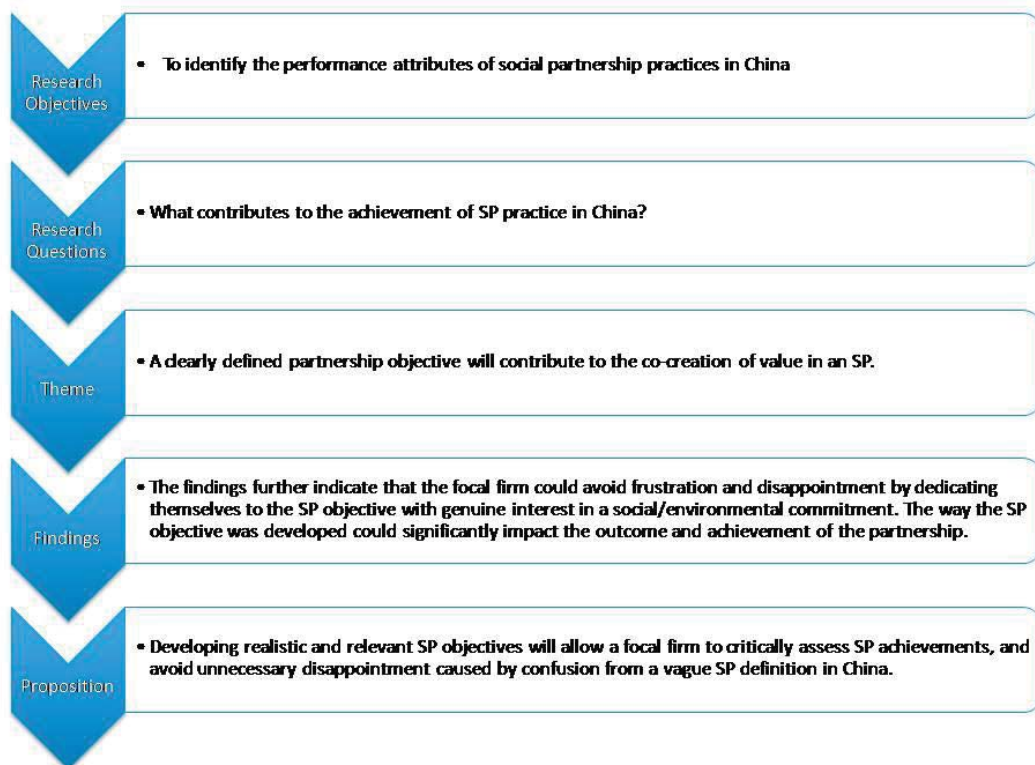
Overall, integrating a SP program at strategic level allows focal firms to explore the full potential of a SP during its conduct. The ultimate benefit of such integration is mutual, and also encourages focal firms to perceive greater value from the SP, and justify their commitment.

## 6.6 Cross-Case Analysis Summary

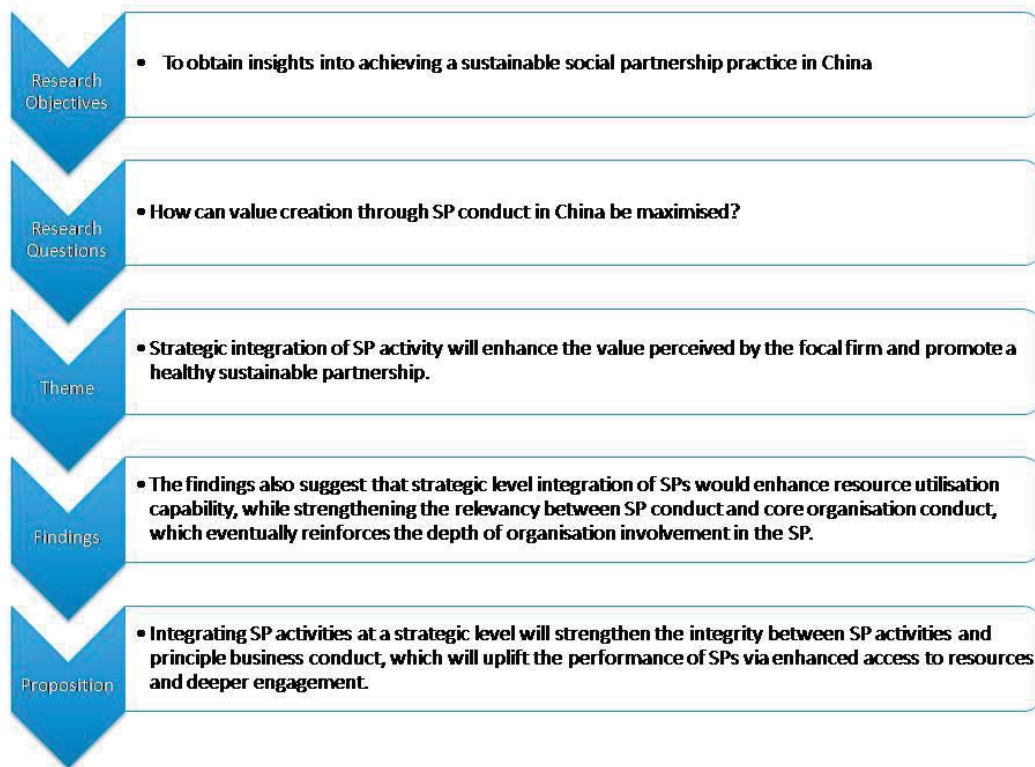
In summary, the cross-case analysis has highlighted three themes and the complicated interrelationship between SP conduct and outcome. The qualitative research methodology enabled the analytical procedure to take place and revealed the attributes of conducting SPs in China. By linking the practitioner's desire for success with the actual performance factor, an understanding of SP practice in China has revealed useful insights about collaborative SPs. Also, the gained insights reveal the validity of SPs in mainland China, taking into consideration the unique social and political settings. Overall, this study provides an important contribution to the study of SPs in mainland China. The following graphs (Figure 14, 15, 16) summarised the development and connection between research objective to research question, then the key findings and its connection with the development of propositions to be discussed in Chapter 7.



**Figure 14 Key Finding Summary 1**



**Figure 15 Key Finding Summary 2**



**Figure 16 Key Finding Summary 3**

## 7 Chapter Seven: Conclusion

### 7.1 Overview

This chapter concludes the current investigation of SP practice in China. It begins with a reiteration of the research focus and a brief outline of how this study differs from previous examinations of Chinese CSR. Three emerged themes are outlined. This is followed by a discussion of possible research in the future in the same direction, limitations, and conclusions. Several managerial implications are also suggested in this chapter.

### 7.2 Focus of this study

The general purpose of this exploratory research was to progress theory in the area of SPs in China, through the development of theoretical insights. This study focused on improving the understanding of conducting SPs in mainland China. In doing so, it aimed to explore the under-studied SP practice in China, which may have hindered theory development in the area. This study examined ten SPs, formed by domestic Chinese focal firms from different industries. An attempt was made to accommodate any relevant elements and outcomes, and extend the examination to include both internal and external factors, which might impact the conduct of SPs in China. This study was informed by knowledge of previous literature and theoretical perspectives from the West, which constructed the conceptual framework to answer the research questions.

In relation to the research design and data collection method, this study focused on exploring insights into the possible factors that might have influenced the conduct of SPs. Information was collected from both the focal firm and NPO of each SP. An attempt was made to capture the unique culture/political related influential factors during SP conduct in the Chinese business landscape, in order to obtain valuable insights into conducting mutually beneficial SPs in China. A key contribution of this thesis has been the exploratory nature of this study of successful and unsuccessful SPs, which revealed a variety of internal and external factors that have been affecting SP conduct. In return, it offers insights from practitioners' perspectives from their own successes or failures of SP conduct, which contributes to theory development on Chinese SP practice. Three themes presented in this study offer a significant stream

for further investigation. They provide considerable insight into Chinese SP conduct under complicated social and political influences, and indicate methods and directions that could be further explored.

### 7.3 Developing a Theory of Social Partnership

This research has explored factors/attributes and outcomes of SPs. Key themes have identified how and which factors have an impact on SP outcomes. The themes outlined in Chapter Seven are presented as testable propositions, and serve as a foundation for future empirical investigation.

This study began with an assessment of how the extant literature on SPs from the West was insufficient in fully explaining the emerging SP phenomenon in China, considering the frequently questioned CSR validity aspect, and significant impact from a unique social and political context. The development of data collection and evaluation throughout this research ensured that the main aspects of Chinese SP conduct that were previously understudied, as identified in Chapter Five, are now covered. Propositions have also looked at the HOW and WHY behind the findings.

The propositions, emerging from three themes outlined in Chapter Seven are summarised as follows:

Proposition 1: The focal firm needs to incorporate a strategic vision from the very beginning of the development of the SP, in order to fully perceive the critical co-operative aspect of the SP as a mutually beneficial CSR instrument.

Proposition 2: Developing realistic and relevant SP objectives will allow a focal firm to critically assess SP achievements, and avoid unnecessary disappointment caused by confusion from a vague SP definition in China.

Proposition 3: Integrating SP activities with a strategic vision at earlier stage of SP conduct will strengthen the integrity between SP activities and principle business conduct, which will uplift the performance of SPs via enhanced access to resources and deeper engagement.

Although these propositions may have been conceptualised in extant literature in the West, a key contribution of this study is the link to empirical research in the Chinese



context. In particular, the current literature mainly argued about the validity of CSR in China and lacked theory development towards CSR conduct in practice (Austin & Seitanidi, 2012; Berger, Cunningham, & Drumwright, 2006). The embedded Confucianism and the emerging SP conduct warranted this research to further explore the topic (Cheng & Kong, 2009; Darigan & Post, 2009; Seitanidi & Crane, 2009; Cheung & King, 2004).

The propositions provide new and detailed insight into how to successfully conduct SPs based on the limited understanding of SPs across the general business landscape in China. The propositions connect Confucianism with the motivational driver to explore the full potential of SP conduct. Then the findings further lead and build on the propositions in relation to the SP achievements and integrative aspects, which extended the conceptual framework by Austin & Seitanidi (2012) on levels of commitment/engagement.

The findings also incorporate managerial perceptions, as this provides practical solutions to relevant practitioners in mainland China. Testing and investigation of these propositions using survey methodologies will promote progress toward the development of empirically theoretical insights on Chinese SPs.

#### 7.4 Summary of Managerial Implications

The research questions behind this study have been addressed and answered as a result of a structured research process. This research has highlighted the relationship between elements and outcomes of SPs. Regarding this, new insights towards successful conduct of mutually beneficial SP have been gained. It is apparent that focal firms need to start their SP venture with a co-operative intention and a genuine interest in later commitment, and align the SP objective with the expectation of achievement/outcome.

#### **Key findings**

The major issues identified in this research, and related managerial implications, are listed below. Given the nature of the exploratory qualitative research methodology



used in this study, the listed issues need to be regarded as conditional in the current Chinese business landscape setting.

- The SPs that achieved a higher level of productivity in this study apparently had a refined perception towards the collaborative/co-operative aspect of SPs.

### **Managerial implications**

The findings of this research suggest that focal firms need to gather sufficient information and understanding of CSR conduct in China, and specifically understand the extent of SPs, before deciding on the specific CSR instrument to be utilised in favour of the focal firm. At the same time, it is critical to understand the importance of having genuine interest in addressing the social/environmental issue, which should not be mistaken as an exchange of favour with the NPO.

- The findings further indicate that the focal firm could avoid frustration and disappointment by dedicating themselves to the SP objective with genuine interest in a social/environmental commitment. The way the SP objective is developed could significantly impact the outcome and achievement of the partnership.

### **Managerial implications**

The case studies illustrated that developing precisely defined partnership objectives prior to the conduct of activities allows the focal firm to focus more on the SP mission, while maintaining a consistent pattern for later outcome assessments. Further, SP objectives ensure direction and form expectations, which allows room for realistic assessment later.

- The findings also suggest that strategic level integration of SPs would enhance resource utilisation capability, while strengthening the relevancy between SP conduct and core organisation conduct, which eventually reinforces the depth of organisation involvement in the SP.

## **Managerial implications**

The findings highlight that practitioners should adapt the traditional perspective of resources from the tangible/physical aspect, to a broader view. Practitioners looking beyond financial resources achieved more pleasant outcomes in the study compared to others limited to economic benefits. Both parties need to evaluate and align their individual organisational agenda with the proposed SP program. Aligning the SP content with organisational conduct facilitates both parties to perceive greater value from the practice. At the same time, overlapping organisational conduct and interests enhances the shared value and efficiency in practice, which would further promote a sustainable partnership.

## **7.5 Limitations**

Despite careful planning and adherence to the research process, like all studies, this thesis has some limitations. These limitations are listed below.

- The nature of qualitative research is such that the researcher may have some influence on the data collection and analysis. Strict adherence to analytical procedure and case procedure has minimised the impact of this.
- Obtaining data over a longer period of time may capture additional insights, which was not an option in this study and may be addressed in the future.
- The semi-structured interviews may have limited capturing of data, which may have affected the strength of findings or possible other insights. Current findings from the study provide sufficient rationale for future research in a similar direction.
- Because of the differences in organisation size, industry sector, and past CSR related experience, possible superficial attributes might be hidden as the result of the limited selection of cases.

## **7.6 Future Research**

For future research into this subject in China, both quantitative and qualitative studies are required to test the propositions on a larger scale across different industries, which would further help the theory building and implementation in practice.

Three outlined propositions should be investigated in greater depth on the development of strategic vision and a realistic SP objective, plus the integration of SPs at strategic level in business practice. A large-scale quantitative study could provide more in-depth examination into these aspects. The aim of such a suggested future study would be to test the propositions and shape a Chinese SP model.

## 7.7 Conclusion Recap

In conclusion, the emerging role of the Chinese economy in the global environment has been gaining great interest. The trend in Chinese CSR practice shows that stakeholders demand more transparency during execution, but are less demanding financially. This research connects frequently discussed CSR practices in China with emerging SP conduct in China. Despite the criticised CSR practice in China, the focal firm should still consider a SP as a valuable, and valid, CSR instrument in China. SP practice allows firms to address frequently doubted transparency and validity aspects of CSR practice in China. At the same time, SPs facilitate the conducting of mutually beneficial tasks for the focal firm and NPO, which is regarded as a sustainable feature of this particular CSR instrument. Thus, the analytical results from this study reveal that SPs are a valid CSR instrument in the current Chinese context. To improve the operating environment in China, SPs could be widely utilised by businesses to address their business conduct related social and environmental issues.

This study evaluated case studies using current Western CSR theories and extended the application into the current Chinese context. The research has linked increasing concerns about SPs in China with empirical studies on actual practice, which were very limited. This qualitative study on Chinese SPs has captured perceptions and experiences gained from SP conduct in reality. Thus, this research design allowed for an inductive analysis and development of key insights on conducting SPs in mainland China. A multi-case approach has provided additional depth to the understanding of the key attributes in SP development in mainland China. The propositions that emerged through this study reflect the SP experience from the real mainland China business landscape as the practitioners progressively push SP development.

## 8 Appendix

### Appendix I

#### Interview Start Questions

- SP idea  
Why/How
- Prior CSR experience  
What/When/Where
- Partner selections  
Who/Where
- Achievements  
What
- Feedbacks  
What/Why
- Future improvements  
What/Why

## Appendix II

### **Li-Ning's Commitment to Zero Discharge of hazardous chemicals**

In support of the principles of prevention and precaution, and in line with our overall commitment to water stewardship, Li-Ning supports the goal of systemic change to achieve zero discharge of hazardous chemicals associated with supply chains and the lifecycles of products within one generation LiNing or less.

To make this a reality LiNing will continue phasing out hazardous chemicals in our supply chain and we will accelerate the phase out of the highest priority is committed to the goal of zero discharge of hazardous chemicals by 2020.

We recognize the path to reaching this goal must be through innovation, the application of green chemistry hazardous chemicals. We will continue to work with brands, material suppliers, the broader chemical industry, NGOs and other stakeholders to achieve this goal. We will drive towards innovative solutions for transparency in chemical management disclosure.

We recognize that to achieve the goal of zero discharge of hazardous chemicals, mechanisms for disclosure and transparency about the hazardous chemicals used in our global supply chains are important and necessary, in line with the “right to know principle”, and broad industry and regulatory collaboration and engagement. Our commitment and investment towards this goal and the dedication to system change is unwavering.

Due to the highly complex and shared nature of supply chains, we believe brand collaboration is critical to drive the progress. We commit to continue to share what we learn, our approaches and tools and work with others in finding new solutions and removing existing barriers, and to report progress towards comprehensive chemicals management.

We aim to set the best practices of environmental protection and social responsibility among Chinese brands, we as an individual brand, will work with other brands to achieve all commitment in the action plan, towards zero discharge of hazardous chemicals, which includes all our committed goal and action plan based on the realistic and pragmatic approach. By the end of 2011, we will publish the first draft of Restricted Substances List, which includes the eleven prioritized chemicals in the joint roadmap. By the end of 2012, we will update the draft of the Restricted Substances List.

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