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Corporate Social Responsibility for Sustainable
Development in China: Recent Evolution of CSR Concepts
and Practices within Chinese Firms

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Kushtuar nënës sime dhe babait tim
që më kanë mësuar edukatën.
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List of Acronyms

ASEAN Association of Southeast Asian Nations
BSR Business for Social Responsibility
CNPC China National Petroleum Corporation
CRBC China Road and Bridge Corporation
CSD Corporate Sustainable Development
CSR Corporate Social Responsibility
EESC, The European economic and social committee and the committee of the regions
GRI Global Reporting Initiative
ISO International Standard Organization
MDGs Millennium Development Goals
MFA Ministry of Foreign Affairs
MNEs Multinational Enterprises
MOFCOM Ministry of Commerce
NGOs Non-Governmental Organizations
OECD Organization for Economic Co-Operation and Development POEs Private-owned Enterprises
SAFE State Administration of Foreign Exchange
SASAC State-owned Assets Supervision and Administration Commission SAWS State Administration of Work Safety
SDGs Sustainable Development Goals
SFA State Forestry Administration
SOEs State-owned Enterprises
UNICEF United Nations International Children's Emergency Fund
SGCC State Grid Corporation of China
UN Conference on Environment and Development (UNCED),
UN United Nations
UNSSC United Nations System Staff College
WCED World Commission on Environment and Development

引言

考虑到当前的全球危机和不同领域对环境问题的意识不断增强，企业应该准备好面对比以往任何时候都更具可持续性的新政策和法规。本世纪发生了许多变化，其中最重要的变化之一，就是中国经济增长势不可挡，新的经济发展道路不断开辟。自70年代,改革开放市场后开放政策中国逐年上升的外国投资者在其国家和新的监管政策的组合和良好的市场使中国在短期内增长令人瞩目的经济。在过去的30年从计划经济向市场经济的转型中，中国经历了许多学者所说的“经济奇迹”。2013年，这种快速扩张确保了世界第二大经济体的地位。中国2013年国内生产总值9.2万亿美元的地方经济落后美国经过多年的重工业化中国环境挑战是接近临界点,工厂和发电厂推动其经济增长也污染空气,水和土壤的环境危害可能导致中国社会和经济的重大风险，如果不及时纠正，缺乏对社会了和环境问题的广泛国际管制，可以被认为是跨国公司的一个问题和一个机会。不管一个人的观点如何，这意味着存在一个所谓的“道德自由空间”，在这个空间里，跨国公司“没有严格的处方”，“管理者必须制定自己的路线”(Donaldson,1996)。跨国公司拥有很高的媒体价值，随着许多工厂迁往中国，社会合规和企业社会责任准则变得越来越重要。然而，随着“以人为本”、“可持续发展”理念的广泛认同，以消费者为主体的民间社会越来越重视所购买商品的生产过程，开始抵制“血汗工厂”的产品。继气候变化、公平等“我们共同的未来”问题之后，可持续发展成为各国普遍关注的问题。相关问题逐渐纳入政府监管和立法控制的范围。为了挽回声誉，增强投资者信心，跨国公司率先建立了自己的行为准则。为了在全球范围内制定可持续发展计划，企业社会责任政策发挥了关键作用，企业开始在自愿的基础上采纳这些政策，并将其引入核心业务，加强领导能力和建立支持变革所需的管理能力。然而，企业社会责任政策涉及许多不同的经济、社会和环境方面。社会方面由《全球契约》中制定的一般政策和规则给出，而企业社会责任的经济方面是全球企业最容易采用的。为了应对这些挑战，中国总理李克强在2014年的全国人民代表大会上宣布“向污染宣战”，并提出了一系列绿色倡议。此外，中国政府开始实施一种新型的商业模式，称为循环经济，并在中国运行与最近提出习近平的生态文明思想。在1989年的报告中，已经有一些关于如何实现可持续性的建议：“其中一些问题可以通过增加使用可再生能源来解决。但是，诸如薪柴和水电等可再生资源的开发也带来了生态问题。

因此，可持续性要求明确注重节约和有效利用能源”。中国利用与环境有关的新问题，迅速成为世界上最大的可再生能源生产国。面对中国新的绿色政策趋势和已经提高的绿色行动能力，我的研究将基于探究中国企业的社会责任是如何发展的以及中国企业如何追求可持续发展。考虑到企业社会责任准则作为一个向可持续发展过渡的工具，我将尝试找出这一过程是否适用于中国，如果是，如何可能实施，并与哪些结果。我将尝试发现的另一点是研究采用业务模型的方法，以及管理系统和领导是如何实现可持续目标的。

本研究将基于对有关中国跨国公司的文章和案例的进行分析。首先，我将介绍可持续概念的演变，涉及“强”可持续和“弱”可持续的概念以及定义可持续概念的不同方法。我还将介绍可持续性所涵盖的不同方面以及实现可持续发展目标所需的工具。我将继续分析西方国家企业社会责任的状况，对西方企业社会责任实践的演变进行描述，有助于更好地理解中国企业社会责任的发展状况。由于 CSR 问题的重点是可持续性和可持续目标，我将尝试了解 CSR 实践与可持续概念的联系方式，以及如何帮助制定新的全球可持续战略目标。我将给出企业社会责任的整体文献，这些文献将作为其他章节更详细研究和分析的工具。

在第二章中，我将重点研究中国企业社会责任的发展。邓小平和市场开放后，中国经历了一场新的改革，从国有企业支持的中央计划经济体制向市场经济体制转变，从公共管理体制向不同类型的企业管理体制转变。本章将分析企业社会责任从改革前的企业福利向当前可持续目标实施阶段的转变。作为一个起点，我将首先介绍研究在中国工作单位在社会主义时代由毛泽东社会主义制度。这将是一个有趣的起点，分析改革后中国企业社会责任政策的变化，并看到西方企业社会责任政策在中国企业社会可持续概念中的影响。中国企业社会责任的主要集中在这两个时间将基本理解指导企业社会责任概念的特征也在中国，而且我将给中国的方法来理解企业社会责任是一个关键的进一步理解企业社会责任在可持续发展中的作用。我将分析导致中国企业社会责任概念在现代中国发展的驱动因素，以及企业报告其活动的方式。最后，我会试着企业社会责任的比较，特别参考卡罗尔社会金字塔，分析变化的概念从毛的福利体系新资本主义企业社会责任的概念。总之，鉴于西方企业社会责任政策草案后自下而上的动力在中国政策应用程序往往是自上而下系统，规则是由政府决定的，然后公司和公民被要求遵循和采用这样规定，本研究旨在提供一个了解中国企业如何通过企业社会责任战略管理与国家的关系，更准确地说，可持续发展在中国企业实施社会责任政策中的作用。为了成为绿色商业的新领军国家，中国正在加大对技术和创新的投入：在中国经济的新时代，以及当前全球环境问题的挑战下，能否将中国对创新的新兴趣转化为可持续创新？本文旨在

探讨中国企业如何看待企业社会责任及其与主要利益相关者的关系。中国大陆企业社会责任的可持续发展现状如何?这些企业社会责任的政策和流程与西方有何不同?在发达国家和发展中国家,国家是企业社会责任的关键驱动力。

最后一章将提供跨国公司、中国国有企业和中国民营企业在中国采用企业社会责任法规的例子,以及它们对社会和环境的可持续影响。通过这些例子,我将展示好的企业社会责任法规与不好的企业社会责任标准的不同影响。准确地说,我还将尝试定义中国政府倡导的可持续商业模式的新指导方针,特别关注循环经济商业模式的发展,将其作为中国企业可持续创新过程的关键。在我的研究过程中,我会尽量使用英文和中文的期刊,特别注意《中华人民共和国国务院》、《企业伦理》、《生态经济学》、《中国学术期刊》、《新华期刊》、《世界银行》等提供的资料。此外,我将使用中国政府官方网站上公布的原始数据,特别是在研究促进中国企业社会责任使用的规范性法规阶段。与企业社会责任、中国商业道德和可持续发展相关的书籍将提供重要支持。

总之,鉴于西方企业社会责任政策草案后自帮助下而上的动力在中国政策应用程序往往是自上而下系统,规则是由政府决定的,然后公司和公民被要求遵循和采用这样规定,本研究旨在提供一个了解中国企业如何通过企业社会责任战略管理与国家的关系,更准确地说,可持续发展在中国企业实施社会责任政策中的作用。为了成为绿色商业的新领军国家,中国正在加大对技术和创新的投入:在中国经济的新时代,以及当前全球环境问题的挑战下,能否将中国对创新的新兴趣转化为可持续创新?本文旨在探讨中国企业如何看待企业社会责任及其与主要利益相关者的关系。本文旨在探讨中国企业如何看待企业社会责任及其与主要利益相关者的关系,中国大陆企业社会责任与可持续发展的现状,以及这些企业社会责任政策和流程与西方有何不同。

Introduction

Considering the current global crisis and the rising awareness of environmental issues in different fields, businesses should prepare to face with new policies and regulations that are more sustainable than have ever been before. There are a lot of changes happening in this century and one of the most relevant is the unstoppable economic growth of China and its new projects of expansion of new economic routes. Since the '70s, after the opening markets reform *kaifang zhengce* 开放政策 China has seen year by year the rising of foreign investors in its country and the combination for new regulation policies and a favorable market have led China to impressive economic growth in a short period. During the transition from a planned economy to a market economy in the last three decades, China has experienced what many scholars call an "economic miracle". In 2013, this rapid expansion secured China's position as the second largest economy in the world. China's 2013 GDP of \$9.2 trillion places its economy behind the U.S.¹ After years of heavy industrialization China's environmental challenges are nearing a tipping point, the factories and power plants that have driven its economic growth have also polluted its air, water, and soil, to the point where environmental hazards could lead to a significant risk to China's society and economy, if not corrected in a timely manner. The absence of widespread international regulation on social and environmental issues can be considered as both a problem and an opportunity for MNEs. Regardless of one's view, it means that there is a so-called 'moral free space' in which 'there are no tight prescriptions' for MNEs, and 'managers must chart their own course'² (Donaldson, 1996). Multinationals have a high media value, social compliance and Corporate Social Responsibility guidelines have become important as many factories have

¹ The World Bank, "GDP (Current US\$) data"
<http://data.worldbank.org/indicator/NY.GDP.MKTP.CD/countries>,"

² Kolk, A, Tulder v. R., *International business, corporate social responsibility and sustainable development* ,International Business Review 19 (2010) 119–125

relocated to China. However, as the ideas of "human-oriented" and "sustainable development" are widely recognized, the civil society, with consumers as the mainstay, has paid increasing attention to the production process of the commodities they have purchased, and began to boycott the products from "sweatshops". After "Our common future"³ issues such as climate change, equity, sustainability became worldwide concerns of each country. As a result, related issues gradually brought into the scope of government supervision and legislation control. To redeem reputation and enhance investor confidence, multinational companies took the lead in establishing their own codes of conduct. In order to develop worldwide sustainable initiatives a key role was played by Corporate Social Responsibilities⁴ policies, companies started to adopt in a voluntary basis those policies and introduce them in their core businesses, strengthening leadership and building management competence needed to support the change. However, CSR policies cover many different economic, social and environmental aspects. Social aspects are given by the general policies and rules written in the Global Compact and both with the economic aspect for CSR are the most easily adopted by companies worldwide. China's fast economic growth has come to high social and environmental costs, in a bid to tackle these challenges, Chinese Premier Li Keqiang has declared "war on pollution" during the 2014 National People's Congress and introduced a number of green initiatives⁵. Moreover, a new type of business model called Circular Economy started to be implemented by the Chinese government and to be operationalized in China both with the recently promoted thoughts of ecological civilization by Xi Jinping. In the 1989 report, there were already some suggestions on how to implement sustainability: "Some of these problems can be met by increased use of renewable energy sources. But the

³Brundtland, G. (1987). *Our common future: The world commission on environment and development*. Oxford, England: Oxford University Press.

⁴Hereafter CSR

⁵Chen Yan 陈燕, *Li Keqiang: Gaishan huanjing he baohu shengta tigao renmin shenghuo zhiliang* 李克强: 改善环境和保护生态提高人民生活质量 (Li Keqiang: Improve the environment and protect the ecology to improve people's quality of life), 2014, *Guowuyuan bangongbu* accessed in September 2018 from http://www.gov.cn/guowuyuan/2014-03/23/content_2643964.htm

exploitation of renewable sources such as fuelwood and hydropower also entails ecological problems. Hence, sustainability requires a clear focus on conserving and efficiently using energy". (Un Brundtland Commission) China took advantages of the new environmental-concerning issues and quickly became the world's larger producer of renewable energy. In front of the new Chinese green policies tendencies and the already improved capacity to adopt green initiative my research will be based on searching how Corporate Social Responsibilities was developed in China and how do Chinese companies pursue sustainability. Considering CSR guideline as a tool for a transition toward sustainability I will try to find if this process is applied in China and if yes how is implemented and with which results. Another point that I will try to find will be to investigate methods of adoption of a business model and how management system and leadership are implemented to reach sustainable goals.

The study will be based upon analysis of articles and case studies about international Chinese companies. First of all, I will introduce the evolution of the concept of sustainability, referring to the concepts of "strong" sustainability and "weak" sustainability and the different approaches used to define the concept of sustainability. I will also introduce the different dimensions covered by sustainability and the tools needed in order to implement sustainable development goals. I will continue with the analysis on the condition of Corporate Social Responsibility in Western countries, giving a description on the evolution of CSR practices in the West which would help for sure to understand better in which condition Chinese CSR evolved. Since the focus of CSR issues is sustainability and sustainable goals, I will try to understand in which ways CSR practices are linked to the sustainability concepts and how can help in the development of the new strategic global goals of sustainability. I will give overall literature of Corporate Social Responsibility which will be the tools for more detailed studies and analyzes for the other chapters.

In the second chapter, in fact, I will focus my research on CSR development in China. After Deng Xiaoping and the opening of the market, China experienced a new reform that saw the transition from a centrally-planned economy supported by state-owned companies

to a market system, from public management to different types of business management. This chapter will analyze the transformation of Corporate Social Responsibility from the welfare of enterprises during the pre-reform period to the current period of implementation of sustainable objectives. As a starting point, I will introduce first a research on the Chinese work unit within the socialist era driven by Mao Tse Tung socialist system. These would be an interesting starting point to analyze the change into CSR policies also in the post-reform period and to see the influence of western CSR policies within the Chinese conception of corporate social sustainability. The focus on these two main timelines of Chinese CSR will be the base to understand also the characteristics that guides CSR concept in China, furthermore I will give the Chinese approach to understand CSR which is a key point for a further understanding of the role of CSR in Sustainable development. I will analyze the drivers that lead to the development of Chinese CSR concept in modern China and the way used by firms to report back their activities. In the end, I will try a comparison of Corporate Social Responsibility, with particular reference to Carroll social Pyramid, to analyze the changes in conception from the Mao welfare system to the neo capitalistic CSR concept.

The last chapter will provide examples of adoption of CSR regulations in China by MNEs, by Chinese SOE and Chinese private Enterprises, with reference to their sustainable impact on society and environment. Through these examples I will present the different impact of a good use of CSR regulation compared with bad use of CSR standards. Precisely, I will try to define also the new guidelines promoted by the Chinese government of sustainable business models, with particular attention on the development of circular economy business models as a key to a sustainable innovation process of the Chinese enterprises. During my research I will try to use both English and Chinese journals, with particular attention to the materials provided by the state council of the People's Republic of China, Journal of Business Ethics, Ecological Economics, China academic journal, Xinhua journal, the World Bank. Furthermore, I will use primary data, published in the official website of Chinese government in particular in the phase of research of the normative regulations that

facilitate the use of CSR in Chinese companies. Significant support will be given by books related to the issues of CSR, business ethics in China and sustainability.

In conclusion, given that in the west the CSR policies were draft after a bottom-up motivation while in China policies applications tends to be a top-down systems, rules are decided by the government and then companies and citizens are asked to comply and adopt such regulations, this research aims to provide a knowledge about how Chinese companies strategically manage the relationship with the state through CSR, more precisely the role of sustainability in the adoption of CSR policies by Chinese companies. In order to become the new leading country of green business China is investing more in technologies and innovations: in this new era of Chinese economy, and the current challenges of the global environmental problem, could it be possible to transform the new Chinese interest in innovation into sustainable innovations? This thesis aims to explore how Chinese companies view CSR and the relationship towards their key stakeholders. What is the current status of CSR related to sustainability in mainland China and how do those CSR policies and processes differ from the West.

CHAPTER 1: Theoretical Framework

1.1 Defining Sustainability: a Literature review

The word “sustainability” has a lot of meanings which are to maintain, to support, to endure, to withstand, nowadays it most commonly means maintaining the world we live in, the main ideas that we must act responsibly so that the resources on the planet will be able to support many generations to come. There is a limited amount of resources on earth which are exploited every day to produce houses, cars, computers and pretty much everything. Our actions have a deep impact on the environment and we need to protect it for future generations. The definition recognized worldwide of sustainability has a literature behind it which starts to consider sustainability related to the environmental crisis and there is a wide literature on the definition of the concept “sustainability” which is also often related to the term “development”.

Back in 1972 The Club of Rome⁶, established by around 40 economists and scientists, publishes its first report, "The Limits to Growth"⁷. This report was on the state of the natural environment, emphasized that the industrial society was going to exceed most of the ecological limits within a matter of decades if it continued to promote the kind of economic growth witnessed in the 1960s and the 1970s. The report shows the dynamic interactions between industrial production, population, environmental damage, food consumption and the use of natural resources. The report at that time did not have a greater impact, it was barely taken into consideration even if it was the first document that stated for the first time the urgent need to properly manage our resources on earth. Therefore, the concept of sustainability takes shape with the affirmation of the planetary boundaries and the limit

⁶ The Club of Rome is an organization of individuals who share a common concern for the future of humanity and strive to make a difference. Our members are notable scientists, economists, businessmen and businesswomen, high level civil servants and former heads of state from around the world. Their efforts are supported by the Secretariat in Winterthur, Switzerland, the European Research Center registered in Constance, Germany. Source: official website, Accessed December 2018 from: <https://www.clubofrome.org/about-us/>

⁷ Meadows D. et al, *Limit to growth: 30 years update*, Earthscan, UK London, 2002

amount of resources available on earth, here why the need to put limits to economic growths is necessary. This concept is then inserted as an objective, with a view to the global commitment to a common future through its own sustainable development in 1987, when World Commission on Environment and Development (The Brundtland Commission, 1987) popularized the concept of Sustainable Development. The Commission states that sustainability can be reached through Sustainable Development, which is the development that “should meet the needs of the present without compromising the ability of future generations to meet their own needs. It contains within it two key concepts: the concept of 'needs', in particular the essential needs of the world's poor, to which overriding priority should be given; and the idea of limitations imposed by the state of technology and social organization on the environment's ability to meet present and future needs.”⁸ The published report since then has been used as the base for a global organization toward global challenges. Beyond what is usually taken as a famous example for the definition of sustainability, as a focus on intergenerational equity, this document already covered many of the issues that are currently. In fact, the document is divided into three macro sections, within which common issues are explained.

1. Common concerns⁹

- A threatened future
- Towards sustainable development
- The role of the international economy

2. Collective challenges¹⁰

- Populations and human resources
- Food security: sustaining the potential
- Species and ecosystems: resources for development

⁸ Brundtland, G., *Our common future: The world commission on environment and development*, Oxford, England: Oxford University Press. pg.41, 1987. accessed in December 2018 from:

<https://sustainabledevelopment.un.org/content/documents/5987our-common-future.pdf>

⁹ Ibid., pp.10,11

¹⁰ Ibidem

- Energy: choices for the environment and development
- Industry: produce more with less
- The urban challenge

3. Common endeavors¹¹

- Managing the common goods
- Peace, security, development and the environment
- Towards a common action: proposal for institutional and legal change

“The common theme throughout this strategy for sustainable development is the need to integrate economic and ecological considerations in decision making. They are, after all, integrated with the workings of the real world. This will require a change in attitudes and objectives and in institutional arrangements at every level.” (Un Brundtland Commission 1987). It was already clear in 1989 that economic changes were needed in order to achieve sustainable development. In order to have further studies on how to implement sustainability into the business system in 1992 The Earth Summit, also known as the UN Conference on Environment and Development (UNCED), took place in Rio de Janeiro to reconcile worldwide economic development with protecting the environment. The Summit was the largest gathering of world leaders in history, bringing together 117 heads of states and representatives of 178 nations. They agree to work towards the sustainable development of the planet. Hereby the first principle of the Rio Declaration on Environment and Development says: “Human beings are at the center of concerns for sustainable development. They are entitled to a healthy and productive life in harmony with nature”¹². UNCED made it plain that we can no longer think of the environment and economic and social development as isolated fields. The main topics of the summit were the importance of alternative energy to decrease the use of fossil fuels, considered responsible for global climate change, water scarcity and a framework on public transport systems to reduce vehicle emissions. In addition to major international treaties and agreements concluded at

¹¹ Ibidem

¹² UN, *Report of the United Nations conference on environment and development: Rio declaration on environment and development*, Rio de Janeiro, 3-14 June 1992 accessed December 2018 from:

the Earth Summit on issues of global climate change, biological diversity, deforestation, and desertification, the Declaration of Rio contains fundamental principles on which nations can base their future decisions and policies, considering the environmental implications of socio-economic development.

“States shall cooperate in a spirit of global partnership to conserve, protect and restore the health and integrity of the Earth's ecosystem. In view of the different contributions to global environmental degradation, States have common but differentiated responsibilities. The developed countries acknowledge the responsibility that they bear in the international pursuit of sustainable development in view of the pressures their societies place on the global environment and of the technologies and financial resources they command.” (principles n.7 of the Rio declaration)¹³ The Rio de Janeiro Conference resumed the term "sustainable development" coined in the 1987 Brundtland Report, to place it at the center of a new analysis of socio-economic policy. Agenda 21 was a special product of the Earth Summit in which the countries that joined the summit set the new goals of sustainable development. Therefore It was the beginning of monitoring the pollutant load that derives from human activities, in particular, the emissions of greenhouse gases in the earth's atmosphere. As a result of the summit, three Conventions were signed, named as the United Nations Convention on Climate Change: to limit overheating of the earth, limiting carbon dioxide emissions within the Earth's atmosphere; Convention on the fight against deforestation: to protect countries affected by drought and desertification, especially in Africa; Convention on Biological Diversity. Despite the commitment of nations to implement more sustainable methods to protect the environment, Agenda 21 issued during the Rio conference 10 years after its publication had not brought any significant changes to fruition. However, from 2002 onwards sensitivity on the issues of climate change, poverty reduction, human rights began to increasingly take hold within individual states. A renewal of the global collaboration on the theme of sustainability was made in 2015 with the Paris Agreement on Climate Change. In September 2015, world governments agreed on “The

¹³Ibidem

2030 Agenda for Sustainable Development”, with a set of 17 Sustainable Development Goals (SDGs) at its core. As part of this Agenda 2030, countries commit to achieving these 17 goals and their 169 targets in 15 years. Transformative and ambitious, the universal 2030 Agenda pledges among many other objectives to eradicate poverty, promote sustainable and inclusive economic growth, and tackle climate change.¹⁴ At the heart of the 2030 Agenda are five critical dimensions: people, prosperity, planet, partnership, and peace, also known as the 5 P’s. Traditionally viewed through the lens of three core elements i.e social inclusion, economic growth, and environmental protection, the concept of sustainable development has taken on a richer meaning with the adoption of the 2030 Agenda. Among these goals we have: End poverty in all its forms everywhere; End hunger, achieve food security and improved nutrition and promote sustainable agriculture; Ensure healthy lives and promote well-being for all at all ages; Ensure inclusive and equitable education and promote lifelong learning opportunities for all; Achieve gender equality and empower all women and girls; Ensure availability and sustainable management of water and sanitation for all; Ensure access to affordable, reliable, sustainable and modern energy for all; Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all; Building resilient infrastructure, promote inclusive and sustainable industrialization and foster innovation; Reduce inequality within and among countries; Make cities and human settlements inclusive, safe, resilient and sustainable; Ensure sustainable consumption and production patterns; Take urgent actions to combat climate change and its effects; Conserve and sustainably use the oceans, seas and marine resources for sustainable development; Protect, restore and promote sustainable use of terrestrial ecosystems, sustainably manage forests, combat desertification, and halt and reverse land degradation and halt biodiversity loss; Promote peaceful and inclusive societies for sustainable development, provide access to justice for all and build effective, accountable and inclusive institutions; Strengthen the means of implementation and revitalize the Global

¹⁴UNSSC, *Building Capacity for Agenda 2030*, accessed December 2018 from <https://www.unssc.org/featured-themes/building-capacity-agenda-2030/>

Partnership for Sustainable Development. By the introduction of such sustainable goals, the United Nations provided common sets of objectives and invites all individuals, organizations and nations to work collaboratively toward the achievement of those goals. In the case of business, it is also really important the alignment in of those goals to their strategies and practices.

1.1.1 Different approaches to Sustainability

The major challenge observed from the comprehensive review of the relevant literature conducted revealed an inconsistent use of the term sustainability. According to the WCED¹⁵ report, species and ecosystems must be preserved because they have an economic value that is deemed 'crucial for development' and 'important to human welfare'.¹⁶ The report acknowledges the conservation of nature 'is not only justified in economic terms' (WCED 1987, p. 155). Yet the additional reasons provided (aesthetic, ethical, cultural, and scientific considerations) are markedly anthropocentric. It can then be inferred that, for the WCED, human welfare is the ultimate reason for the protection of natural capital. It was necessary to make further studies on what was meant by sustainability, to enable us to carry forward the right sustainable issues. In fact, there is a literature that examines two types of conceiving sustainability: weak and strong. The distinction between the two takes place through a different approach to what is the Critical Natural Capital (CNC). Natural capital (NC) refers to the various ways that the environment powers production and indeed supports most aspects of human existence¹⁷. Natural Capital provides a major extension of the concept 'land', one of the classical factors of production in economic theory. It has both nonrenewable and renewable dimensions, the latter including its generation of ecosystem services and other life-supporting functions (De Groot, 1992; Daily, 1997)¹⁸. Weak sustainability assumes that natural capital and manufactured

¹⁵ WCED is the World Commission on Environment and Development, the report is the Brundtland Commission report 1987, hereinafter it will be used in reference to UN Brundtland Commission 1987

¹⁶ UN Brundtland Commission 1987 pp. 147–150

¹⁷ Ekins, De Groot, Daily, *Identifying critical natural capital*, Ecological Economics 44, 2003

¹⁸ *Ibidem*

capital are essentially substitutable and considers that there are no essential differences between the kinds of well-being they generate (Ekins et al., 2003; Neumayer, 2003; Neumayer, 2012). The only thing that matters is the total value of the aggregate stock of capital, which should be at least maintained or ideally increased for the sake of future generations (Solow,1993)¹⁹. Such a position leads to maximizing monetary compensations for environmental degradations. In addition, from a weak sustainability perspective, technological progress is assumed to continually generate technical solutions to the environmental problems caused by the increased production of goods and services (Ekins et al., 2003). One of the objectives of Solow's theory was to look at the condition that allows an economy to grow forever under the presence of limited natural resources²⁰. The definition of sustainability is restricted to non-declining consumption per capita and the environment-economy relationship is restricted to introducing an aggregate input called natural capital into the production function with no special treatment for such input except for its existence in limited quantity. The strong sustainability regards natural capital as providing some functions that are not substitutable by man-made capital. These functions, labeled "critical natural capital", are stressed by defining sustainability as a leaving the future generations a stock of natural capital not smaller than the one enjoyed by the present generation²¹. Strong sustainability takes more into interest the protection of natural resources recognizing the limits of the natural renewable cycle. The use of "sustainable development" raised different interpretation of the concept of economic growth and sustainability, what is clear is that economic system we know is a growing linear system which needs to grow in order to well function, in weak sustainability development is identified with growth and economic growth is seen as a part of the solution. While Strong sustainability keeping natural capital distinct from other kinds of capital, it can examine natural capital's particular contribution to welfare, distinguishing between its contribution

¹⁹ Gutes M.C., *The concept of weak sustainability*, Ecological economics journal,17, 1996

²⁰ Ibidem

²¹ Ibidem

to production (through resource provision and waste absorption) and its services that generate welfare directly. (Ekins et al., 2003). To provide a generalized view of the trends within the sustainable development debate, O'Riordan's original mapping can be expanded by considering environmental and socio-economic views on two separate axes one tends to the increasing of socio-economic well-being and equity concerns, the other axe is increasing environmental concerns (Hopwood et al., 2005)²². This map also represents three broad views on the nature of the changes necessary in society's political and economic structures and human–environment relationships to achieve sustainable development:

1. The status quo which holds that sustainability can be achieved within our current structures; supporter of status quo recognize the need for change but without any fundamental change on society. Development is identified with the growth and economic growth is seen as part of the solution.²³ The sustainability view of status quo supporter is closer to the weak conception of sustainability rather than the strong sustainability. In fact, most of the supporter classified within the status quo by Hopwood et al are all those who see the solution of sustainable development in technology and economic growth is needed to overcome those issues.

2. Reform which holds that fundamental reform is necessary but without a full rupture with the existing arrangements; generally, they do not locate the root of the problem in the nature of present society but in imbalances and lack of knowledge and information, hence they focus on technology, good science, and information, modification of the market and reform of government.²⁴

3. The transformation which holds that the roots of the problems are the very economic and power structures of society and that these need a radical transformation. They argue that a transformation of society and/or human relations with the environment is necessary to avoid a mounting crisis and even a possible future collapse. Reform is not

²² Hopwood B. et al, *Sustainable Development: Mapping different approaches*, Sustainable Development, published online in Wiley InterScience, 2005

²³ Ibidem

²⁴ Ibidem

enough as many of the problems are viewed as being located within the very economic and power structures of society because they are not primarily concerned with human well-being or environmental sustainability.²⁵ In the last group, Hopwood et al distinguish two viewpoints those who want transformation without sustainable development and those who adopt transformation and sustainable development. Hence, we have in one side deep the ecology group and on the other side Social ecology which includes Ecofeminism, Eco-socialism and Indigenous movements.

The concept of deep ecology was formulated by the Norwegian philosopher, Arne Naess, in the early 1970s as a response to the limits of shallow ecology. His view was that, in the long run, environmental reforms of social and economic systems are not a viable solution to offset the accelerating destruction of the environment.²⁶ Deep ecologists propose to replace anthropocentric hierarchies with bio centric egalitarianism. According to this view, "humanity is no more, but also no less, important than all other things on earth" (Zimmerman). From deep ecologist was born the rethinking of the world as Gaia and a development that is Gaia centric.

The term ecofeminism was introduced in the mid-1970s by the French feminist writer, Françoise d'Eaubonne, who identified overpopulation and the destruction of natural resources as the two most immediate threats to our survival. In her view, the only way out would be women's destruction of "the Male System," which is the source of the threats. Eco-feminism, today, refers to a significant stream within the feminist movement, containing a range of theoretical positions resting on the assumption that there is a critical correlation between the domination of nature and the domination of women. Ecofeminism points to the interconnections between feminist and ecological concerns, sees a relationship between the degradation of the environment and the subordination of women.

Eco-socialists argue for the need to change material conditions and the social

²⁵ Ibidem

²⁶ Mebratu D., *sustainability and sustainable development: historical and conceptual review*, International Institute for Industrial Environmental Economics, Lund University, Elsevier, 1996

structure of society to overcome both environmental crises and injustice. When it emerged, it promised to expose, challenge, and change dominant power structures, whether within the frameworks of meaning, in gender relations, or in economic systems. Eco socialism is based on the assumption that sustainable, ecologically sound capitalist development is a contradiction in terms that never can be realized. Eco socialist argues to the need to change material conditions and the social structure of society to overcome both environmental crisis and justice. The ecological crisis we are facing is a manifestation of the inherent crisis within the capitalist system, and it can be overcome only through ecologically oriented socialist development. The following are summarized as the major principles of eco-socialism (Pepper 1993). Eco-socialism is anthropocentric and humanist. It rejects the bio-ethic and mystification of nature and any anti-humanism that these may spawn, though it does attach importance to human spirituality and the need for this to be satisfied in part by non-material interaction with the rest of nature. It also believes that humans are not like other animals, but neither is non-human nature external to society. The nature that we perceive is socially perceived and produced. What humans do is natural. Thus, alienation from nature is separation from a part of ourselves. It can be overcome by reappropriating collective control over our relationship with nature, via common ownership of the means of production: for production is at the center of our relationship with nature even if it is not the whole of that relationship. The eco-socialist response to resource questions is not merely to fix on distribution. It maintains that there are no historical limits of immediate significance to human growth as socialist development.

1.1.2 Dimensions of sustainability and transition toward sustainability.

Talking about Sustainability often is thought to be correlated just with environmental concerns and action taken to limit impact on the environment. In 1994 Elkington²⁷ building the foundation of Meadows et al²⁸. and Brundtland²⁹ coined the term Triple Bottom Line to

²⁷ Ibidem

²⁸ Meadows et al., *The Limits To Growth; a Report for the Club of Rome's Project on the Predicament of Mankind*, New York, Universe Books, 1972

²⁹ It is referred during the Brundtland commission 1987

represent the three component areas of sustainability: social inclusion, environmental balance and economic growth or often synthesized as the 3Ps 'people, planet, profit'. Elkington describes three pressure waves that shaped the environmental agenda. The first wave it was in between the end of 60s and 70s that brought the sense of planet boundaries in an initial outpouring of environmental legislation. The second wave in the late 1980s led to the realization that new kinds of production technologies and products are needed. The last wave in the 1990s focuses on the growing recognition that sustainable development will require changes in the governance of corporations and in the whole process of globalization.³⁰ What is shown in Elkington theory is that in order to achieve global sustainability different actors have to coordinate and cooperate for a common purpose. This means improving the economic and social quality of life while limiting impacts on the environment to the carrying capacity of nature. In this framework, ideal solutions to any type of challenge will generate long-term benefits in all three areas.

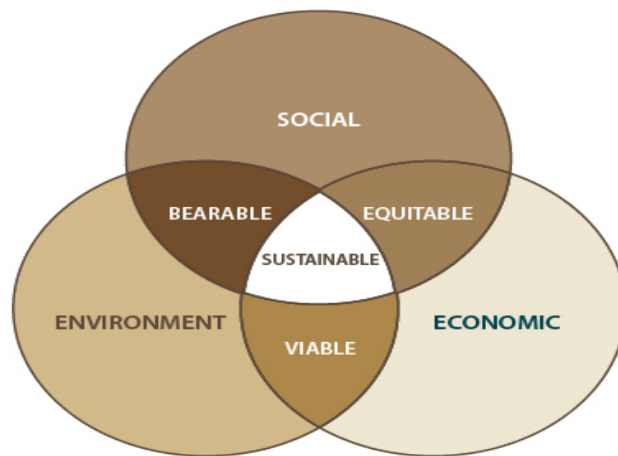


Figura 1 Elkington the triple bottom line

The economic line of Triple Bottom Line framework refers to the impact of the organization's business practices on the economic system (Elkington, 1997). The economic line ties the growth of the organization to the growth of the economy and how well it

³⁰Henriques A, Richardson J, *The Triple Bottom Line*, from Chapter 1, Elkington J, *Enter the triple bottom line*, pp.7

contributes to support it. In other words, it focuses on the economic value provided by the organization to the surrounding system in a way that prospers it and promotes for its capability to support future generations.³¹ The social line of Triple Bottom Line refers to conducting beneficial and fair business practices to the labor, human capital, and the community (Elkington, 1997). Social sustainability can be defined as the ability to guarantee conditions of human well-being (safety, health, education) equally distributed by class and by gender. Within a territorial system for social sustainability we mean the ability of the subjects to act together, effectively, based on the same conception of the project, encouraged by a concertation between the various institutional levels.³² The environmental line of Triple Bottom Line refers to engaging in practices that do not compromise the environmental resources for future generations.³³ Sustainable development is considered the development that meets the needs of the present without compromising the ability of the future generations to meet their own needs", (Brundtland Report 1987). Environmental sustainability means the ability to preserve over time the three functions of the environment: the function of resource provider, function of the waste receiver and the function of the direct source of utility. According to Elkington these three dimensions are interconnected but are separate systems and the common area is where sustainability relies on. Desta Mebratu proposed a new design of the concepts of sustainability based on Cosmic Interdependence model.³⁴

In this model the human universe, in general, and the economic and social cosmos, in particular, never have been, and never will be, a separate system independent from the natural universe (Mebratu 1996), but rather they are interdependent. "Interdependence" is also one of the key concepts of Buddhism that deligns the relationship between humanities consciousness and the reality we perceive around us. This "interdependence" concept of sustainability among its three dimensions will lead to a new conception of the economy

³¹ Alhaddi H., *Triple bottom line and sustainability: a literature review*, Researchgate, March 2015

³² Mebratu D., *sustainability and sustainable development: historical and conceptual review*, International Institute for Industrial Environmental Economics, Lund Universit, Elsevier, 1996

³³ Ibidem

³⁴ Ibidem

which is not linear anymore but assumes a circular dimension. The theories and concepts until the 21st century can be integrated as Sustainable Development theory which further augmented the existing concepts of CSR and TBL. For example, Aras and Crowther integrated the concept of Stewardship Theory into Triple Bottom Line to develop sustainable development model demonstrating the synergy and stewardship of financial, social and environmental resources to ensure sustainability. More specifically, the authors focus on internal and external interests of a company by asserting four aspects of CSR as follows:

- Economic aspect, to be the reason of the company's existence;
- Social aspect, to eradicate poverty and safeguard human rights;
- Environment, to preserve the nature for future generations;
- Organizational culture, to align the corporate and social values with individual values³⁵

In the final chapters of *Limits to Growth: 30 years update* shows that in the transition to sustainable system one of the way to respond to the urgently needed matters is to seek a change in the structure of the system³⁶. It may develop new laws, new organizations, new technologies, people with new skills, new kinds of machines or buildings. (*Limits to Growth*, pp 231). To realize the transition towards sustainability is necessary to consider its different dimensions but also its interdependence with the external factors. In one of the research made by Scoones identifies that transformation to sustainability and development occur through intersections of technology, market, state and citizens led processes, each with different political dynamics.³⁷ Technology led transformation can interest the energy system (such as the example proposed of solar photovoltaics linked to a community energy system) or more socially embedded and located in communities or workplace such as the low carb integrated with architectures and design in reconstructing urban environment for

³⁵Ibidem

³⁶Meadows D. et al, *Limit to growth: 30 years update*, Earthscan, UK London, 2002

³⁷ Scoones I., *The Politics of sustainable development*, Annual review of Environment and resources, Vol.41 July 2016

sustainability.³⁸Market-led transformation which in Scoones vision could be made by the adoption of green economy, but I would like to say that it could evolve through the integration of CSR processes inside the corporation organizational process. State-led transformation to mark the strong role of the state in the ecological modernization process pushing forward market and technology led transformations through directed financing and support for innovation³⁹. Citizen-led transformation, link mobilization, network formation and institution building for sustainability transformations; usually, these transformations emerge when state-led is not enough so it has a bottom-up tendency such as the feminist, labor, peace and human right movements. Across the four transformation processes, a different type of politics emerges. Politics may be local or global, individual or collective, informal or formal, contentious or consensual but politics are ever-present.⁴⁰So what we see in this framework is that sustainability can be declined in three main dimensions, but to reach the sustainability purpose is necessary to have clear the process that can be used by the different actors of society. The key concept of critical natural capital can help better understand the use of natural resources while the consciousness of the interdependence of human being within the different systems that surround us would increase our sense of reasonable action towards each different system.

1.2 Defining CSR: a Literature review

Corporate Social Responsibility (CSR), as one of the pillars of a sustainable economy, is an ethical concept which refers to the impacts of companies on society and on the environment. This concept is increasingly important in a globalized economy and its consideration by companies has become a strategic condition for development. Social Responsibility (SR) is the responsibility of an organization for the impacts of its decisions and activities on society and the environment through transparent and ethical behavior

³⁸Ibidem

³⁹ Scoones I., *The Politics of sustainable development*, Annual review of Environment and resources, Vol.41 July 2016

⁴⁰ Ibidem

that⁴¹ contributes to sustainable development, including the health and welfare of society, takes into account the expectations of stakeholders, is in compliance with applicable law and consistent with international norms of behavior, and is integrated throughout the organization and practiced in its relationships. These concepts of CSR was introduced late in 2002 after the EU Commission published the Green Book in which outlines a shared vision of the concept of Corporate Social Responsibility. Prior to reaching this definition, the concept of Corporate Social Responsibility has changed over time, adapting to the period in which it was used. CSR has assumed different forms in its myriads of definitions: a concept (Commission of the European Community), definitional construct (Carroll, 1999), process (Jones, 1980; Kakabadse et al., 2005), or "an umbrella term for a variety of theories and practices". (Blowfield and Frynas, cited in Priteo-Carron et al., 2006). The first debates on CSR, however, have much more distant origins, dating back to the Anglo-Saxon world between the end of the 19th century and the beginning of the 20th century when American public opinion had led to the creation of anti-monopoly legislation, inducing some industrial companies such as Rockefeller and Carnegie to experience forms of corporate philanthropy for the first time.⁴² Thanks to these pressures expressed by the public, the trade unions of the time induced the first philanthropists to become aware of the atmosphere of the living conditions of the workers, the conditions of health and social security, developing for the first time forms of corporate welfare. With industrialization, the impacts of business on society and the environment assumed an entirely new dimension. The "corporate paternalists" of the late nineteenth and early twentieth centuries used some of their wealth to support philanthropic ventures. By the 1920s discussions about the social responsibilities of business had evolved into what we can recognize as the beginnings of the "modern CSR movement"⁴³. The Corporate Social Responsibility concepts passed through several

⁴¹ EESC, *Communication from the commission concerning Corporate Social Responsibility: A business contribution to Sustainable Development*, Bruxelles July 2009, Accessed on January 2019 <https://www.eesc.europa.eu/en>

⁴² Gross D., *Giving It Away, Then and Now*, New York Times, Economic review, July 2006 accessed on February 2019 from <https://www.nytimes.com/2006/07/02/business/yourmoney/02view.html>

⁴³ Brejning, Jeannette, *Corporate social responsibility and the welfare state : the historical and contemporary role of CSR in the mixed economy of welfare*, Surrey Ashgate, Routledge 2012

definitions and concepts, In fact, during the period of World War II it was the phase of trusteeship and profit maximization. While right after, from 1945 to 1950 CSR was used to justify capitalism and free market against communism⁴⁴. In the 1950s Abrams introduces that, the 50s was the time when management was professionalizing, during these period managers had to think not just for profits but also to the employee's conditions and rights⁴⁵.

1.2.1 Different approaches to Corporate Social Responsibilities from the 1950's up to today

The definition "Corporate Social Responsibility" was coined in 1953 with the publication of Bowen's "Social Responsibility of Businessmen"⁴⁶ which defined it as "the obligations of businessmen to pursue those policies, to make those decisions, or to follow those lines of action which are desirable in terms of the objectives and values of our society"⁴⁷. H. R. Bowen identifies the role of the company as a vital center of power and, through its action, has the ability to influence various subjects, such as citizens. Hence, these subjects had the obligation to make decisions, pursue goals and follow lines of action based on the values of society, inasmuch as "being servants of society must not neglect socially accepted values or put their values before those of society"⁴⁸. According to Bowen, the businessman would not serve the wishes of the shareholders but identifies them as servants of social values towards the whole society, without defining specifically neither society nor values. Using Garriga and Melè's approach, four main categories of different approaches were identified in the description and use of corporate social responsibility. These categories are instrumental theories, political, integrative and ethical⁴⁹. In the instrumental theories, CSR is seen only as a strategic tool to achieve economic objectives and, ultimately, wealth

⁴⁴ McLaren P.G., Mills A.J., Weatherbee T.G, *The Routledge Companion to Management and Organizational History*, Routledge 2015

⁴⁵ Carroll A.B, Shabana, *The Business Case for Corporate Social Responsibility: A Review of Concepts, Research and Practice*, *International Journal of Management Reviews*, 2010

⁴⁶ Abrams, F.K. (1951), *Management's responsibilities in a complex world*, *Harvard Business Review*, XXIX, pp. 29–34.

⁴⁷ Bowen H.R., *Social Responsibility of the businessman*, New York, Harper, 1953

⁴⁸ *Ibid.*, pp. 6

⁴⁹ Garriga, Melè, *Corporate Social Responsibility theory: mapping the territory*, *Journal of Business Ethics*, 2004

creation⁵⁰. The main exponent that supported this theory was Milton Friedman who stated that the sole objective of the companies was to generate and maximize the profit towards the shareholders who are considered the true owners of the company while the managers are simple agents acting on behalf of the shareholders in the management of the company.⁵¹ “The maximization of profits to the shareholders within the legal framework and the ethical custom of the country”. According to Friedman, a company has a relationship not only with shareholders but also with other subjects such as: managers, workers, communities, suppliers (Stakeholders), contractual links that require the company to respect and attribute what is right to them; but what remains after having satisfied the payment of the stakeholders is solely and exclusively to the shareholder, as a reimbursement of the risk they have taken as a result of the investment of their capital. The same Friedman in his book "Capitalism and Freedom" of 1962 considers the theory on the subversive CSR towards the capitalist system, in particular, writes that: "few tendencies can undermine the very foundations of free society as the acceptance by the business leaders of the criterion of social responsibility unlike that of making as much money as possible for their shareholders. Political theories are a group of CSR theories and approaches focus on interactions and connections between business and society and on the power and position of the business and its inherent responsibility⁵². To introduce a conception of power that business has in society and its impact bond with the long-term social corporate responsibility was Keith Davis who in 1960 talks CSR as "the actions taken by the businessman, beyond the technical or economic interest of the company"⁵³, and believes that some business decisions are justified, as they contribute to a greater profit in the long run, which repay the company for the sacrifices made by the company of a social responsibility perspective. According to K. Davis, managers with their actions influence society and, supporting the thesis that there is a link between business power and social responsibility, if a manager or entrepreneur did

⁵⁰ Ibidem

⁵¹Friedman, *Capitalism and freedom*, University of Chicago Press, Chicago, 1962

⁵²Garriga, Melè, *Corporate Social Responsibility theory: mapping the territory*, Journal of Business Ethics, 2004.

⁵³ Davis K., *Social responsibility of businessmen need to be commensurate with their social power*, California Management Review, vol.2, Spring 1960

not include social responsibilities, this is due to gradual precedence of the power of companies. Through his famous "Low Iron Responsibility" which is that "those who do not use power in a manner which society will consider it responsible will tend to lose it"⁵⁴, K. Davis states that there can be no social responsibility without power and income, with the task of establishing constraints and limits on the power of companies. According to Garriga and Pelè Integrative theories look at how business integrates social demands, arguing that business depends on society for its existence, continuity, and growth⁵⁵. A revolutionary approach to CSR definition was given by Freeman and his Stakeholder theory which is fundamentally a theory about how business works at its best, and how it could work. Precisely is about value creation and trade and how to manage the business effectively. The theory implies that the interest of stakeholders – defined as those groups without whose support the organization would cease to exist⁵⁶ i.e. employees, shareowners, customers, supplier's society, and shareholders are joined and that to create value, one must focus on how value gets created for each and every stakeholder. This theory tried for the first time to solve the oxymoron between profitable economy and ethics, particularly it shows how to solve the managerial mindset and how a manager could put together ethics and business that is implementable in the real world. By considering stakeholders as "those groups who are vital to the survival and success of the corporation, any group or individual who can affect or is affected by the achievement of the organization's objectives (Freeman 1984)" Freeman laid the foundations of a bound between the business and the effect that this business could have with the interaction to the external factors.

The evolution of CSR is as old as trade and business for any of corporation. Other developments within the ethical theories of CSR were undertaken by scholars such as Carroll, Wood and Elkington. When we talk about CSR one of the most important scholars remains Carroll, who introduced the 'Pyramid of CSR' it means 'the total corporate social

⁵⁴ Davis K, *The case for and against business assumption of Corporate Social Responsibility*, Academy of management journal, vol.2 1973

⁵⁵Garriga, Pelè, *Corporate Social Responsibility theory: mapping the territory*, Journal of Business Ethics, 2004.

⁵⁶ Freeman R.E., Harrison J.S., Wicks A.C., Parmar B.L., De Colle S., *The Stakeholders Theory*, 2010

responsibility of business entails the simultaneous fulfillment of the firm's economic, legal, ethical and philanthropic responsibilities' (Carroll 1979,1991)⁵⁷. Carroll based his definition upon this four-part perspective, the point was that CSR to be accepted had to address the entire spectrum of obligations that business has to society.

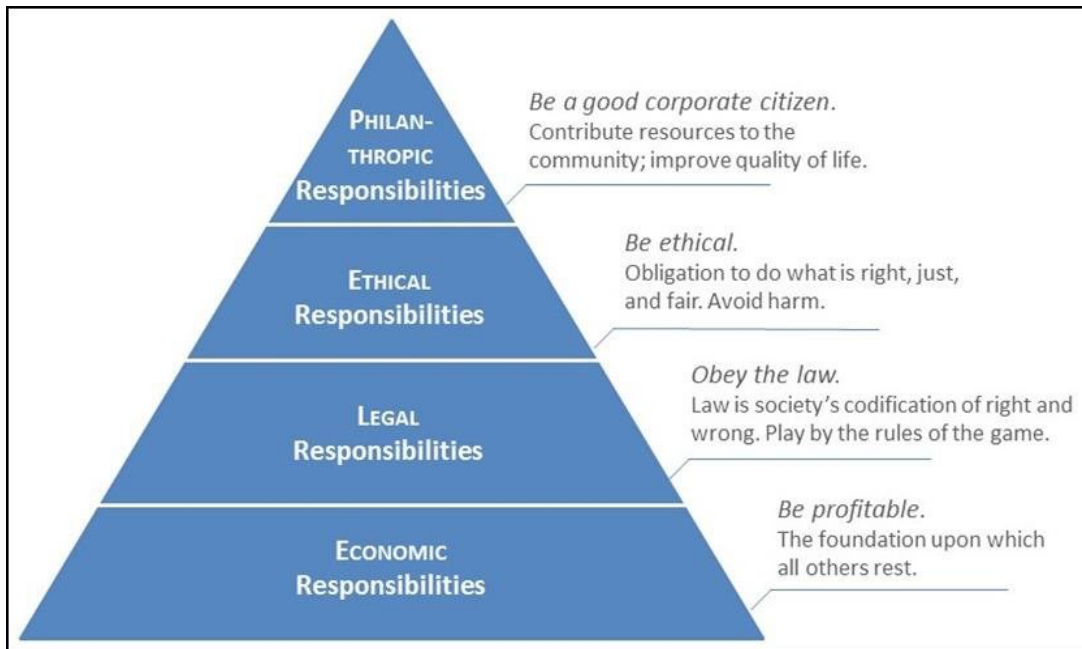


Figura 2 The pyramid of Corporate Social Responsibility, A.B.Carroll

At the base of the pyramid, there is the Economic Responsibility, which is the importance of a business to be as profitable as possible; Legal responsibility is following to clarify that businesses have to comply with various federal, state and local regulation. Although economic and legal responsibilities embody ethical norms about fairness and justice, ethical responsibilities embrace those activities and practices that are expected or prohibited by societal members even though they are not codified into law.⁵⁸ According to Carroll's definition of the ethical responsibilities embraces emerging values and norms society expects business to meet, even though such values and norms may reflect a higher standard of performance than that currently required by law. Philanthropic responsibilities are different from the ethical one in the extent that businesses with their active actions on

⁵⁷ Carroll A.B., *The Pyramid of Corporate Social Responsibility: Toward the Moral Management of Organizational Stakeholders*, Business Horizons, July-August 1991 pg. 41-43

⁵⁸Ibidem

society contribute to it and for this is considered to be good corporate citizens. Philanthropy is not something required by society, and does not badly influence the business if not accomplished, but helps to create a good image of the business. The model aim to help manager to visualize how different social issues - environmental concerns, product safety, human right issues and so on can be tackled by corporation using different attitude, according to their understanding of where each specific issue can be positioned in the continuum of the firms economic, legal, ethical and discretionary responsibilities. Unlike the CSR, which focused on the outcome of a company, the Corporate Social Performance (CSP) focuses on the process and methods by which a company identifies and combines its interests with those of its stakeholders.

“Business will be a primary driver of global human rights enforcement, and it can best do this through a clear, operationalize, and fundamental definition of business citizenship. Such a definition will require the business to affirm its primary mission as agents of their stakeholders and to structure their policies, processes, incentives, and control system accordingly. Such a definition will require human stakeholders to affirm their responsibility as “principles” of business organizations, to monitor their agents’ behavior, and to provide appropriate incentives so that desired goals are achieved and undesired effects are avoided. (Logsdon and Wood 2002:156-157)’

Donna Wood for the first time clearly formulated the idea that CSR is challenging the purpose of the corporation, shifting from the shareholder view to maximize profits, to a social view, where corporation’s purpose needs to include some larger social interests. Through an analyze of the previous theory she focused on three clarifications which were defining Corporate Social Performance as action and outcomes between components, she stated that can be many different processes through which corporation respond to social issues and a wider range of corporate actions, behaviors, and programs, beyond written policies can improve the social performance: “ if a policy does not exist, it cannot be inferred that no social performance exists”(Wood 1991). In view of this Wood has defined CSP as ‘a business organization’s configuration of the principles of social responsibility, the process

of social responsiveness, and policies, program and observable outcomes as they relate to the firm's societal relationship'.⁵⁹

PRINCIPLES OF CORPORATE SOCIAL RESPONSIBILITY	PROCESS OF CORPORATE SOCIAL RESPONSIVENESS	OUTCOME OF CORPORATE BEHAVIOUR
Istitutional principle legitimacy	Environmental assessment	Social impacts
Organizational principle public responsibility	Stakeholder management	Social programs
Individual principle managerial discretion	Issues Management	Social policies

Figura 3 Corporate Social Performance, D.Wood

The first category called Principles of Corporate Social Responsibility is divided into the institutional level, which consists of the four domains described by Carroll (economic, legal, ethical, discretionary), in the organizational level that represents the public responsibility, and in the individual level that refers to the managerial discretion. The second category called Corporate Social Responsiveness is classified in environmental assessment, stakeholder management, and issue management. The third and final category is identified as Outcomes of Corporate Behavior, which represent the results or performances of the enterprise, and are subdivided into social impacts, social programs used to implement the responsibilities of the company, and finally social policies used by companies to deal with social issues and stakeholder interests. One of the innovations proposed in the Wood model, in addition to considering the Results (outcome of corporate behavior) in an explicit way, uses the three elements of the model Principles-Processes-Results simultaneously with each other, so as to be able to identify the bonds that they can lead to "good results from bad principles", "bad results from good principles" or "good principles but developed with bad processes" and so on. According to Wood, in fact, it is not obvious or even less obvious that if a company undertakes good policies they will turn

⁵⁹Wood D., *Corporate social performance revisited*, Academy of Management Review, Vol. 16. N.4, 1991

into good results, but paradoxically it may happen that good social results are not inspired by good principles or can derive from bad corporate policies.

These are some of the most important approaches that have helped shape the ambiguous consideration of the term corporate social responsibility. Above all, thanks to Donna Wood's research, a clear analysis of the processes that are present within a company has been obtained, offering a first indication of the tools by which a company can apply and manage at best those policies. What emerges from the studies done up to the 90s of corporate social responsibility is on the one hand the tendency to research the philanthropic value of the company and on the other the consideration of the company as corporate citizens, for which it must adhere to a behavior adequate and correct as if it were a citizen who has to adapt for the moral, social and legislative rules of a state. What is not specified is in which areas and how these rules could be applied throughout the production chain of companies and at the same time respect the rules defined in each step. Among the new lines of development of Corporate Social Responsibility certainly the most innovative was the proposal of Shared Value proposed by Kramer and Porter. The concept of shared value can be defined as policies and operating practices that enhance the competitiveness of a company while simultaneously advancing the economic and social conditions in the communities in which it operates.⁶⁰ Kramer and Porter explains three key ways that companies can create shared values opportunities and that these are not limited just to the companies reality but can be applied also by government, Non-profit organizations and civil society.⁶¹ Share value can be created by reconceiving product and markets⁶² by creating product and services that create societal benefits like healthier food or environmentally friendly product; Redefining productivity in the value chain⁶³, in one hand it means reducing the societal problems that can create economic costs of the firm value chain, like reducing packaging of products and greenhouses gasses, in the other hand it means provide

⁶⁰ Porter M.E. and Kramer M.R. , "Creating Shared Value," Harvard Business Review, Vol. 89, No. 1, 2011, pp. 2-17

⁶¹ Ibidem

⁶² Ibidem

⁶³ Ibidem

a better use of resources, better work condition health and safety; Enabling local cluster development⁶⁴, which means bringing to the local community tangible and intangible benefits such as logistics, education etc. What this new trend shows is that by assuming shared-value strategies, society could have the opportunity to turn capitalism into an environmentally, socially and financially sustainable economic system. In the long run, shared value leads to a stronger and more sustainable value chain, but, in the short run, it faces the capital markets pressure for short term profits.

1.2.2 From theories to the formalization of CSR

The application inside national borders of CSR practices is the first step of adoption of ethical business policy and is a good training ground in which a business could see the profits and benefits of adoption of CSR through the application of national law. As more corporation expand their operations and activities beyond the national border, the adoption of CSR policies or the application of domestic law could not work anymore for the new entry county in which business operates. In recognition of business as a driving force in globalization, the UN introduced a strategic policy initiative to help ensure that regulations in the commercial sector. In order to guarantee international regulations about ethical behavior of business UN drifted Ten Global Compact Principles⁶⁵

⁶⁴ Ibidem

⁶⁵UN, *Ten's principle of Global Compact*, accessed on December 2018 from <https://www.unglobalcompact.org/what-is-gc/mission/principles>

The UN Global Compact's ten principles		
Human Rights	Principle 1	Businesses should support and respect the protection of internationally proclaimed human rights; and
	Principle 2	make sure that they are not complicit in human rights abuses.
Labour	Principle 3	Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining;
	Principle 4	the elimination of all forms of forced and compulsory labour;
	Principle 5	the effective abolition of child labour; and
	Principle 6	the elimination of discrimination in respect of employment and occupation.
Environment	Principle 7	Businesses are asked to support a precautionary approach to environmental challenges;
	Principle 8	undertake initiatives to promote greater environmental responsibility; and
	Principle 9	encourage the development and diffusion of environmentally friendly technologies
Anti-Corruption	Principle 10	Businesses should work against corruption in all its forms, including extortion and bribery.

Figura 4 United Nations Global Compact's ten principles

With the Global Compact, the United Nations seeks to identify a shared approach with CSRs, based on respect for the ten principles (Figure 4). These ten principles are initially intended to be shared by multinational companies with the aim of suggesting responsible behavior to overcome the differences between the various legal systems. With the beginning of the 21st century, important decisions were taken related to the role of neo-liberal economics. In 2000, during the World Economic Forum in Davos, the updated Guidelines for Multinational Enterprises were adopted by the 29 Member States of the Organization for Economic Cooperation and Development(OECD), these guidelines contain voluntary principles and standards for the conduct of companies that comply with the applicable laws. While in the same period, In Europe the gathered for the adoption of Lisbon Strategy which aim was to make the EU "the most competitive and dynamic knowledge-based economy in the world capable of sustainable economic growth with more and better jobs and greater social cohesion", by 2010.

In 2010 the Lisbon Strategy goals were not achieved and it revealed to be a failure, in order to face these new challenge European Union started developing a new standard based on the CSR concepts. Green papers in 2001 were the first document which promoted the

CSR initiatives and gave a guideline of the definition and the way to implement Social Responsibility in any levels. Green papers 2001 separates CSR into internal dimension and external dimensions. The internal dimension included within the company more responsible practices in human resources management, health and safety work, management of environmental impacts and natural resources, adaptation to change. While External dimension, includes Corporate Social Responsibility extends beyond the doors of the company into the local community and involves a wide range of stakeholders in addition to employees and shareholders: business partners and suppliers, customers, public authorities and NGOs representing local communities, as well as the environment. In a world of multinational investment and global supply chains, corporate social responsibility must also extend beyond the borders of Europe. Rapid globalization has encouraged discussion of the role and development of global governance: the development of voluntary CSR practices can be seen as contributing to this.⁶⁶

The International Organization for Standards (ISO)⁶⁷ took action in developing ISO 26000 a standard that unify the different areas of sustainable development which mainly are the economic, social and environmental. It is an International Standard giving guidance, recommendations about how any organization can improve its Social Responsibility and thus contribute to sustainable environmental, social and economic development. Is not certifiable, as it does not contain requirements. Its appeal is to those who, for whatever reasons, seek to improve their operating processes and impacts through socially responsible behavior. Social responsibility fits with the issues proposed by the ISO 26000 for the purpose to create norms applicable in the global market and that helps to develop a sustainable world. In 2001 was the year when different organizations participated in order to established the rules that will be contained inside the ISO 26000 and participants were parts

⁶⁶ Commission of the European Union, *Green papers: promoting an European framework of corporate social responsibility*, Brussel July 2001

⁶⁷ISO is an independent, non-governmental international organization with a membership of 163 national standards bodies. Through its members, it brings together experts to share knowledge and develop voluntary, consensus-based, market relevant International Standards that support innovation and provide solutions to global challenges.

of the six groups of the concerned parts, the governments, consumer's workers ONG, service. In 2010 was concluded the negotiation process and The International Work Group counted 450 experts taking part in the process and 99 countries members of ISO and was approved with the 93% of favorable votes. Its members are national standards bodies and its standards and name-recognition are global in reach⁶⁸.

ISO 26000 defines all of the key terminologies of Social Responsibility, provides advice about the ways in which organizations can identify their social responsibilities and how Social Responsibility can be integrated not only into companies but into all types of organizations. It is not another code or norm, but an overarching blueprint for social responsibility is offered as a guideline for those businesses that want on a liberal basis adhere to such norms and shows the ways to accomplish such issues. Is true that not all the ISO 26000 are applicable to all kind of businesses but is up to the field in which the business is performing. The content of ISO 26000 focus rather generally on solving urgent global problems, such as poverty, climate change, human rights violations, to contribute towards a sustainable world and asks organizations for wide-ranging commitments to this end. In practice there are a specific number of principles identified as universal and in case of ISO 26000, there is a clear distinction between Social Responsibility core subjects and Social Responsibility issues, that act as goals and defines seven core subjects that design.

The problem related to the adoption of these norms was that did not exist a way to certify the impact of adoption of such regulations. For example, if a corporation shows a monetary profit, but their asbestos mine causes thousands of deaths from asbestosis, and their copper mine pollutes a river, and the government ends up spending taxpayers' money on health care and river clean-up, how is possible to perform a full societal cost-benefit analysis?⁶⁹ The problem of accountability arises when companies had to deal with standard adoption and there was no way to verify if companies were truly accomplishing such

⁶⁸ Sources: ISO 26000 website, visited on February 12th 2019 www.iso.org

⁶⁹Amos, O. Arowosegbe, Uniamikogbo, Emmanuel, *Sustainability and the Triple Bottom Line: an overview of two related concept*, Igbinedion University Journal of Accounting, Vol 2 August 2016

standards. In order to have a clear reporting on sustainability, many Accounting standards were implemented. The New York-based Non-Governmental Organization (NGO), the Social Accountability International (SAI) which was founded in 1997 also functions as a human rights protector and designed the Social Accountability 8000 (SA8000) in order to measure the human rights in the workplace. The standard has two main objectives, the first is to develop maintain and strengthen company policies and procedures to manage the situations that it can control or influence, the second is to demonstrate to stakeholders that policies and procedures comply with the requirements of the standard. Some principles are defined that the company must respect to obtain certification and is subject to compliance with ILO regulations and UN declaration of human rights and children, among these are: child labor, forced and forced labor, health and safety, right to freedom of association, discrimination, disciplinary procedures, working time, remuneration. SA8000 is proposed above all to companies operating in sectors where production relocation practices are widespread in countries with a lower labor cost, where there is a greater risk of socially irresponsible work practices.

1.3 CSR as a process to move toward sustainability

“The common theme throughout this strategy for sustainable development is the need to integrate economic and ecological considerations in decision making. (Un Brundtland Commission).”

The global goal of the current millennium will remain sustainability in all its aspect, but one of the process to achieve it should be through the change of economic decisions. One of the business models that can lead to this change, can be found in CSR fundamentals that already have intrinsic aspects connected to sustainability. These two apparently separate concepts can be unified in order to achieve a more sustainable economy and as a guide in the development of a green society. Since the early 2000s, sustainability and sustainable development have become a central theme in CSR discussion (Carroll and Shabana 2010). For some scholar Sustainable development and CSR, there are no differences and tends to use them interchangeably. What is clear is that considering the increasing

number of global challenges that must be addressed urgently, there is a need for the integration of such goals within the organizational efforts.⁷⁰ By the introduction of Sustainable Development Goals (SDGs) as of 2015, the United Nations defined the ground of working collaboratively towards the achieving of those goals. By viewing CSR as the catalyzer of SDGs at the organizational level, it could unify the goals of economic, social and environmental sustainability.⁷¹ From a holistic perspective CSR could help the decision makers to internalize the SDGs into the process of a business. The content of SDGs are summarized in 17 goals which can be implemented in different way. Those goals are the followings:

Goal 1: End poverty in all its forms everywhere; **Goal 2:** End hunger, achieve food security and improved nutrition and promote sustainable agriculture; **Goal 3:** Ensure healthy lives and promote well-being for all at all ages; **Goal 4:** Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all; **Goal 5:** Achieve gender equality and empower all women and girls. **Goal 6:** Ensure availability and sustainable management of water and sanitation for all; **Goal 7:** Ensure access to affordable, reliable, sustainable and modern energy for all. Evolution of distributed energy technology, maturity of financial tools and a greater awareness across stakeholders offer a new opportunity for solving the global issue of energy access. **Goal 8:** Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all. **Goal 9:** Build resilient infrastructure, promote inclusive and sustainable industrialization and foster innovation; **Goal 10:** Reduce inequality within and among countries.; **Goal 11:** Make cities and human settlements inclusive, safe, resilient and sustainable; **Goal 12:** Ensure sustainable consumption and production patterns; **Goal 13:** Take urgent action to combat climate change and its impacts. It starts with Paris, is an ambitious global climate agreement will accelerate climate action and low-carbon growth; **Goal 14:** Conserve and Sustainably

⁷⁰ Turker D., *Managing social responsibility: functional strategies, decisions and practices*, CSR sustainability ethics and governance, Springer 2018

⁷¹Ibidem

Use Oceans; **Goal 15:** Protect, restore and promote sustainable use of terrestrial ecosystems, sustainably manage forests, combat desertification, and halt and reverse land degradation and halt biodiversity loss.⁷² **Goal 16:** Promote peaceful and inclusive societies for sustainable development, provide access to justice for all and build effective, accountable and inclusive institutions at all levels.⁷³ **Goal 17:** Strengthen the means of implementation and revitalize the global partnership for sustainable development. The SDGs say “what” to do, now we must figure out “how”. We need new alliances like those described above that tap the innovation of businesses, civil society, cities and governments. We need new models of using limited public money to draw in more private finance. There is room for us all to hack and innovate across every SDG, at large or small scales.

1.3.1 Linking CSR standards to sustainable development

Another point of similarities between CSR and sustainability exist inside the International standards regulations that promote social responsibilities among the corporates. In the conceptual analysis of CSR theories and CSR standards are the same proposed in the WCED report of 1987. Taking in example ISO 26000, it focuses rather generally on solving urgent global problems, such as poverty, climate change, human rights violations, to contribute towards a sustainable world and asks organizations for wide-ranging commitments to this end. In practice, there are a specific number of principles identified as universal and in case of ISO 26000, there is a clear distinction between SR core subjects and SR issues, that act as goals and defines seven core subjects that design. The seven core principles proposed by ISO 26000⁷⁴ are the followings:

⁷² Critical solutions include: sustainable intensification and climate-proofing of agriculture; best practice landscape-level ecosystem management; scaled land-use planning with satellite observation; ecosystem economics and natural capital modelling; doubling down investment in sustainable rural development; empowering rural, indigenous and forest people; sorting land tenure and enforcing law, including for trafficking endangered species. – *Marco Albani, Director, Tropical Forest Alliance 2020*

⁷³ Over 4 billion people, in almost all countries of the world, lack access to justice. Helping these people have their basic human rights respected means thinking creatively about how to implement reforms that enable efficient and accountable institutions that foster peaceful societies. Crowdsourcing platforms, such as www.ipaidabribe.com, for example, offer a brilliant way of raising awareness and fostering broad-based support for systemic change.

⁷⁴<https://www.iso.org/obp/ui/#iso:std:iso:26000:ed-1:v1:en>

1. Accountability: An organization should be accountable for its impacts on society, the economy and the environment” (International Organization for Standardization, 2010, p. 10)⁷⁵
2. Transparency: “An organization should be transparent in its decisions and activities that impact on society and the environment” (International Organization for Standardization, 2010, p. 10).
3. Ethical behavior: “An organization should behave ethically” (International Organization for Standardization, 2010, p. 11).
4. Respect for stakeholder interests: “An organization should respect, consider and respond to the interests of its stakeholders” (International Organization for Standardization, 2010, p. 12)
5. Respect for the rule of law “An organization should accept that respect for the rule of law is mandatory” (International Organization for Standardization, 2010, p. 12).
6. Respect for international norms of behavior: An organization should accept that respect for the rule of law is mandatory” (International Organization for Standardization, 2010, p. 12)
7. Respect for human rights: An organization should respect human rights and recognize both their importance and their universality” (International Organization for Standardization, 2010, p. 13)

These seven principles are integrated with further more specific core subjects that every user of ISO26000 should consider, and those are: Organizational governance, Human Rights, Labor Practices, Environment, Fair operating practices, Consumer issues, Community involvement, and development⁷⁶ ISO 26000 defines all of the key terminologies of Social Responsibility (SR), provides advice about the ways in which organizations can identify their social responsibilities and how SR can be integrated not only into companies

⁷⁵ Moratis L. and Cochius T., *ISO 26000: The Business Guide to the New Standard on Social Responsibility* Greenleaf Publishing, 2011

⁷⁶ ISO 26000:2010, *Guidance on Corporate Social Responsibility*, 2010

but into all types of organizations. It is not another code or norm, but an overarching blueprint for social responsibility is offered as a guideline for those businesses that want on a liberal basis adhere to such norms and shows the ways to accomplish such issues. It is true that not all the ISO 26000 are applicable to all kind of businesses but is up to the field in which the business is performing. Sustainable business, or green business, is an enterprise that has a minimal negative impact on the global or local environment, community, society, or economy, a business that strives to meet the triple bottom line. Central to the definitions of sustainability's applicability are those three elements of life: economic or financial considerations, environmental protection and stewardship, and community and individual human well-being: the triple bottom line of sustainability. This means improving the economic and social quality of life while limiting impacts on the environment to the carrying capacity of nature. In this framework, ideal solutions to any type of challenge will generate long-term benefits in all three areas. Therefore, it is essential to guarantee economic development compatible with social equity and ecosystems, thus operating in an environmentally balanced regime, in compliance with the so-called equilibrium rule of the three "P": People, Profit, Planet. It follows, therefore, that the pursuit of sustainable development depends on the ability of government to guarantee a complete interconnection between economy, society and the environment. However, it is essential to highlight how these dimensions are closely interrelated by a multiplicity of connections and, therefore, must not be considered as independent elements, but must be analyzed in a systemic vision, as elements that together contribute to the achievement of a common goal. This means that every programming intervention must take into account reciprocal interrelations. In the event that planning choices favor only one or two of its dimensions, sustainable development does not occur. Often, sustainable businesses have progressive environmental and human rights policies. In general, business is described as green if it matches three criteria: it incorporates principles of sustainability into each of its business decisions; It supplies environmentally friendly products or services that replaces demand for non-green products and/or services; It is greener than traditional competition. The economy provides

tools to quantify the costs of environmental degradation and possible trade-offs that can offset them. It is no coincidence that the increasing importance given to the economic aspect of the debate on sustainability goes well with the Cost-Benefit Analysis (CBA).

Besides these considerations, taking into account the CSR concepts of Donna Wood and the A.C Carroll pyramid we can design a specific road to take in order to achieve sustainability at the business level and to reach the sustainable development goals. As Donna Wood underlined sustainability can be reached through a process and at the business dimension, these could be the CSR guidelines. From a holistic perspective. CSR can help decision makers to internalize the system in pic. below, into the fabric of a business.⁷⁷ Considering the scale and the urgency of problems, there is a need for integrating the efforts of all actors, businesses, governmental and non-governmental organizations (NGOs) around the Sustainable Development Goals

⁷⁷ Turker D., *Managing social responsibility: functional strategies, decisions and practices*, CSR sustainability ethics and governance, Springer 2018

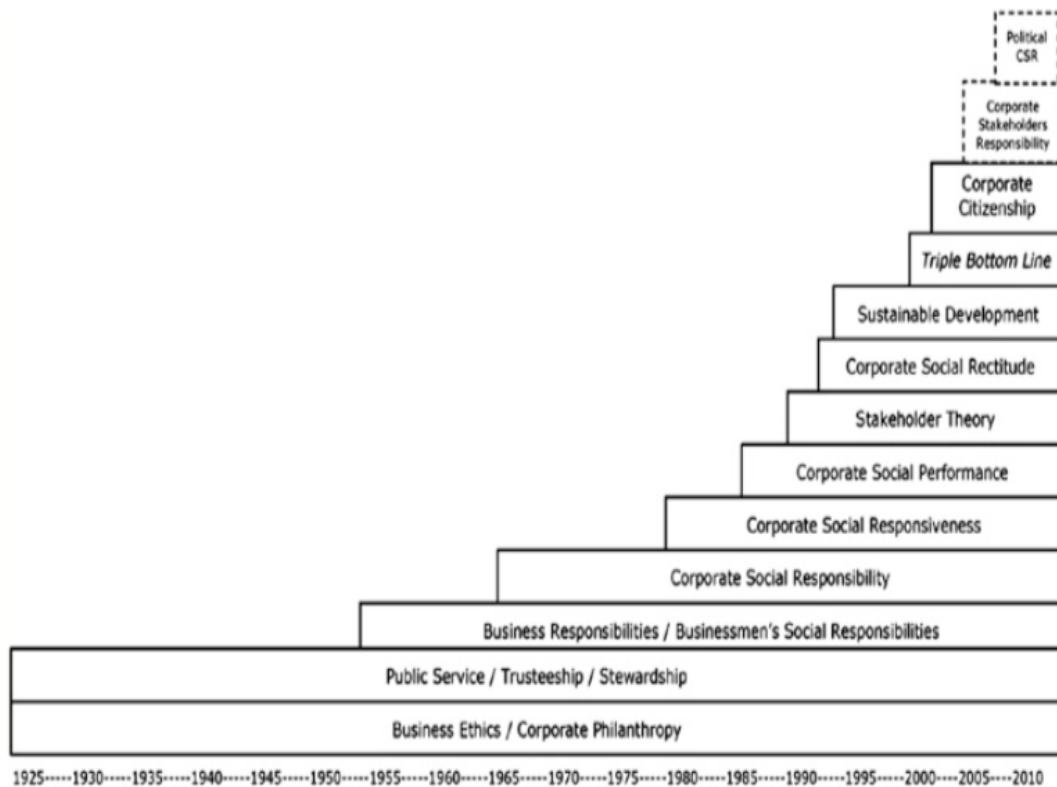


Figure 5 Timeline of Corporate Social Responsibility development

1.3.2 CSR as a process to Sustainability at the business level:

At the business, level sustainability is often related to eco-efficiency, which is the firm's efficiency use of natural capital and is calculated as the added value. With the integration of sustainability into the company system, we can identify three different capital: economic, natural and social. In the classic view of neoliberalist economy, a good manager is considered who is maintaining the economic capital, this often leads to a short-term purpose of the company. "CSR is a concept whereby companies integrate social and environmental concerns in their business operations and in their interaction with their stakeholders on a voluntary basis."⁷⁸ The integration of sustainability into the company's economic capital means a co-integration with also the other two social and environmental capital, in this way is possible for the companies to reach long-term sustainability. According to financial reporting, companies have different economic capital which is

⁷⁸Abrams, F.K. (1951). Management's responsibilities in a complex world. *Harvard Business Review*, XXIX, pp. 29-34.

financial (equity and debt), tangible (machinery land and stocks) and intangible (reputation, invention know-how)⁷⁹. Natural capital is the consumption of either renewable or non-renewable resources and is the so-called ecosystem services. While Social capital includes both human resources and societal capital. So the implementation of the firm's sustainability relies on the choice of managers which have to consider both the natural case and the societal case. Companies are guided to some extent by a set of political and ethical values that are included in the firm's culture. A strong mindset toward sustainability within the company is needed both with good guidance and management of the business core decisions. When a company's top management team decides to focus on the problem, change happens quickly. Here is why in order to achieve the 17 sustainable development goals each different type of business should be integrated to adopt CSR into all functional strategies, decisions, and practices. One important point for companies willing to be more sustainable is the awareness of their organizational culture and to reach a fit between the culture and the sustainability activities. If sustainability strategies and activities conform with the organizational culture, the risk of hijacked environmentalism or hijacked sustainability is minimized.⁸⁰ In order to have a wider consideration on how should businesses implement Sustainability not just in terms of intangible asset as reputation or philanthropic activities but more precisely as actively promoting the concept in the structure of the business there is the need to consider CSR as one of the processes through which businesses can reach sustainability in a positive way. Following the perspective of system theory proposed by Katz and Kahn 1978, CSR can be conceptualized as a system, which takes inputs and transforms these inputs into some outputs.⁸¹ At the business level, there are different approaches for the adoption of CSR guidelines. Which refers to the pyramid of Carroll where are well designed the responsibilities of a business.

⁷⁹T.Dykkick and K.Hockerts, Beyond the business case for corporate sustainability, business strategy and the environment 11,130-141 (2002)

⁸⁰Rupert J. Baumgartner, Organizational Culture and Leadership: Preconditions for the Development of a Sustainable Corporation, *Sustainable Development* 17, 102–113 (2009)

⁸¹ Turker D., *Managing social responsibility: functional strategies, decisions and practices*, CSR sustainability ethics and governance, Springer 2018

Researchers Van Tulder and van der Zwart, suggest four approaches to CSR with different procedural attributes in which the very CSR abbreviation also has four different meanings: in-active, re-active, active and pro/ interactive. In this approach, the continuum of CSR business strategies is conceptually related to the approaches used by companies in four categories, through the basic distinction in conventional moral theory between what is required and what is desired, or between the 'morality of duty' and the 'morality of aspiration'.⁸² In fact, we have the *Inactive* approach, which is driven by utilitarian motives; *Reactive*, which is driven by the morality of what is wrong and do not have to be done; *Active*, which is an active choices for responsibility and integrity. *Interactive* which takes responsibility ethic and integrity of doing the right thing and contribute to give back in further research for better adoption. *Interactive* CSR approach is when an entrepreneur involves external stakeholders right at the beginning of an issue's life cycle. In moral philosophy, this approach has also been referred to as 'discourse ethics', where actors regularly meet in order to negotiate/talk over a number of norms to which everyone could agree (cf. Habermas 1990). The CSR approach often implies medium-term profitability and longer-term sustainability, not only for themselves but also for the whole sector, their supply chains and sometimes even for the whole economy (adding a welfare orientation to a company's aims).

⁸²SN Bhaduri, E Selarka, *Corporate Social Responsibility Around the World—An Overview of Theoretical Framework, and Evolution* , springer 2016

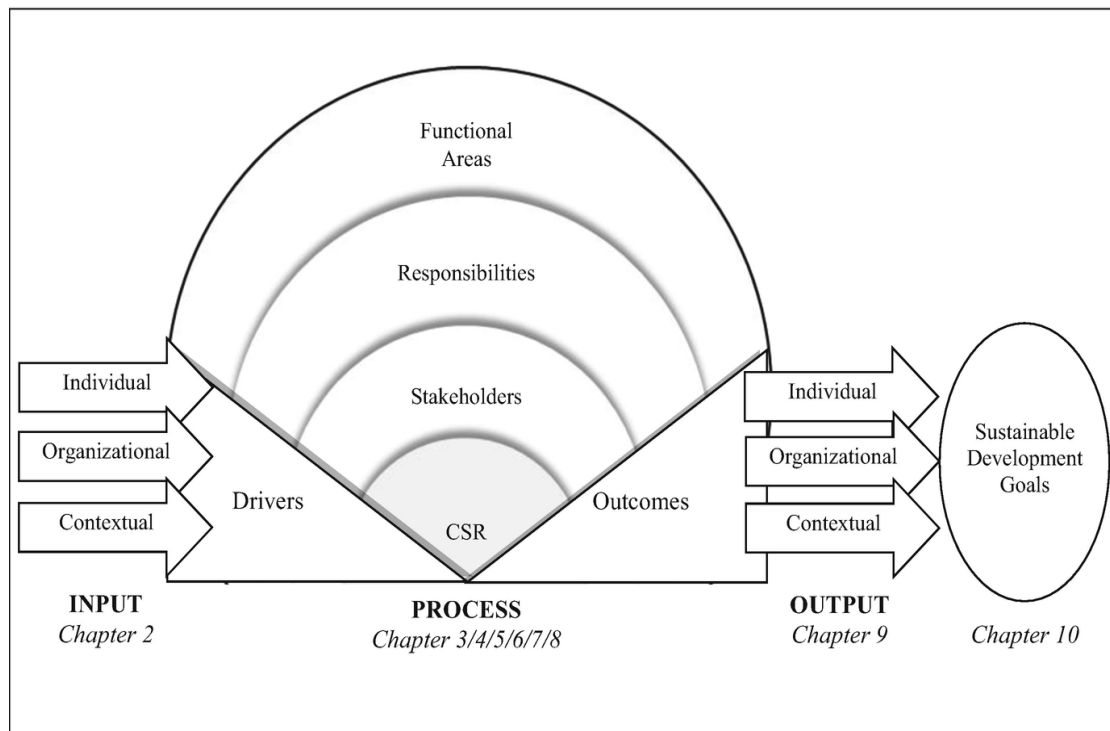


Figura 6 Source: Turker, *Managing social responsibility*, pg. 7 CSR from system perspective

Turker identifies three main drivers of CSR which are individual, organizational and contextual. Those can affect the intensity of CSR adoption in the organization. Turker's studies are really helpful to see CSR not just as a philanthropic decision of businesses, which aims to contribute through donations and monetary contributions, more in deep to integrate sustainable strategies into the business model and reach a type of business which uses an *interactive* approach. The scheme proposed in pic, show how could practically companies develop the common principles of ethical and environmental responsibilities. Turker and al. (2013) explains how Porter's strategies can be adopted to build the ethics of responsibility towards different stakeholders.⁸³ The model proposed by Porter and adapted by Turker for sustainable goals as a business strategy could be implemented just in case demand conditions are well established. This condition cannot be taken for granted and varies by different nations and cultures. Companies investing in CSR can obtain great advantages related to competitiveness, market positioning, brand advertisement, and reduction of

⁸³Ibidem

certain internal costs (Porter and Kramer, 2006; Alniacik et al., 2001; Ki-Hoon, 2011). Within this context, Porter and Kramer (2006) suggest that CSR should be divided into two categories:

1. divergent: companies try to obtain competitive advantages by demonstrating social performance, working to preserve their singularity, and raising barriers against imitation; and

2. convergent: companies do not use social performance nor satisfaction of stakeholders as means of achieving a competitive advantage, focusing on the legitimacy of their social practices. An extensive literature review reports that a significant number of terms and definitions regarding the corporate social responsibility (CSR) have been released. Within the context of CSR at the business level, we can highlight the following terms:

- entrepreneurial social responsibility;
- entrepreneurial ethics;
- corporate citizenship;
- sustainability;
- environmental management; and
- triple bottom line.

All these terms are relatively interrelated to each other, but with differences in terms of entrepreneurial involvement.

Conclusion:

With this chapter, it was given an outline of what sustainability means in terms of “strong” concept and how the synergy of three main dimension individual organizational and environmental dimensions are all to be implemented in order to reach a good level of sustainability. We have seen some international agreements among state members of the most important institution strongly taking into consideration the implementation of sustainable concepts in different areas. One of the most critical areas of implementation of the sustainable concept is the business world in which profit was seen until the 80s as the only reason to contribute to society. Becoming conscious of the earth limits, some companies

started to implement new regulations in their business model and government and international organization started producing guidelines on eco-efficiency and responsibility towards stakeholders, the result was Corporate Social Responsibility guidelines which started to be implemented in different western countries in Europe such as in America. This conception of CSR implementation was introduced as a process to use by companies in order to reach sustainable development. All these different approaches will help to analyze the situation of CSR practices implementation in China. In fact, in the next chapter, I will try to examine how did such dynamics evolved in the Chinese context. Since culture is a key driver also for the international guidelines that have to adapt in the different context, in the next chapter I will try to catch the drivers that lead China in adopting CSR practices.

CHAPTER 2 Evolution of Corporate Social Responsibility in China

2.1 Welfare system during the pre-reform period

China has quickly passed through diverse economic reforms that have often changed its shape from its roots. Mao Zedong, found a poor China mainly based on agriculture and feudalism and brought a communist revolution which rapidly increased the economic condition of the country. After Deng Xiaoping and the opening of the market, China experienced a new reform that saw the transition from a centrally-planned economy supported by state-owned companies to a market system, from public management to different types of business management. When firstly appeared in China, CSR was taken with skepticism and had difficulties to be understood. CSR concept saw its main raising, as reported by the data for CSR reporting, was experienced in the 21st century. Nanfang Zhoumo (Southern Weekend), a leading publication in China, started to rank the CSR performance of Chinese companies and the world's top 500 international companies operating in China in 2006.⁸⁴ Therefore, it would be interesting to analyze in this chapter the transformation of corporate social responsibility from the pre-reform period to the current period of implementation of sustainability objectives. One of the starting point would be the shifting made from a welfare system mainly based on the basic goods provided by the Government in particular the State Owned enterprises, from a privatization of services and a new competition arena for companies. I will try to individuate the drivers that lead China in the adoption of a CSR and the reason of a CSR with Chinese cultural characteristic.

2.1.1 Social benefits during the State-Owned Enterprises and welfare system in urban areas

The historical development of Chinese State-Owned enterprises model is based on the interaction of two main branches, one is an overall production based on agriculture 生产方式(以农业生产方式为基础) and the other one is the production based on labor process 劳动合同(以劳动过程总体分析为基础).⁸⁵ Generally speaking, according to the history China

⁸⁴ Vermander B., The development of CSR in China, CSR 10 year Report 2004-2014, January 2014

⁸⁵ Xu Guangwei, 许光伟, *Zhongguo guoyou qiye lishi texing fenxi*, 中国国有企业历史特性分析, (Analysis of the historical characteristics of Chinese State-Owned enterprises), Economic review journal, 2019

state-owned enterprise development can be divided into five basic patterns: (1)纯粹官营工场, (2)官营工场 分包制 factories run by government and subcontract system , (3)官营工场 (厂) 准工业化 factories run by government and quasi-industrialized, (4)国家工厂+计划科层制+工业化 state factories under the planned economy and industrialized, (5)现代企业,现代分包制,市场化 modern enterprises under marketization and modern subcontract system.⁸⁶ In order to analyze and understand the philanthropic and ethical concept behind companies in China, it is necessary to make a digression on the situation of the State Owned Enterprises and welfare system during the Mao leading economy. This period was characterized by the research and implementation of social equality, which characteristics are public ownership and equal distribution and wealth. Under the central planning system, China made progress in promoting human development to the level that matched the mid-income countries even though it's per capita income was among the lowest.⁸⁷ In Mao's view human resources were the important factor that could transform society and pursue economic development, but to do this was necessary the so-called "dialectical materialism"⁸⁸ which is the need to transform human beings consciousness and will.⁸⁹ This human-oriented conception of Mao Zedong is reported in this statement "人民, 只有人民, 才是创造世界历史的动力" (Renmin, zhi you renmin, cai shi chuancao shijie lishi de dongli), it says that only the people, are the driving force for making world history, and so it was with this period of economic reforms on a planned foundation.

Looking into the condition of State-Owned enterprises during Mao leading Economy there are many different antithetical positions. What is clear is that in Mao planned economy priority was given to the provision of social services such as health care and basic education

⁸⁶Ibidem

⁸⁷ Lu A., *poverty, income distribution and well-being in asia during the transition*, ch. 4 pp83, Economic reforms and welfare changes in China, 2002

⁸⁸Dialectical materialism is a way of understanding reality; whether thoughts, emotions, or the material world. Simply stated, this methodology is the combination of Dialectics and Materialism. The materialist dialectic is the theoretical foundation of Marxism (while being communist is the practice of Marxism). Source: Encyclopedia of Marxism accessed January 2019 from <https://www.marxists.org/glossary/terms/d/i.htm>

⁸⁹Li X, *The transformation of ideology from Mao to Deng: impact on China's social welfare outcome*, International journal of social welfare, 1999

in order to enhance the quality of life and reduce mortality. In the specific of a management system, the adoption of a unitary government based model means that the state-owned economy which is unified in a large scale takes the characteristics of a “super-level organization”. It is not a business-to-market substitution but a replacement by the bureaucracy of the market structure. The support-led security was sustained by well-established institutions, government policies and the overall framework of central planning.⁹⁰ Variations in the form of bureaucratic coordination and governance under the planned economic system resulted in the use of 单位(Danwei)⁹¹ an institutional arrangement in work-unit in which the planned economy in urban China organized its workers by redistribution and reallocation of the resources. Each 单位(Danwei) was very important in determining workers’ social, economic and political lives as workers’ socio-economic well-being depended on the financial conditions of their work-unit.

The Danwei-system not only provided wage income from the unit, but also social welfare guarantees such as housing, non-staple food subsidies, pensions, etc., the employers in the unit were hard to be unemployed, but at the same time they were not able to move freely. Their aging and dying depend on the care of the unit, activities were also inseparable from the unit some examples such as registering a marriage, lodging a hotel or purchasing a plane ticket must have had presented to a unit work permit or a letter of introduction. This was proof of the legality of the individual's identity and actions, and the unit that issued the certificate was like the parent. In short, individuals were “attributed to” units.⁹²

Under the planned economy system, the employment and governance system of big factories, big bureaucracy and unitization are mainly reflected in the following aspects: first, enterprises have a high degree of administrative attributes, which are similar to external social administrative organizations, and the internal authority of enterprises is similar to

⁹⁰Ibidem

⁹¹*Danwei*, "work unit", is an administrative term referring to the organization of almost all urban workplaces under the authority of the central government.

⁹²Lu Feng 陆风, *danwei teshu de shehui zuzhi xingtai*, 单位:一种特殊的社会组织形态, (The unit system : a special form of social organization), 1989

external authority. Second, the statement “单位办社会” the enterprise runs the society, explains how the state-owned enterprise had the system unified with economic and social function, itself is a function generalization small society; Third, the enterprise elements and resources have complete non-liquidity and identity system, supply system, planned distribution system, constitute a stable triangle of enterprise management system; Fourth, the non-differentiated nature of the working class. After the formation of the unit system, family security was replaced by unit security. Enterprise members had relatively equal rights to work and distribute.⁹³ It is well-known that this system care in it a large social inequality, but analyzing the benefits contextualized in the era in which this system was adopted there was also some important benefits. The state regulated salaries of the workers inside the SOEs, when possessing extra resources, through the danwei the state distributes them to workers through benefits. The danwei-based welfare system was codified in February 1951 with the passage of national Labor Insurance Regulation 中华人民共和国劳动保险条例⁹⁴ in which was clarified to whom those benefits were addressed and the type of benefits. Among all, through this insurance, in particular, was provided health insurance that covers the medical expenses for workers and dependents. As it is said in Art.13 of the Labor insurance Regulation, Provisions on treatment for illness, non-work-related injury or disability: “When the workers and staff suffer illness or non-work-related injury and are treated by the enterprise's medical office, hospital, special hospital or Chinese and western doctors, the required medical treatment fee, operation fee, hospitalization fee, and general drug fee shall be borne by the enterprise's administration or management; I will bear the expenses of expensive medicine, meal expenses, and travel expenses. If I have financial difficulties, I will be subsidized by the Labor insurance fund.” Other benefits that came from the Danwei-

⁹³ Xu Guangwei 许光伟, *zhongguo guoyou qiye lishi texing fenxi*, 中国国有企业历史特性分析, (analysis of the historical characteristics of Chinese state-owned enterprises), *Jingji Pinglun* economic review journal, 2019

⁹⁴ *Zhonghua renmin gongheguo laodong baoxian tiaoli 1953*, 中华人民共和国劳动保险条例, 1953, (Labour Insurance Regulations of the People's Republic of China, 1953 Amendment) Source: <http://www.law-infochina.com/display.aspx?lib=law&id=1222&CGid=>

based system was related to the pension system. It covered the government and public sector, state-owned enterprises as well as certain collectively owned enterprises in urban China with funds from Danwei and the state.⁹⁵ As already mentioned above there was also the provision of a place to live, which most of the time was close by the working place or inside an urban island in which all the workers were allocated. One of the side effects of the non-liquidity of the urban workers was also engraved by the Hukou system which is a way of registration of the urban population in China, during that period it was impossible to move from country to the bigger cities and it was based on the place you were born or your family was established. This system had a huge social impact after many years, but during the planned economy granted all the benefits coming from the Danwei. State enterprises employed as much as 85% of the urban labor force in 1958, although the average hovered around 75%, and 76.9% at the beginning of marketization in 1979 (Statistical Yearbook of China, 1989).

In the rural area system was different, it was based on collectivism e redistribution, no one was in possession of its own land, everything that was produced was given to the state and a small part was kept for the families member. The welfare in the countryside was way weaker than that in the urban areas. Since the focus is analyzing enterprises and most of them were placed in urban areas, I will take into consideration just these.

2.1.2 Economic facts of profit from Mao Danwei-system

Sustainability has always been really critical for its wide range of definitions that can be found on it, in the description given by Elkington on sustainability the second circle is taken by the economic results provided to society. Using some simple tools to analyze the economic effect that was brought by the economic reform applied during Mao leading economy shows some interesting results.

⁹⁵Xie et al., *Danwei and social inequality in contemporary urban China*, Res Sociol Work. 2009

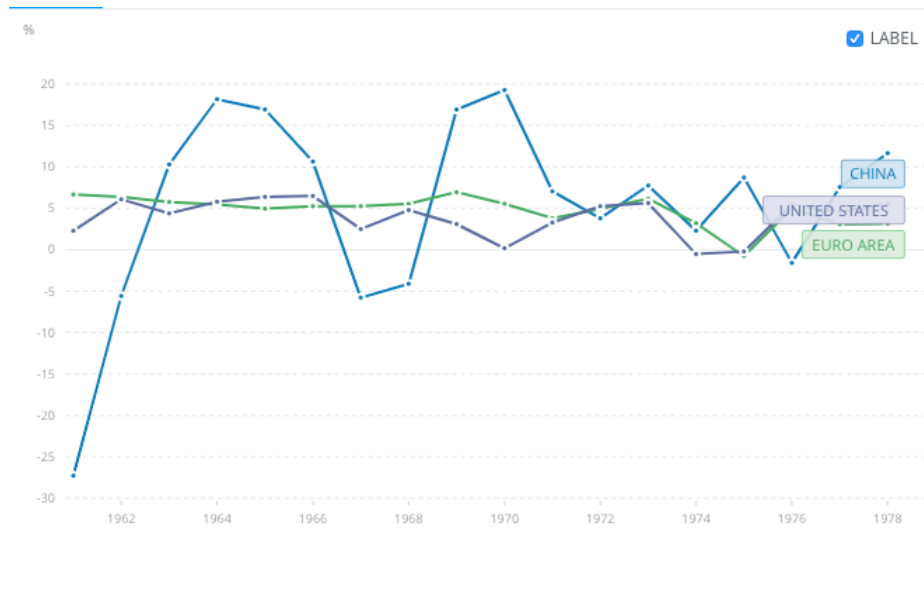


Figure 7, Source: World Bank, comparing GDP from 1961 to 1978 China, Euro Area, and the United States

Looking into the picture above, we will see that besides the Cultural Revolution catastrophes, China experienced a comparatively high annual rate of GNP growth from 1960 to 1978, the picture above point out the historic period from 1961 to 1978 and reveal the compared GDP of these three economic areas China, Europe, and the United States. If we look at the line of China that goes from 1961, there is a clear rising in GDP just in the period of the planned economy. This shows that compared to the previous period there was a rising tendency of the richness of the country and it was possible thanks to the new urban areas in which a high concentration of factories and workers contributed to making the Chinese economy jump up in a richer economic period. What is interesting to notice is that according to the World Bank data China's GDP was not inferior compared to the other two big economies of the time, even if it was facing a different political system. What is not said in the picture above is the social needs satisfied during that period in China were not the same as in Europe and the United States. According to the welfare of the SOEs in the urban areas, the benefits provided to its workers were just satisfying the basic needs so the house, education, etc. While in the Western Countries middle class was already seeking the satisfaction of other types of needs.

Even though China was enriching during the pointed period, planned-economy helped China to provide to its citizens the basic needs, while in the West those type of needs were already given for granted. Despite this differentiation between the two systems, China raised its internal production really quickly and offered a wide range of basic services. According to the Maslow's theories of needs we can place Chinese citizens under planned-economy in those people who were satisfying just their physiological and safety needs. This characteristic was enhanced in the urban areas by the consciousness of having for granted a certain number of benefits. From an economic point of view, the management of human resources in the State-Owned Enterprises was poor, it was also hard to say that a management system existed at all since each danwei was a party branch and under centralized hierarchy. Many weaknesses exists in this system one of them is resumed in this Cantonese idiom "*zuo ye sanshiliu, buzuo ye sanshiliu*, 做也三十六不做也三十六"⁹⁶ which means "working or not at the end you take your salary anyway" and highlights the lack of diversity between workers that properly do their job and workers that waste time. It emphasizes that both type of workers at the end of the months will take their wage independently of the effort given in their jobs. This was a common consequence of the jobs under socialism. There was no competitions and no mission or voluntary improvements, and for some researches, this was one of the causes of arretration in the job opportunities development and lack of management system. Is it also true that a proper management system did not exist in China and nowadays is still improving and the manager is a new figure that is emerging in Chinese firms. A characteristic that is conditioned by the socialist culture and by cultural elements is the lack of transparent management system.

2.1.3 Environmental protection under Mao leading economy

Mao's view on nature was analyzed in different perspectives, some researches apply to his view on nature radical negativism some others instead underlines the period in which he

⁹⁶The literally translation includes the number 36 which designate the basic salary at the end of the month of 36 yuan, this is a saying that was often used to underline the fact that government support for Danwei-units workers was granted.

was living by giving a neutral judgment. One of Mao's expression concerning nature is : "ren ding sheng tian, 人定胜天", meaning that the man can conquer the nature by defeating it (zhang ziran 战胜自然). Through these exprettion Mao's ideology expressed why humans were put at the center of the economic revolution and that all the development made during the planned economy was on a human-oriented benefits purpose. It is clear that in those first years after the implementation of the *danwei* system and the agrarian collectivism system, the main purpose of the country was to implement the heavy industry production allocating it in the urban areas, this will have led China to become independent from the other countries and accumulate a surplus. According to Leung and Nann "The work-based welfare system provides a level of coverage that would be considered comprehensive and generous in comparison with the most advanced welfare states in the west"⁹⁷, but environment was already paying the costs of such implementations.

In fact, is well know that there was an enforcement of the use of pesticide in the countryside for food production⁹⁸, while in the urban areas it did not exists any regulation on the environmental impact of the SOEs⁹⁹. Indeed, during that period as in many other countries that were facing the challenge to rise their inner GDP in order to reduce the poor condition of their countries the environment was completely not taken into account. Mao in the 1950s did not listen to economic' awareness of overpopulation, instead exhorted to bear children so that by the increasing number of labour force will also increase the production and withstand Western and soviet economy. The only thing that emerges from that period about the implementation of the regulatory system for the state-owned enterprises on environmental responsibility was the concept of 'environmental hygiene', borrowed from the Soviet Union, was developed in the 1950s in response to the need to improve the lot of the urban population and the provision of clean water was promoted¹⁰⁰. By the time the First Five Year Plan

⁹⁷Li X. *The transformation of ideology from Mao to Deng: impact on China's social welfare outcome*, International Journal of Social Welfare 1999

⁹⁸ Lotspeich, Chen, *Environmental protection in the people's republic of China*, Journal of Contemporary China, 1997

⁹⁹ Selden. M, You L, *The Reform of Social welfare*, World Development, Vol. 25, 1997

¹⁰⁰ Ibidem

was introduced in 1953, the environmental impact of industrial production was recognized to the extent that the plan advocated the recycling of industrial waste-water. And in 1956, in response to evident air and water pollution, new legislation was enacted to improve the health of the urban population by ruling that industrial facilities should not be sited upstream of major population centers and calling for the promotion of emission-abatement technologies.' Sustainability during Mao planned economy was not possible for many reasons, the only result that came out was that economic profits surely rise up and were important for the period that came after. It is also important to declare that the economic profits reached in this period came at the expenditure of high social and environmental costs. One of the side effects with the high impact of this period were for sure those coming from the Grain First campaign also known as *yi liang wei gang* (以粮为纲). This campaign allegedly sprang from one of Mao's collectivist blunders, the Great Leap Forward, which caused the world's large famine.¹⁰¹ According to the triple bottom line, all three dimensions of sustainability have to be implemented. Hereby is necessary to have a look at how things changed with the introduction of new economic rules.

2.2 Corporate Social responsibility development in modern China

In order to understand business ethics in contemporary China, it is first needed to make a step back and have a look at the time when China started for the first time to introduce new policies that allowed foreign countries to enter China through investments and embarked upon its path of the growing economy. The change started in December 1978 with Deng Xiaoping's program of political, economic, social and cultural reforms that were achieved at the Third Plenum of the Eleventh National Party Congress Central Committee. Prior to the reforms in the 1980s, all business entities in China were owned and managed by the state. In this environment, state-owned enterprises performed the functions that either the state or the society would perform. During the economic reforms, many of the small and medium-sized SOEs were privatized and the state sector declined. However larger SOEs in

¹⁰¹ Ho. P , *Mao's war against Nature? The environmental impact of the grain-first campaign in China*, The China journal n. 50 July 2003

strategically important industries were kept and are owned by the central government, private businesses were illegal in China and have after the privatization reforms experienced a harsh institutional environment and were only given full legal rights in 2000.(Child & Tse 2001) China was introduced to this new phase called 开放政策 (kaifang zhengce), which included a gradual introduction of foreign investments in Chinese markets. The investments were possible thanks to the creation of the 经济特区 Special Economic Zones (SEZ) which allowed to utilize an economic management system that is more attractive for foreign and domestic firms to do business in these Special Economic Zones than the rest of mainland China. These were the first steps for the introduction of liberal socialism, according to the World Bank, China's GDP grew at an average annual rate of 10% between 1980 and 2012.¹⁰² The opening to the outside of China had a double objective: to attract foreign capital and to promote trade with the Westerns Countries in order to accelerate the growth and modernization of the economy. In this period, Chinese businesses became sympathetic to the thought of a link between business models and business ethics to business success. “利” (profits) was found to have received more attention than “德” (ethics) in the contemporary development of business ethics in China in this period (Szeto, 2010). This quest for profit was intensified by the explicit call from premier Deng Xiaoping, the Chief Architects of the economic reform, by his famous slogans: “致富光荣” (To get rich is glorious), “先让少数人致富” (Let a few get rich first) and “猫抓老鼠，黑白不分” (Never mind whether the cat is black or white, so long as it catches mice). Socialist values such as collectivism and egalitarianism, which were formerly praised as the source of China's successful development and its position as a socialist world leader, are now blamed for every backward aspect of Chinese society.¹⁰³ Old values and norms were either thrown into doubt or perceived to be irrelevant, and abandoned. However, new norms and values had to be established to provide the basic guidance for people's behaviors. People's behaviors

¹⁰²Source: The World bank database, accessed February 2019

¹⁰³ Dirlik A. and Meisner M, *Politics, Scholarship, and Chinese Socialism*, in *Marxism and the Chinese Experience*, New York, 1989, pp. 7-9

were largely shaped and motivated by naked self-interest. There were no shared acceptable norms of behavior, and the values to ground these norms were either confusing or non-existent. One consequence of such lack of ethos during these period in China was the rapid rise of the unethical corporations – groups of companies operating unethically on a massive scale, harming the interests of society and the nation. The main purpose of the Chinese economy during this first period after the economic reform was to manufacture anything that can be sold in the cheapest way possible without thinking about its environment, its ethical and social implications. This economic period was completely revolutionary in front of the past few years, also the Ethical values were completely overturn.

2.2.1 Drivers of social responsibility in China

Business ethics in China has emerged and developed mainly as a response to the economic reforms in three stages: 1978–1984; 1984–1994; 1994 to the present¹⁰⁴. Four factors have driven this process: the inheritance of Chinese traditional ethics; the influence of Marxist philosophy and ethics; the reflections on the economic reform; and the influence of business ethics from abroad.¹⁰⁵ From 2001 China has become a member of the WTO, thus accessing the GATS, TRIPS and TRIMS agreements. In its protocol it undertakes to implement these fields as a reduction of customs tariffs and quantitative restrictions on customs and industrial products; implement services on commerce, telecommunications, insurance banks and stock exchange markets accessible to foreign investments. This rise of China's economic development was accompanied by increased unethical and unsupervised practices from private enterprises, resulting in heightened levels of social and environmental violations as well as environmental degradation. Differently from the other West countries CSR in China was an external factor, its presence in China in particular started from mid-1990s during the "anti-sweatshop campaign" which opposed the unacceptable conditions in the supply chain in developing countries (Pun 2003). Nowadays,

¹⁰⁴ Lu X, *Business Ethics in China*, Journal of business ethics, Vol. 16, No. 14, Region: and Country-Related Reports on Business Ethics, 1997

¹⁰⁵Ibidem

a large number of laws and guidelines determine the spirit and content of CSR-related policies in China. Taken together, China's legal framework is evolving into a body of regulations that strives to: ensure safety for employees, neighboring communities, consumers and the environment; promote transparency in the management decision process in financial and business transactions; enhance business practices conducive to a circular economy; foster workers' and consumers' awareness, power-sharing and formation. Even if both the legal framework and its implementation are in need of improvement, the overall direction is clear and cannot but inspire the management strategies of Chinese and international companies. In the late 1990s and early 2000s, the Chinese government began implementing ambitious CSR initiatives to bring Chinese legislation in line with legislation in other international jurisdictions (Hawes, 2007). Nevertheless, studies have revealed the difficulty of transposing these Western conceptualizations to the Chinese context (e.g. Ewing & Windisch, 2007; Moon & Shen, 2010; Wang & Juslin, 2009; Zu & Song, 2009)¹⁰⁶. In particular, China's communist regime and socialist roots have given rise to a unique configuration of institutional structures and corporate governance systems that continue to confound attempts to transpose international CSR standards into Chinese organizations (Baughn & McIntosh, 2007; Li, Fetscherin, Alon, Lattemann, & Yeh, 2010). Moreover, studies have noted differences between state-owned, private, and foreign-owned enterprises, and between industrial and service firms (Gao, 2011; Li & Zhang, 2010). This heterogeneity of CSR activity can, in part, be attributed to the inherent ambiguity of government-mandated CSR initiatives (Hawes, 2007).¹⁰⁷ Chinese scholars also have their own understanding of CSR, one of them Qu Xiaohua explains that CSR refers to enterprises fulfilling their various obligations and responsibilities to employees, business partners, customers, communities and countries, which embodied in their enterprise systems and behaviors. To some extent, CSR can be used as a comprehensive evaluation of company's operation which includes

¹⁰⁶ Gao Y, *Corporate Social Performance in China: evidence from Large Companies*, Journal of Business Ethics Vol. 89, n.1, pp. 23-35, 2009

¹⁰⁷ Raynard et al, *Legacies of logics: sources of community variation in CSR implementation in China*, Researchgate, January 2013

corporate economic responsibility, ecological responsibility, ethical responsibility and cultural responsibility. Li Dongsheng thinks that CSR has narrow sense and broad sense, for the broad sense of CSR, legal responsibility and moral responsibility should be included, while the narrow sense of CSR only means moral responsibility. It is a shared view among researches on CSR in China to admit that CSR development in China happened due to external factors. Before reaching a common definition of CSR in China, there are some factors that caused changes in Chinese society and in the development of sustainability concerns. Those took place mainly during the after-reform period.

Policy factor. Unlike CSR in western countries, however, in China CSR is primarily a government-guided activity rather than a private sector initiative, and CSR implementation is more prominent in state-owned enterprises (SOE). Speaking in terms of regulations, in China we have to first analyze which were the key factors that guided the spread of CSR practices in China. Business ethics studies are a key point on this issues. For example, the Labor Law issued in 1995 is the first Labor Law in China. One of the most influential policies was discourse “和谐社会” (*hexie shehui*, harmonious society) and its foreign policy alter ego “和谐世界” (*hexie shijie*, harmonious world), this policy has become the main discourse of the Chinese Communist Party under Hu Jintao. An important milestone in the development of CSR in china was the Company Law¹⁰⁸, the Art. 5 of the Company law offers an official definition of what CSR constitute in the Chinese context and as it is said “when you undertake business operations, a company shall comply with the laws and the administrative regulations, social morality and business morality. It shall act in good faith, accept supervision of the government and the general public, and bear social responsibilities”(NPC 2005).¹⁰⁹ Comparing with the Western definition where given by the European Commission in 2001 where “on a voluntary basis” is marked, here we see that in

¹⁰⁸ X. Lu, *Dang Dai Zhongguo She Hui Jie Ceng Yan Jiu Bao Gao* 当代中国社会基层研究报告 * (A Research Report On Social Structure In Contemporary China,, 2002

¹⁰⁹ *Zhonghua renmin gongheguo laodong baoxian tiaoli* 1953, 中华人民共和国劳动保险条例, 1953, (Labour Insurance Regulations of the People's Republic of China, 1953 Ammendment) Accessed February 2019 From: http://www.pkulaw.cn/fulltext_form.aspx?Db=chl&Gid=20 Partly available in English from: <http://www.lawinfochina.com/display.aspx?lib=law&id=1222&CGid=>

China there is a strong influence of the state and the party on the development of CSR, in fact one condition for business is “accept supervision of the government”.

The year 2007 can be seen as an important point of transition in the building of a consistent body of CSR regulations understood as entrusting specific duties and objectives to all companies operating in China. In that year, the 17th Central Committee of the Chinese Communist Party stressed the importance of “energy, resources, ecological and environmental conservation” and the necessity to “put people first” in order to achieve a “balanced and sustainable development.” Later in the same year, China passed its first Labor Contract Law and started to promote CSR by passing local legislation on environment protection and laborers’ rights, following the directions of the central government. An important role was definitely played by the Twelve Five-Year Plan guidelines, since then China has been shifting its economic model toward a more resource efficient and environmentally friendly model. “In order to face the increasingly strengthened resource and environmental constraints, we must enhance crisis awareness, establish a green and low-carbon development concept, focus on energy conservation and emission reduction, improve incentive and restraint mechanisms, and accelerate the construction of resource-saving and environment-friendly production methods and consumption patterns, furthermore we must strengthen the Sustainable Development capability and improve the level of ecological civilization.”¹¹⁰. The guideline proposed project on different areas and in it, some regulation on sustainable development and environmental protection were clearly mentioned. Hereby, I report some of the chapter's title which illustrate the content of the guideline. In part six it was introduced The “Green development”¹¹¹ which included active

¹¹⁰ The original text is the following “Miandui riwu de zhiyuan huanjing yueshu, bixu zengqiang weiwei yishi shuli luse di tan fazhan linlian yi jieneng jian pai wei shongdian, jianquan jili yu yueshu jizhi jiakuai goujian ziyuan jieyue, huanjing youhao de shengchan fangshi he xiofei moshi zengqiang” “面对日趋强化的资源环境约束，必须增强危机意识，树立绿色、低碳发展理念，以节能减排为重点，健全激励与约束机制，加快构建资源节约、环境友好的生产方式和消费模式，增强可持续发展能力，提高生态文明水平”

¹¹¹ The Central People’s Government of The People’s Republic’s of China, 国民经济和社会发展第十二个五年规划纲要, *Outline of the Twelfth Five-Year Plan for National Economic and Social Development*, in particular references are taken from: *di liupian luse fazhan jianshe ziyuan jieyue, huanjing youhaoxing shehui: di ershiyi zhangji jiying dui quan qiu qihou bianhua; di ershier zhang jia qiang ziyuan jieyue he guanli; di ershisan zhang da li fazhan*

fight on climate change, reinforcement of the conservation and management of natural resources; rapid development of circular economy; increasing the effort on environmental protection; promotion of ecological protection and restoration ecc. There were also developed some principles of sustainable development of state-owned enterprises in the 12th Five-Year Plan period¹¹² is said that sustainable development should be the core of corporate social responsibilities, and state-owned enterprises should be harmonious in development with society and the environment. The state-owned enterprises should be a role model for social responsibility.

The drive of CSR adoption by Chinese enterprises was further consolidated with the CSR guidelines for SOEs issued by the State-Owned Assets Supervision and Administration Commission (国务院国有资产监督管理委员会, SASAAC) in January 2008. The guiding principles define CSR in terms of “actions to implement the philosophy of scientific development” and require SOEs not only to develop in a people-oriented, “scientific” way and make profits, but also to “take responsibility for all stakeholders and the environment, and ultimately to harmonize the enterprise with social and environmental development” (SASAC 2008). The guidelines provide requirements and issues for managing sustainability and achieving a Corporate Sustainable development in terms of social and environmental aspects, the focus is on eight principal issues: “legal compliance and integrity, sustainable profitability, product and service quality, resource efficiency and environmental protection, technology innovation, workforce safety, workers’ rights, and social welfare” (Syntao, 2011).

Critical event: In developing a sense of responsibility, and raise the interest in

xunhuan jingji; di ershisi zhangjia dahuanjing baohu lidu, cujin shengtai baohu hexiu fu, 第六篇绿色发展 建设资源节约型、环境友好型社会:第二十一章 积极应对全球气候变化; 第二十二章 加强资源节约和管理;第二十三章 大力发展循环经济;第二十四章 加大环境保护力度,促进生态保护和修复 (Chapter VI, green development building a resource-conserving and environment-friendly society, Chapter XXII strengthening resource conservation and management; Chapter XXIII vigorously developing the circular economy; Chapter XXIV strengthen environmental protection and promote ecological protection and restoration), accessed in March 2019 from http://www.gov.cn/2011lh/content_1825838_7.htm

¹¹²Outline of the twelfth five-year plan for national economic and social development of the People's Republic of China available at: http://www.gov.cn/2011lh/content_1825838.htm

中华人民共和国国民经济和社会发展第十二个五年规划纲要 available at :

http://www.gov.cn/2011lh/content_1825838.htm : 国家环境保护“十二五”环境与健康工作规划

Corporate Social responsibility among enterprises in China, were definitely relevant to some event that happened during the beginning of the 21st century. One of these relevant events was the earthquake that occurred on 12 May 2008 in Sichuan province. The earthquake moved many different supporters from all China in donations for the reconstruction and the victims. This was one of the first engagement in philanthropy responsibility token in a wide range in China. It gave representatives from the Chinese political and party leadership and government the opportunity to show they were truly concerned. President Hu showed much appreciated determination when he immediately called for an all-out effort to save people's lives. Considering the enterprises that accounted for the contribution for the earthquake as a social responsibility, critics assert that this approach doesn't build local skills, instead they advocate community-based development. Beyond direct charitable donations, many corporations establish CSR guidelines, which they incorporate into their general business strategies. China's largest property developer, Vanke, donated 2 million RMB (about GB£189,000) while Wang-Lao-Ji, a much smaller iced tea manufacturer, donated 100 million RMB. Chinese bloggers called on Vanke to be penalized by asking shareholders to dump Vanke's stock. This resulted in Vanke's share valuation dropping from 25 RMB to 19.58 RMB in just 1 day. Chinese consumers vowed to buy Wang-Lao-Ji's iced tea even though they do not consume that much. Chinese consumers use their buying power, in contrast to Ramasamy and Yeung's (2008) findings, in a self-initiated way to regulate, or exert a normative pressure on, firms rather than relying on government.¹¹³ Another event was certainly the fierce Western criticism during the 2008 Beijing Olympics game when severe human rights violation were registered in particular referring to the exploitative treatment of its migrant workers.¹¹⁴ Not only human rights but also environmental degradation and lack of workers right were highlighted during the

¹¹³ Xun J, *Corporate Social Responsibility in China: a Preferential Stakeholder Model and Effects*, Business School, Wiley Online Library, Business Strategy and the environment, 2012

¹¹⁴ LaFraniere, Sharon, *Lead poisoning in China: the hidden scourge*, The New York Times, 2011, accessed in September 2018 from <https://www.nytimes.com/2011/06/15/world/asia/15lead.html>

Olympics games.¹¹⁵ Until then, China have not been in the worldwide spotlight and never faced such issues or considered to start introducing new types of policies that comply in harmony with the worldwide standards. Furthermore, nine years ago, almost a thousand of children in China Shaanxi province were poisoned from a lead plant.¹¹⁶ All of them were exposed to lead at higher level than norm and their blood had more than four times China's allowable blood lead level. Chinese leaders have acknowledged that lead contamination is a grave issue and have raised the priority of reducing heavy-metal pollution in the government's latest five-year plan, but after that year many other similar cases came out from the battery-production industries. Ten years ago today, sixteen's infant in China Gansu province were diagnosed with kidney stones. All of them had been fed milk powder that was later found to have been adulterated with a toxic industrial compound called melamine. Four months later, an estimated 300,000 babies were sick from contaminated milk powder. This is the scandal case of Sanlu Group one of the largest dairy product for babies in China, which moved a whole nation to solve the problem caused by the addition of melamine in milk powder¹¹⁷. The scandal lays bare China's failure to build an effective regulatory state in its transition to a market economy. Drawing lessons from the crisis, the government sought to strengthen its regulatory capacity in food safety control, so in June 2009, China promulgated the Food Safety Law, which prohibits any use of unauthorized food additives. Concerning this case, the secretary of Health Ministry in China said: "This important safety accident reminds us that strengthening food safety supervision is not a solution that holds good for all time, and so also the government's responsibility"¹¹⁸. As seen before in the previous chapter Corporate Social responsibility is a process driven not only by

¹¹⁵Hyun Bang Shin, Bingqin Li *Whose games? The costs of being "Olympic citizens"* in Beijing,2013

¹¹⁶Yardley J., *Beijing confirms death of 6 workers at Olympic construction sites*, accessed in December 2018 from: <https://www.telegraph.co.uk/news/worldnews/asia/china/6061009/>

¹¹⁷ The Central People's Government of The People's Republic's of China, "I Ji xiangying" – *Zhuongguo zhengfu quanli chuwei "Sandun naifen" Shijian*," I 级响应"—中国政府全力处置“三鹿奶粉”事件,("I-level response" - the Chinese government is fully committed to the "Sanlu milk powder" incident) Accessed February 2019 from: http://www.gov.cn/jrzq/2008-09/16/content_1096040.htm

¹¹⁸ The original text "Weisheng bu dangzu shuji gaoqiang shuo ci ci shongda anquan shigu tixing women jiaqiang shipin de anquan jianguan bushi yiliaoyongyi de zhengfu de zeren ye bushi yilaoyoongli de." "卫生部党组书记高强说,此次重大安全事故提醒我们,加强食品的安全监管不是一劳永逸的,政府的责任也不是一劳永逸的"

governmental policies but another important player are the business decisions and their responsibilities toward their stakeholders. These examples are clearly linkable to the side effects of not taking into account the “Corporate Responsibility, they both can show the importance of having regulations that control production and examine production system, can help to avoid such catastrophes. The non-existence of controlling regulations means that corporations does not take into attention the side effect of their production. There are other cases in which corporates are the main drivers of catastrophes and in which there was no regulation to treat the cases. As Donaldson said, corporations tend to behave free of responsibility until their bad behavior does not become under public attention. These events that had a worldwide resonance definitely contributed in evolving Chinese State-Owned enterprises to move the attention on corporate social responsibility issues.

Activism: Relevant to say that in terms of CSR implementation an important role was played by NGOs in China. Is a given fact that in Chinese cultural society do exist a civil society made by citizens that mutually help each other. It is also demonstrated that the ways NGOs exist in China are different from those in the Western Countries. In fact, mainly in China exist three categories of NGOs: social organizations (社团, *shetuan*); private non-enterprise units (民办非企业, *minban feiqiye*); and foundations (基金会, *jijinhui*). The peculiarity of NGOs in China is that they are often in collaboration with local government and the state, for example a large number of *shetuan* and *jijinhui* are directly instituted by the government¹¹⁹. Ministry of Civil Affairs have established also some regulations among the most important NGOs, there was the prohibition of NGOs from establishing branch organizations in other areas, and also from engaging in public fundraising. the Chinese government wants to closely monitor the activities of NGOs through stringent regulations administered by the Ministry of Civil Affairs and local Civil Affairs departments at the county level. For instance, in order to gain legal status, the NGO applicant has to fulfill all the regulations stipulated by the Regulations for Registration and Management of Social Organizations. In order to be established, NGOs must be approved by the authorized

¹¹⁹ Vermander B., The development of CSR in China, CSR 10 year Report 2004-2014, January 2014

department (zhuguan danwei) and follow the registration procedure set out in the “Regulations.”¹²⁰

The state, however, supports any organization that brings social benefits, recently in 2016, China instituted the Charity Law, which it was a crucial change for NGOs in China because it was possible to regulate fundraising. In fact, the law explains how charity organizations can do fundraising, and what kind of circumstances or conditions they need to meet to do it, it is also written what Chinese domestic NGOs can obtain from foreign funding, and what kind of activities they can use those kinds of foreign funding for. So the law is applicable also to the foreign NGOs and from them the domestic NGOs have laws to follow and to take advantage to do fundraising. The description of the law can be found in Art. 4 as follow: “For the purpose of this law “charitable activities” means the following public welfare activities conducted voluntarily by natural person, legal persons and other organizations in such manner as property donation or provision of services.”¹²¹In this law is many times stressed the fact that all the core activities of charity donation and fundraising have to be done in line with the core value of socialism and with the traditional view of Chinese nation. The rising awareness in philanthropy concerning critical field as environmental and social problems in China begun in the 90s, Beijing was the place where a lot of NGOs started to flourish, a special case were the environmental NGOs that started to organize after the Rio declaration in 1991. Friends of Nature (FON), was established in 1993, in the same year, Global Village Beijing (GVB) was established by a famous environmental activist Liao, Xiaoyi. Later, Ms. Wang, Yongchen, a former member of FON, established Green Environmental Volunteers (GEV) in 1997¹²². These three groups appeared as forerunners in organizing NGOs and mobilizing environmental protection among the

¹²⁰ Wong K.K., *Greening of the Chinese mind: environmentalism with Chinese characteristics*, Asia-Pacific Review, 2005

¹²¹ NPC, National People's Congress , *Zhonhua renmin gongheguo cishan fa*, 中华人民共和国慈善法, (The Charity Law of The People's Republic of China), 2016.03.16 accessed in March from: http://www.pku-law.cn/fulltext_form.aspx?Db=chl&Gid=266755, partly available in English from: <http://www.law-infochina.com/>

¹²²Yan, S., ‘Constructing a resource-saving and environmental-friendly society’, in X. Ru, et. al. *Analysis and forecast on China's social development*, Beijing: Social Sciences Academic Press,2006,

public and rising awareness on environmental problems in China.

According to a survey conducted by the Contemporary China Research Center of Peking University in the summer of 1998, revealed that respondents demonstrated an exceptionally strong “government-reliance” attitude towards environmental protection. The attitude, to some extent, is a reflection of the conventional “government-led” or “top-down” environmental management approach that prevails in China. The national environmental regulatory framework is vertically implemented through a four-tier management system, namely, national, provincial, municipal, and county levels. SEPA is the nation’s leading body for setting up a management system for implementing and enforcing environmental laws and regulation.¹²³The 1992 UN Conference on Environment and Development (UNCED) in Rio de Janeiro triggered a fundamental change in the Chinese leadership’s conception of environmental governance. China’s participation in the NGO forum was limited by its inability to deliver any genuine environmental NGOs. The group of delegates that China had sent out was comprised of government-organized non-governmental organizations (called GONGOs) and was a major cause of embarrassment to Chinese leaders at the Rio Conference. The leaders began to recognize the importance of Western ideals of popular participation and the role of NGOs in the realm of environmental protection. The traditional top-down approach in environmental governance failed, and the grassroots bottom-up approach was getting more attention.¹²⁴Moon and Shen (2010)¹²⁵ indicate that this may be changing as stakeholder theories are being incorporated more into Chinese business and as civil society gains a greater voice via the Internet and media. With the media influence a lot of citizens started to talk about issues concerning environmental problems and government policies adoption. An important case that arises from internet platform was the case of the “Three Gorges Dam “ project, where the web commuters started in a forum a national polemic on the construction of the dam. China was facing some

¹²³ Wong K.K., *Greening of the Chinese mind: environmentalism with Chinese characteristics*, Asia-Pacific Review, 2005

¹²⁴ Ibidem

¹²⁵ Davis, Susannah M. and Dirk C. Moosmayer, *Greening the Field? How NGOs Are Shaping Corporate Social Responsibility in China*, in Journal of Current Chinese Affairs

relevant problems in terms of environmental problems such as intense pollution, loss of biodiversity, sandstorms which forced China to take seriously the environmental concerning issues. To face some of this public concerns problem about environment, these period saw a proliferation of NGOS and private consulting businesses that helped Chinese firms to introduce CSR strategies in their core business or in somehow to take into account the responsibilities towards their consumers. One of the most influential is 商道纵横 Syntao, which also instituted a CSR day on the 20th May called “520¹²⁶” Social Responsibility Day campaign in China.

Ethics. “As China becomes a high-income society, its social values and moral standards should be reexamined and reinforced. From a social perspective, not only will this contribute to improving the quality of life, it will also provide a greater sense of community and enhance social cohesion. From an economic perspective, it will reduce transaction costs and improve the quality of economic governance. Promoting social values and high moral standards is not only the job of government; it is also the duty of social organizations and, indeed, every citizen. Moral awareness, not legal compulsion, should be the hallmark of a high-income, harmonious society.” (World Bank 2012, p. 20). If the social responsibility of corporations in democratic capitalism is often regarded as an oxymoron by the skeptics, CSR in China could be considered doubly oxymoronic in that the concept traditionally associated with discretionary activity beyond that required by government, is now endorsed and encouraged by a government still, symbolically, at least, influenced by Marxism–Leninism and a Communist Party. Yet, business leaders and entrepreneurs in China appear to have a very positive view of CSR in general terms, its positive relationship with business success and its long-term significance for China (Ip, 2008; Wickerham and Zadek, 2008)¹²⁷. Ip brought to attention in a normative study of business ethics in China the challenge of developing a Chinese business ethics without fully taking into consideration

¹²⁶ 520 in Chinese is homophonic with I love You 我爱你 and it was chosen because is the same day of the lover’s day. Syntao conducted a marketing campaign to increase the awareness on CSR activities

¹²⁷ Moon, Jeremy, and Xi Shen (2010), *CSR in China Research: Salience, Focus, and Nature*, in *Journal of Business Ethics*, 94, 4, 613–629

the cultural and ideological legacy that informs the Chinese context today. In the study Ip¹²⁸ proposed that it “...should be compatible with the reasonable core elements of local culture and ideology; relevant to the China’s developmental needs and challenges; problem-oriented; consistent with universal principles of ethics or hyper norms shared by the world community; and able to generate mid-level principles and norms for prescribing behaviors” (Ip 2008:219). What this basically means is that elements from cultural strands such as Confucianism and Socialism are essential to address in relation to Chinese business ethics. For instance, one should take into consideration and critically examine Confucian elements such as familial collectivism, authoritarian paternalism, hierarchism, *guanxi* networks and the preference social harmony (Ip 2008). As pointed out by Ip (2008) the political leadership also has an essential role in establishing a business ethics as it constructs the moral and ideological foundations in China (Ip 2008). Thus it is concluded that “constructing a workable and reasonable business ethics for China is daunting task that requires openness, critical spirit, imagination, commitment, and a lot of hard work” (Ip 2008). This study indicates that in the case of business ethics, one needs to take into account cultural elements to achieve successful result. It is interesting for CSR as it highlights the cultural system of Confucian elements that may influence the conditions for how firm adopt CSR. In this present study the cultural elements related to how it affects the internal structuring of the Chinese firms and inter-firm relations. For instance, interpersonal trust and paternalism will be examined as one factor that influences the relationships between managers and employees. The China Huadian Corporation, for example, has incorporated specific CSR goals into its general business strategy, including a requirement to supply safe, clean electricity and achieve sustainable development for the company, the environment, and society. State Grid Corporation of China has become a CSR pioneer by innovating these practices in China. The strong attachment to the Confucian idea is often taken by companies as a guiding path to implement sustainability, this was also done by Syntao consulting organization that used in the name *shan* 商 from business and *dao* 道 considered as the right

¹²⁸ Ip, Po Keung, *Is Confucianism Good for Business Ethics in China?*, in *Journal of Business Ethics*, 2009

way to express business philosophy and product service philosophy included in their consulting for the introduction of CSR standards and guidelines. The cultural and historical characteristic of China's thought are relevant to understand the way ethical concepts develop in China's civil society. In the case of social responsibility, this ethics was introduced by the government through the Harmony Society, in a moment when inequalities were widening and a need for morality was rising among citizens. This is one of the reasons why nowadays CSR is still associated to the concept of harmony and a wide range of CSR reporting and CSR guidelines introduce the concepts in its strategies and implementations.

2.2.2 Reporting standards and guidelines in China

The new economic situation did not only bring a rapid economic growth but also exposed China to some international critical issues such as human rights, labor conditions and environmental protection. It seems that the opening of the market economy substantially was also a starting point for taking part in some international guidelines. In the Chinese system we can make a clear distinction between international reporting guidelines and the national reporting guidelines. In order to start reporting also the non-financial information China started adopting some international guidelines such as those given by the Global Reporting Initiative and international organization for standardization ISO 26000. The peculiarity of the Chinese system is that in terms of national guidelines, there is a necessity to have the acceptance by the government. In fact, standard and guidelines were issued in the wake of the amendment to the company law, and one of the most important bodies that helped on the introduction of CSR guidelines in China was State-Owned Assets Supervision and Administration Commission (SASAC). In 2008 SASAC released the *Guidelines for the State-Owned Enterprises Directly Under the Central Government on fulfilling Corporate Social Responsibility* which aimed at giving “ the impetus to state owned enterprises (SOEs) directly under the central government to earnestly fulfill CSR, so as to realize coordinated and sustainable development of enterprises, society and environment in all respects” (SASAC 2008).¹²⁹ The first part of the Guide explains why CSR is important for the SOEs

¹²⁹ SASAC, State-Owned Assets Supervision and Administration Commission, *guowuyuan guozeweichutai*

controlled by the Chinese central government, by reading the guideline we can see again the remark on the importance of socialism which stressed the fact that in pursuing corporate social responsibility businesses should “hold high the flag of socialism with Chinese characteristic”¹³⁰. Furthermore, eight aspects are given as must to be follow to pursue corporate social responsibility, the first one is adhering to operate in accordance with the law honest and trustworthy; Second, continuously improve the sustainable profitability; Third, improve the quality of products and services; Fourth, we will strengthen resource conservation and environmental protection. Fifth, promote independent innovation and technological progress; Sixth, to ensure production safety; Seven is to safeguard the legitimate rights and interests of workers; Eight participating in public welfare undertakings.¹³¹

Apart from this, the new economic zones gained more attention from the foreign investors, it was natural to have some special guidelines for these areas of investment here why other two important national bodies founded their guidelines Shanghai Stock Exchange (上海证券交易所, SSE) and Shenzhen Stock (深圳证券交易所, SZSE). Shanghai stock exchange published a CSR guideline in 2008¹³² it was the first raised the concept of “social value per share,” which is an overall evaluation of company value from a new perspective. Guidelines of the Shanghai Stock Exchange in the environmental information disclosure of listed companies, encourage listed companies to issue CSR reports and actively engage in social responsibility activities. Companies that are performing well in social responsibility will be given first priority to be included in the Shanghai Stock Exchange corporate governance sector, which is an indicator of good corporate governance of the firm.

zhongying luxing shehui zeren zhidao yijian, 国务院国资委出台中央企业履行社会责任指导意见 2008, <http://www.sasac.gov.cn/n2588035/n3627146/n3627531/n3627537/n3627539/c4362981>

¹³⁰ Ibidem, original words used in Chinese is *Gaoju Zhongguo tese shehui zhuyi fengda qizhi* 高举中国特色社会主义伟大旗帜

¹³¹ Ibidem

¹³² MOFCOM, *shanghaishi qiye shehui zeren difang biao zhun*, 上海市企业社会责任地方标准 Shanghai local standards for Corporate Social Responsibility, 2010 is available at: <http://csr.mofcom.gov.cn/aarticle/t/200905/20090506247049>

图 7. 中证 100 指数成分股 2018 年发布的报告情况 (按参考或遵循的报告指南)

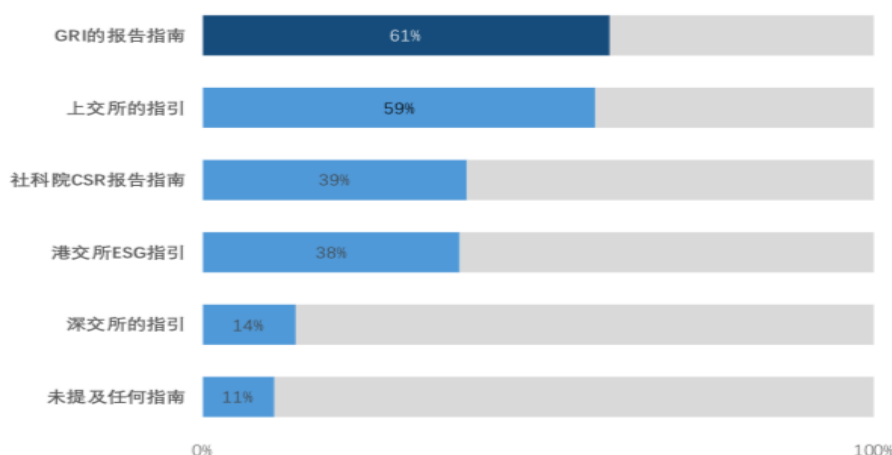


Figura 8 CSR practices most commonly used in china, report published in 2018 by MOFCOM

In 2006 the Shenzhen Stock Exchange released the first Guide on Listed Companies which is promulgated based on the Company Law and the Securities Law with purposes of achieving scientific development, building a harmonious society, advancing toward economic and social sustainable development, and promoting corporate social responsibility.¹³³In addition, December 2017 China's Shenzhen Stock Exchange (SZSE) has become the United Nations Sustainable Stock Exchanges (SSE) initiative's 67th Partner Exchange by committing to promote sustainable and transparent capital markets. The exchange announced its membership at the Global Philanthropy Finance Forum and 2017 Social Impact Investment Summit on 3 December 2017.¹³⁴

Among the national guidelines, there is also an important institution that was established in May 1977, and contributed on the spread of CSR guidelines, and is the case of the Chinese Academy of Social Sciences, (中国社会科学, CASS). It is the premier academic organization and comprehensive research center of the PRC in the fields of philosophy and

¹³³ Shenzhen Stock Exchange website provides documents with information on CSR issues and documents on Company Law. The website is accessed on March 2019 from: <http://www.szse.cn/English/>

¹³⁴Ibidem

social sciences, in 2008 it established the Corporate Social Responsibility Research Centre and one year later it issued the first Guidelines on Corporate Social Responsibility Reporting for Chinese Enterprises (CASS – CSR 1.0). The center contributed over the years in rising awareness on CSR reporting among Chinese firms, they put a lot of effort in developing CSR guidelines that were, as a researcher, facilitator and observer, the Center has been contributing to the development of a theoretical framework of China's CSR practice¹³⁵. The release of the first *Guidelines on Corporate Social Responsibility Reporting for Chinese Enterprises* ('CASS-CSR') in December 2009 marked a significant milestone in the advance of sustainability reporting in China, and the Guidelines are now in their third edition CASS-CSR 3.0. CASS-CSR 3.0 has four major aims: (1) *Managing the value of reports within their lifecycle*. The concept of 'the lifecycle of a corporate social responsibility report' is raised in CASS-CSR 3.0. It is expected that companies are able to achieve stakeholder engagement, material issues identification and consistent improvements in sustainability performance through the process of reporting. It will help companies fully utilize the values of CSR reports and promote their CSR management¹³⁶. (2) *Providing a more practical guideline for CSR reporting*. Other than optimizing the indicators, three new chapters have been added in CASS-CSR 3.0: Chapter Two, user guide for CASS-CSR 3.0; Chapter Three, Management of report life cycle; and Chapter Four, Quality standards of reports.¹³⁷ (3) *Integrating international and local standards*. To ensure that CASS-CSR 3.0 meets all international, local and other requirements, the Guidelines take maximum absorption from other standards and guidelines for their excellence and advanced indicators.¹³⁸ (4) *Adapting to international CSR reporting standards such as GRI's Sustainability Reporting Guidelines*.¹³⁹ Compared with CASS-CSR 2.0 and CASS-CSR 1.0, CASS-CSR 3.0 has been expanded to include the overall management of reports, rather than

¹³⁵ Global Reporting Initiative and Chinese Academy of Social Science Research Center for Corporate Social Responsibility, *Linking CASS-CSR 3.0 and GRI's G4 Sustainability Reporting Guidelines*, 2014, available at www.globalreporting.org

¹³⁶Ibidem pp 4

¹³⁷Ibidem

¹³⁸Ibidem

¹³⁹Ibidem

just their content. An innovative 'series of handbooks' has been included. In order to make CASS-CSR 3.0 more scientific and practical, leading companies and associations have been invited to participate in the development of the Guidelines and the Guidelines emphasize 'Chinese characteristics' while complying with international standards. Besides the national guidelines China had also some private sectors that implemented guidelines on CSR, and it also adhere to some international standards such as the GRI and ISO 26000.

Among those developed in private sector there is China Social Compliance 9000 for Textile and Apparel Industry (CSC9000T), which is a social management system based on ISO 14000, the internationally-recognized environmental management tool. CSC9000T provides objectives in the areas of management system, employment contract, child workers, forced or compulsory labor.¹⁴⁰ This standard was published in 2007 by the China National Textile and Apparel Council (中国纺织工业协会), and constitutes the first CSR standards created by a professional association in China.¹⁴¹ Comparing with the national standard, it takes a much softer approach as it is not a hard standard subject to certification, but rather long-term goals under an evaluation model. Instead of stressing the importance of an independent third party auditor, such as most international standards do, the 2006 CSC9000T Annual Report rather emphasizes the cooperative and harmonious relationship between the evaluators and companies as what inspires corporate improvement on these issues.¹⁴²

Since June 2, 2015 General Administration of Quality Supervision and Inspection and Quarantine and the Standardization Administration (国家市场监督管理总局) officially approved and released three national standards of the "36000" series, namely, *GB/T36000-2015 Guidance on Social Responsibility*, *GB/T 36001-2015 Guidance on Social Responsibility Reporting* and *GB/T 36002-2015 Guidance on Classifying Social Responsibility Performance*. The

¹⁴⁰Lin, Li-Wen, "Corporate Social Responsibility in China: Window Dressing or Structural Change". Berkeley Journal of International Law, 2010

¹⁴¹ Vermander B, *Corporate social responsibility in China, A vision an assessment and a Blueprint*, World scientific, 2013

¹⁴²Lin, Li-Wen, "Corporate Social Responsibility in China: Window Dressing or Structural Change". Berkeley Journal of International Law 2010

three national standards all include the two words “social responsibility”. Therefore, “36000” has been endowed with the new meaning of “social responsibility national standards” in China and “36000” will become the synonym of “social responsibility” and be widely used.¹⁴³

The *ISO 26000* has been preceded by *SA8000*, an auditable certification standard encouraging organizations to develop, maintain and apply socially acceptable practices in the workplace. Social Accountability 8000 (*Shehui zeren biao zhun* 社会责任标准 SA8000) is the first ethic standard in the world that includes labor regulations, working hours regulations income, healthy security regulations. After it have been introduced in China in 2012, it brought several crises in the Chinese export industry, in particular high labor intensity industries, and forces firms to put extra effort on human and economic resources in order to reach standards’ requirements.¹⁴⁴ The role of the State played an important strategic role to implement such regulation in China. The state helped to reinforce the importance of the SA8000 in China by providing training for the big enterprises about Social Responsibility and by promoting it so also the society could understand the importance of it.¹⁴⁵ The reporting tendency is rising in China as reported in these pictures, and The six companies that have issued the most reports in 17 years are petrol china, Ping An Bao steel, Shanghai Pudong development bank, Sinopec and green electric appliances. Among them, CNPC has issued 20 reports since 2002. From 2007 to 2009, CNPC issued two reports every year, namely health, safety and environment report and social responsibility report.¹⁴⁶ According to Syntao report, among the most used CSR guidelines for reporting CSR practices in China we have GRI as the most used, which is the international standard adopted by Chinese firms. In the second place and is followed by the Shanghai Stock

¹⁴³ GoldenBee, *CSR Should play a Leading Role in Social Responsibility fulfillment*, China WTO, 2015, accessed April 2019 from, <http://en.goldenbeechina.com/index.php/Home/Insights/show/id/18>

¹⁴⁴Li XiaoXiao 林小小, *SA8000 Zhongguo Chukou maoyi de yingxiang yu duice sikao* SA8000中国出口贸易的影响与对策思考, guoji jingmao 2014

¹⁴⁵Ibidem

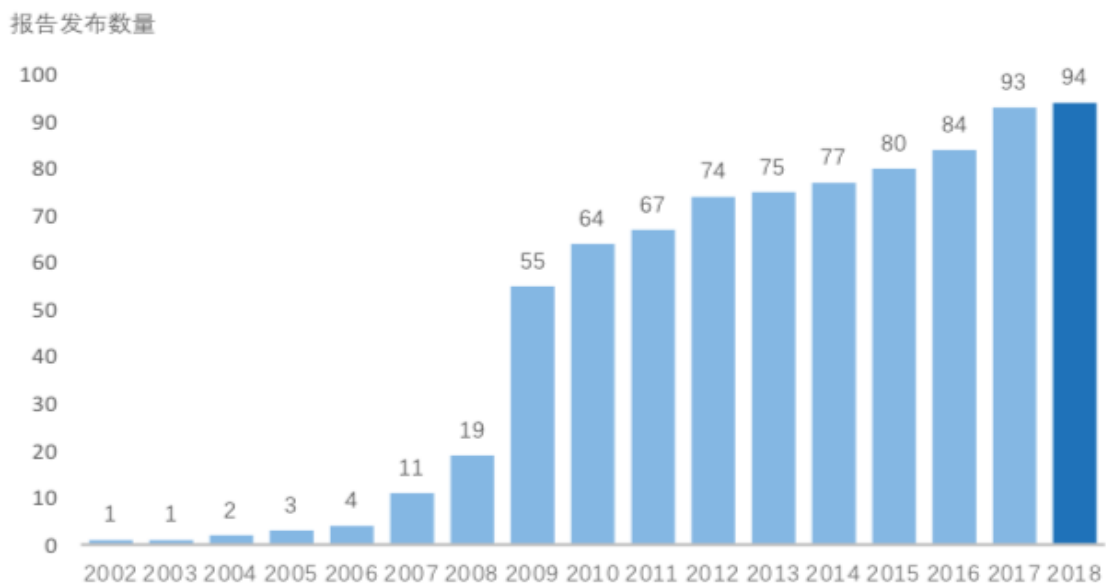
¹⁴⁶Syntao 商道纵横, *Zhongzheng 100 zhishu chengfen gu CSR baogao shizhixing fenxi*, 中证 100 指数成分股 CSR 报告实质性分析, (Substantial analysis of the CSR report of the constituents of the CSI 100 Index), 2018

exchange guide. Many researches in mainland China refer to the China's national standards as the *GB/T 36001-2015* which are the most commonly used by many enterprises. It can be seen that the use of International standards are strictly related to big businesses which operates or have cooperation with other international or transnational businesses.

2.3 Evaluating changes from socialist welfare to post reform period in implementing Corporate Social Responsibility

Considering the theories of Carroll in the application of CSR rules for enterprise, we

图 *Figura 9 CSR report in China from 2002-2018*



have to make an historic analyze of the last 60 years of what happened in China in order to understand the development of the concept there. What is clear is that the introduction of the concept in China had to face important historical and ideological differences. The socio-economic function of state-owned enterprises under Chinese traditional communism, and the newly-minted Chinese socialist percept provide footholds for CSR in China. There was an instrumental adoption of CSR practices coming from the economic pressure in the global market and the social, economical political interests. The concept of CSR, when discussed in the Chinese communist setting, is easily confused with the idea of state-owned enterprises as social services and benefits providers (*qiye ban shehui*) in the traditional Chinese communist economy. The misunderstanding of CSR as degeneration into the Chinese old unproductive economic model caused some worries in the early stage of

developing CSR in China¹⁴⁷. Before the economic reform, a state-owned enterprise (SOE) was not only a production unit but also a social services center. A SOE shouldered an important function of providing a cradle-to-grave welfare package to employees and their families. In addition to its main business, a SOE in the old days also extended its operation to educational institutions.

2.3.1 The economic growth of Chinese enterprises: a comparison in times

It was considered that the main purpose of a business to be considered as that is to have profits and so it was for Carroll who had put at the base of the pyramid the economic responsibility. In Western countries, this was considered in the '50s the main purpose of a business in order to achieve responsibility towards its stakeholders and increase in per year production of the Country. In the case of China, we can see that this first step of the pyramid was achieved through the implementation of the planned-economy system and the creation of the danwei system.

	1960	1965	1970	1975
China	89.5	98.5	113.2	178.3
European Union	876.8	1,327.7	1,933.7	4,234.1
United States	3,007.1	3,827.5	5,246.9	7,820.1
Russian Federation

Figura 10 Source: the World Bank, a comparison in time between the GDP of China, European Union, United States and Russian Federation

During the Mao leading economy in fact, we can observe an increase on the GDP, even though the economic situation was not yet at the level of the main economic powers of the time. China's centrally-planned economy has given the state unparalleled power to distribute resources and target economic growth in specific areas through the 'location control' of firms as well as state-controlled industries and services, directed investment in

¹⁴⁷ Lin, Li-Wen, "Corporate Social Responsibility in China: Window Dressing or Structural Change". Berkeley Journal of International Law, 2010

infrastructure, and preferential policies (Fan, 1997).¹⁴⁸ Accordingly, Mao's regime focused on state-owned enterprises (SOEs), domestic investment and markets, and a regional development rationale that prioritized political goals over economic efficiency (Fan & Scott, 2003).¹⁴⁹

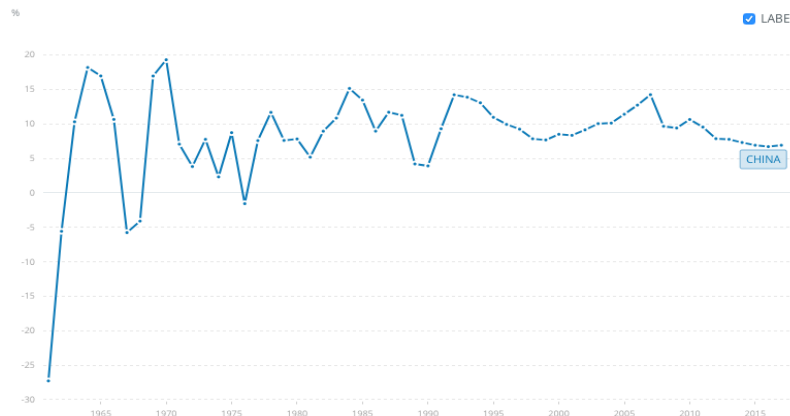


Figure 11 The world bank, China's GDP from 1960 to 2015

Beside this considerations, comparing the economic activities between the pre-reform period and post-reform period we will notice that also in the Mao leading economy there was an increase on the richness of the country, not only during the post-reform. Looking to the Figure 11 we can see an increased GDP per year, one peak is in the 1965 and the other is in the 1970. Is noticeable from the reporting index the radical increase of the richness of the country that happened in five years from 1960 to 1965 due to the new political policies. It is also interesting to notice how the political instability had an enormous consequence on the GDP of PRC from 1965 to 1970. This show the existing connection between the productivity of the country with the political stability which in a country as China underlines the connection of the state with the productivity. Looking to the post-reform period, we can notice that it still did not exist a stability. We also have to consider the radical change on the needs of the consumers which were different and were not satisfying the same consumers. In fact, Mao leading economy was able to provide the

¹⁴⁸Lounsbury M., Boxenbaum E., *Institutional logics in action*, Emerald 2013

¹⁴⁹Ibidem

civilians with the basic needs that in somehow were absent in the previous period and the State became the warrantor of wealth. Companies in Mao leading economy were all State-Owned companies. The guiding state logic was centered on notions of 'self-reliance' and 'self-sufficiency', with "a preference for human power, manual labor, mass mobilization over technology, intellect, and efficiency" (Fan, 2005: 423)¹⁵⁰. In one hand, the change in the reform however caused a structural crisis for the SOEs in China, that had to rethink their stakeholders and to adapt on the highly competitive new arena. This phase was critical also for the welfare system of the SOEs which brought under the sunlight all the difficulties that they had in managing businesses. In the other hand, the anti-sweatshop movement and environmental movement have caused multinational companies to adopt social and environmental standards in selecting their suppliers. At the micro-level, Chinese suppliers had to prove that they meet the social and environmental standards in the production process in order to gain business from western-based multinational companies. At the macro-level, China had to respond to the CSR demand in the global market in order to retain economic growth.¹⁵¹Trade is an important account for the remarkable economic growth in China, so with the accession to the WTO, China has become more integrated with the global economy. The integration means China not only has the power to affect the global market, but it also has to adjust itself to the market. Sensitivity to demand in the market is a necessity to survive in competition. Considering just the economic aspect we can talk about two different type of CSR adoption and in the pre-reform China did exist an *implicit*¹⁵² way of adoption of CSR guidelines. According to the analysis made by Raynard, Lounsbury, & Greenwood , it revealed that while 25 to 30 percent of the companies founded under Mao ranked in the top 100 across all dimensions of CSR, only 12 to 18 percent of those founded

¹⁵⁰ Raynard et al, *Legacies of logics: sources of community variation in CSR implementation in China*, Researchgate, January 2013

¹⁵¹ Ibidem

¹⁵² *implicit CSR* is refer to the corporations' role within the wider *formal and informal institutions* for society's interests and concerns. Implicit CSR normally consists of values, norms and rules which result in (mandatory and customary) requirements for corporations to address stakeholder issues and which define proper obligations of corporate actors in collective rather than individual terms. Matten& Moon implicit or explicit form of CSR

under Deng achieved the same rank. Their study demonstrated how these results is that firms founded during Mao's regime have been imprinted with an implicit CSR concern, which could increase the receptivity of these firms to modern calls for CSR. That is, their inherent predisposition to emphasize implicit forms of CSR may, in turn, have some 'spillover' effects to other dimensions of CSR.

The main actors were found to be concentrated in the provincial and municipal areas more than in the private sector. Their studies showed us the importance of CSR guidelines in the rebirth of the SOEs right after the reform transaction. In fact, it was reported that the SOEs adoption of CSR guidelines made the more competitive in the economic arena because improved their quality of management system which were almost totally missing. Of the initiatives implemented in the 2000s, only 13 concerned corporate governance issues and only 5 were related to workplace practices or labor-related issues – which is surprising given the increased international scrutiny over a recent string of corporate corruption scandals (e.g. the Shanghai pension fund scandal in 2006, the tainted milk crisis of 2008) and labor rights cases (e.g. the Foxconn suicides in 2010, and incidences of lead-poisoning in battery-recycling plants in 2011).¹⁵³

Talking about conformity with law, we can see in one side the planned-economy which included just welfare for the urban areas and did not really took into consideration the rural areas, neither it does with explicit laws regarding environmental protection. In the other side, the opening of markets brought also important consideration on some global shared values regarding environmental protection, labor conditions and human rights that in some extend forced China to introduce some regulations. The reporting system made on national standards about CSR, confirms that also in the legislative section China have to adapt CSR guideline to its own historical and ideological view. Confucian ideology and socialism are still important pillars for the introduction of CSR standards into the business level. The different national regulation and laws produced after the reform still underlines the Chinese characteristic of the standards. However, in the recent years' corporate social

¹⁵³Ibidem

responsibility in China has maintained a strong level of growth and reached a new high, indicating that CSR development in the country is starting a new cycle, according to a recently released index. In the first two years of the 13th Five-Year Plan (2016-20), the average index level was about 10 percent higher than the average index level during the 12th Five-Year Plan (2011-15), according to a report released in June by the Golden Bee Corporate Social Responsibility Index.¹⁵⁴

2.3.2 Chinese socialist characteristics and cultural influence From social-economic activities of SOEs to CSR guidelines reporting.

The contrast between the Maoist ideology of socialism and the introduction of the Dengist new open-market ideology, have also important dissimilarities in the area of social welfare. There are important distinctions between CSR and *qiye ban shehui*. *Qiye ban shehui* is an old economic model operated in the traditional Chinese communism while modern CSR, spreading from the West, is a partial solution to irresponsible corporate conduct in globalization.¹⁵⁵ We can see a structural change on the individual that goes from a collectivism group well-being of the Mao era to the individualism enhanced by Deng policies. Although, the *danwei-system* beneficiaries were just employees of SOEs, CSR's beneficiaries include, but are not limited to, employees, creditors, consumers and local communities. *Qiye ban shehui* requires enterprises to set up internal units providing comprehensive social services. Such model is blamed as one of the main causes for dragging the financial performance of SOEs. In order to modernize the SOEs, the Chinese government in recent years has channeled efforts into separating the social services operations from the main business of the SOEs. The SOEs are restructured as modern companies focusing on their main business only. The social services operations are cut off from the reformed corporations; for example, elementary and high schools can be handed over to local governments; hospitals can be structured as independent legal entities with profit or non-

¹⁵⁴ GoldenBee, *Zhongguo sqiye shehui zeren shi da qushi*, 中国企业社会责任十大趋势, (Ten trends of Corporate Social Responsibility in China), 2019

¹⁵⁵ Lin, Li-Wen, "Corporate Social Responsibility in China: Window Dressing or Structural Change", *Berkeley Journal of International Law* 2010

profit purposes; restaurants and entertainment clubs can be formed as independent business organizations.

Because the SOEs undertook the social security function in the old economy, removing the social services operations from the SOEs may seriously affect employees' interests. In the transitional period, balancing the interests of stakeholders in the SOEs is an important task, which therefore echoes some aspects of CSR.¹⁵⁶ Crisis in the new post reform period, privatization underlined the lack of organization and structures in the public service. The services were made just for employees not for all the citizens so the public service in provide health and education found fertile ground, while the public sector had to cope with big problems.

Even if we saw a China growing its economic production and enriching it own country, in the other side there were big struggles with social welfare. Comparing the two periods on impact on social welfare we can see that during Mao leading economy there were long-term political and economic policies that were trying to pursue welfare while sacrificing the short-term economic efficiency and productivity. In Deng's era there was a fast economic growth that increased the personal richness of people but came at the expense of a lot of inequalities, in one side the existing uneven between rural and urban areas incredibly increased during the 80s, in other side the lack of efficiency in the public services worsen the condition of the poor, in fact just who could afford all the expenses had access to better treatments. However, some important social facts that came into the attention of citizens in China started creating a new force that comes forms the consumers in adapting on CSR guidelines and principles.

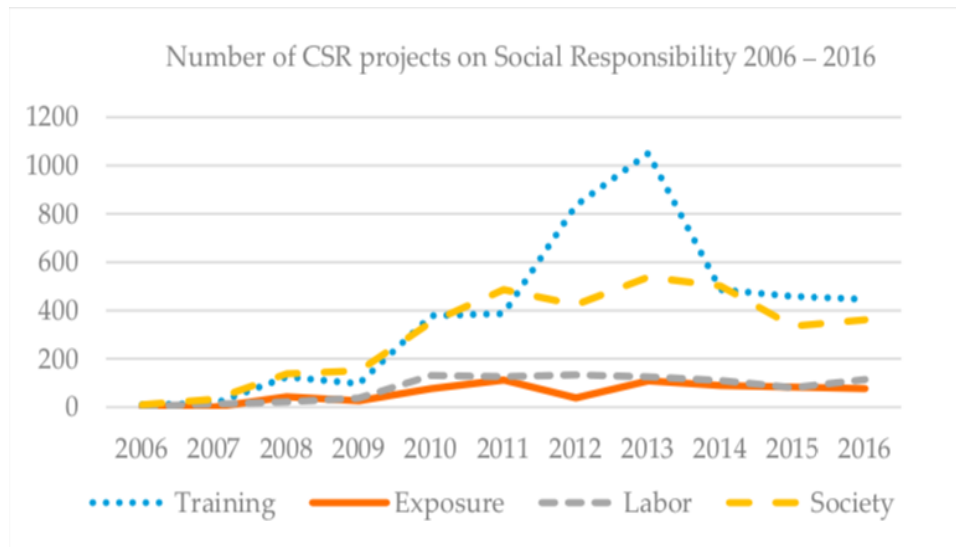
Corporate philanthropy is regarded as an important component of corporate social responsibility (CSR; Carroll, 1999). Relevant to say that the philanthropic activities were always part of the Chinese culture not only for its characteristic of socialist country but also for their traditional beliefs based on Confucius thought. In fact, China is considered to be a

¹⁵⁶Ibidem

High-Context culture¹⁵⁷ where the influence of the tradition of Confucius and socialism is really strong and the values, societies norms strongly influence the consumer's behavior. In high culture context such in China collectivism and group orientation are considered as driven forces so it comes that the behavior experience by Chinese consumers the choose of top brands and the choice of social reference brands. Different culture means different lifestyle and different approach and ritual in business behavior. Referring to the Hofstoeede model this high Confucianism influence reflect a high power distance in Chinese culture that are more likely to accept the hierarchical distribution of power. At the same time is a collectivism culture which means also that are more prone to practice philanthropy activities. So in the application of the philanthropic activities Chinese SOEs during the pre-reform period relied on socialist ideology and mainly helped workers and employees, while during the post-reform in events such as the Sichuan earthquake there were self-organized organizations that gather to bring help into the areas were hit. Of the initiatives implemented in the 2000s, only 13 concerned corporate governance issues and only 5 were related to workplace practices or labor-related issues – which is surprising given the increased international scrutiny over a recent string of corporate corruption scandals (e.g. the Shanghai pension fund scandal in 2006, the tainted milk crisis of 2008) and labor rights cases (e.g. the Foxconn suicides in 2010, and incidences of lead-poisoning in battery-recycling plants in 2011). Shows that approximately half of the CSR-related initiatives have been introduced in the eastern coastal region. This finding suggests that ties to the international community, i.e. foreign direct investment, international customers and client bases, and close proximity to multinationals in China, may be influencing the impetus of public and private organizations to engage in CSR activities, partly because of their increased exposure to international pressures for CSR, but also their visibility to critical Western audiences.

¹⁵⁷ A high-context culture relies on implicit communication and nonverbal cues. In high-context communication, a message cannot be understood without a great deal of background information. Definition given by Lewis model.

Figura 12, Source: CSMAR, number of CSR projects on Social Responsibility 2006-2016



According to some research, the implementation of CSR practices in the social sphere is concentrated mainly in philanthropic activities toward society, and as demonstrated is an intrinsic characteristic of Chinese society. In the reporting index provided by CSMAR¹⁵⁸ in fact results that training about CSR and society were the major project implemented by companies in the period that goes from 2006-2016. We can see from this study that exposure and labor came last while among the issues reported as CSR projects there is a particular attention paid to the trainings and society.

2.3.3 Changing view on Environmental concerns

“Chinese people used to feel a sense of pride for being the world’s factory. Now, everyone realizes what it costs to be that factory. Our water has become undrinkable, our food inedible, our milk poisonous, and worst of all, the air in our cities is so polluted that we often cannot see the sun.” **Jack Ma Harvard Business Review November 2013**

¹⁵⁸CSMAR is the China Stock Market & Accounting Research, a database that offers data on the China stock markets and the financial statements of China’s listed companies.

Ethical and Environmental focuses account for over 70% of the CSR in China research which matches the picture for CSR in management research where the Environmental (36%) and Ethical (31%) focuses together accounted for two-thirds of the articles .¹⁵⁹Also in the study reported by Raynard et al, we can see that there was a decisive change into attention for environmental issues in China during the after-reform period which not only lead the RPC in producing a lot of laws and regulation on environmental protection and conservation of the water and pollution cleaning but also CSR reporting was more focused on environmental reporting. It can be seen that comparing the period that goes from the 60s

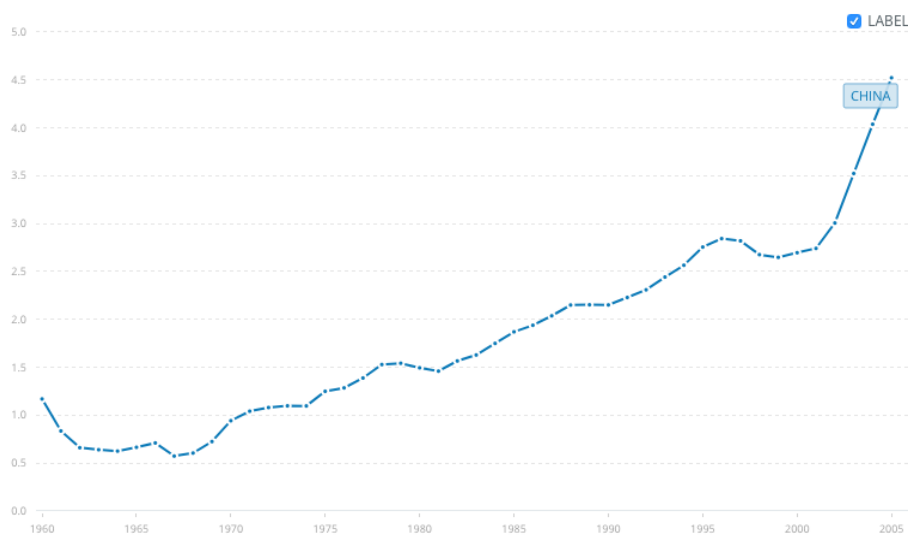


Figura 13 World Bank, CO2 Metric tons per capita from 1960s to 2002

to the 70s, even though production increased and there was no existing regulations for SOEs on the use of water or air polluting, CO2 levels were still bearable. According to the World bank data's¹⁶⁰ on CO2 production metric tons per capita it can be seen an increasing tendency right after the post reform period. To cope also in the enhancing reporting on environmental issues we can see a common bond on the socio-economic welfare changes

¹⁵⁹ Lockett et al, From the research conducted on the number of CSR in China research articles for 3 year sub-periods during 1993–2007, in management research articles during the period 1993–2001; Environmental Management, 2006

¹⁶⁰According to some research, the data provided referring to these periods could not be such accurate as indicated. For what concerns distortion and instrumental use of scientific data on the basis of political considerations, as well as by virtue of private interests of individuals and institutions operating within the Chinese bureaucratic system read: Brombal D.(2013), *La politicizzazione della ricerca orientata alle politiche pubbliche* in ORIZZONTECINA, vol. 11/2013, pp. 2-3, available in Italian.

that come from an external factor. In fact, some external factors such as air and water pollution, food safety, uncontrolled production and use of natural resources came into the international eye, PRC started issuing more laws and reporting requirements that were able to recover from the international concerns. Observing contemporary China, we can definitely say that also among enterprises exists a lot of concern on environmental issues.

Even though the number of initiatives has risen for all areas of CSR, their relative increase has been disproportionate. A majority of the initiatives are concentrated on the social dimension of CSR – specifically wider stakeholder engagement, development of reporting systems, and increased transparency of business activities. Other initiatives, as reported, were concentrated on environmental concerns. Many of these were introduced by local governments seeking not only to increase awareness of CSR, but also to help standardize reporting methods and encourage investment in local communities. The smallest increases in initiatives deal with workplace practices. In SASAC we can find a regulation that states: “Strengthening resource conservation and environment protection. The large State-owned enterprises should take their responsibilities and lead in energy saving and emission reduction. So the enterprises have to upgrade their technology and equipment, and engage in the recycling economy, so as to develop energy-conserving products and improve resource utilization efficiency. What is more, they should invest more to environment protection, rationalize production procedures, try to decrease the pollutant emission with a target lower energy consumption and less pollution but higher production efficiency and output.”¹⁶¹ It is a given fact that China has swiftly adopted new green policies which are more environmentally friendly and is investing on new technologies to build green cities, but there is still a large improvement to do on environmental protection and social equity. In recent years PRC is investing in the construction of green villages and is implementing new policies on green and circular economy. Xi Jinping is also promoting an ecological civilization in order to raise awareness on environmental issues topics. At the

¹⁶¹ *State-Owned Assets Supervision and Administration Commission of the State Council (SASAC), the People's Republic of China (2008) Guidelines to the State-owned Enterprises Directly under the Central Government on Fulfilling Corporate Social Responsibilities*, Available from: http://en.sasac.gov.cn/2011/12/06/c_313.htm: 2011

business level the companies who are more exposed to foreign criticism tend to make a large use of CSR reporting especially in the field on environmental protection. The development of the ecological concepts as we perceived in the West is different in China, during the pre-reform era did not exist at all, some factors are that in that period the basic needs were missing and in Mao's political view the "people" were considered a priority. What can be said is that also the ecological thought of environmental protection and conservation was an external factor that during the post-reform period brought a lot of national legislation and policies towards companies on the use of natural resources.

According to some researchers, CSR reporting on environmental issues raised comparatively with the rising awareness of the danger coming from air and water pollution. In the data's reported by CSMAR¹⁶² database, is reported that the focus of environmental CSR project was mainly based on water and energy areas. These explain also the number of initiatives taken to implement solar energy and hydropower systems, but at the same time shows the effort put on solving problems with water pollution. As reported by a study, CSR projects concerned with solid and hazardous wastes show an increase in 2015 and 2016. This increase can be attributed to the enforcement of government regulatory requirements to reduce generation of hazardous material in industrial environments.¹⁶³

A survey by Beijing University quoted by Wong (2005) reveals that China's particularly low level of environmental awareness could be attributed to personal values. Among the survey respondents, 65% believed humans should "conquer" or "utilize" nature for their own benefit, which is much emphasized in Mao's ideology. The survey also found that Chinese citizens hold a strong "government-reliance attitude towards environmental protection" (Wong, 2005).^{164,165}

¹⁶²China Stock Market & Accounting Research (CSMAR) a database that offers data on the China stock markets and the financial statements of China's listed companies.

¹⁶³ Li K., Khaliki N.R., Cheng W., *Corporate social Responsibility Practice Trends, Context, and impact on company performance*, sustainability 2019

¹⁶⁴ Tang, Ma, Wong and Miao, *Evolution of Government Policies on Guiding Corporate Social Responsibility in China*, Sustainability 2018

¹⁶⁵ MOFCOM, *GoldenBee Research on CSR Reporting in China*, 2018 accessed April 2019 from : <http://csr2.gov.cn/article/csrnews/p1/201812/20181202820620.shtml>

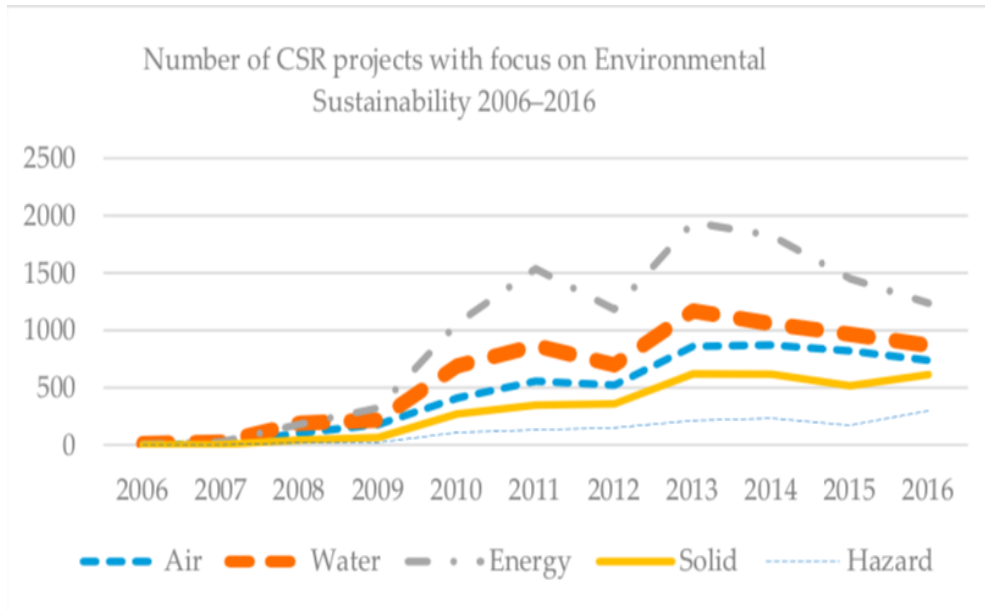


Figura 14 sources CSMAR

The energy sector is the one who is having more attention by the government policies, in fact there are many initiatives that rely on the provision of renewable energies and government itself promote green solutions to the electricity sectors. Water comes as second in the projects with focus on Environmental sustainability.

CHAPTER 3: A Practical Look Into the Application Of CSR in China

3.1 Introduction to the Case Studies

In the previous chapter it has been set the framework of what sustainability means and the evolution of the concept of CSR through its different definition and its application at the business level. Furthermore, it has been showed the concept developed in China and the conditions in which the concept was adopted by the national government. This last chapter will examine two case studies in which I will try to investigate the way CSR is reported and applied in the Chinese business and the evolution through the primary adoption until today. According to the annual index, jointly developed by the Corporate Legal Research Center at Shanghai Jiaotong University and the Political Science Institute of East China University of Political Science and Law (ECUPL), noted that the gap between corporate social responsibility for private companies and state-owned enterprises (SOE) is in fact narrowing, with the private sector making steady progress.¹⁶⁶ Among the private enterprises Alibaba in 2016 was ranked in first place on corporate social responsibility index measuring 110 well-known Chinese enterprises.¹⁶⁷ In order to see the overall tendency of the county in adoption of such rules that came as a foreign factor, I will take in examination two different type of businesses to elaborate the differences that can exist in Chinese market. In fact, one of the two case studies will be the adoption of CSR guidelines and principles by a Chinese MNEs enterprise, the other one will be the adoption made by a Chinese SOEs. In order to do so the data's I will use will be those given by the official websites of the two companies, the National CSR reporting database and the International database. In addition, I will use some websites that treat with the CSR reporting such as CSR Asia, CSR China, Golden Bee and the official website of MOFCOM. In this phase of the research I want also to see how the business evolved in the adoption of CSR guidelines since its first introduction into Chinese business by the government. The starting date of reporting and adoption will

¹⁶⁶Yan L., *Alibaba tops Chinese enterprises on corporate social responsibility: report*, People's Daily, 2016 accessed online in February 2019 from: <http://en.people.cn>

¹⁶⁷Ibidem

be 2009 the year in which SASAAC published the main rules and the year in which the company law was already established. In order to see the change in time and try to understand the future evolution of such norms, I will use the latest CSR reporting's. This study will lead me to find solution for these three areas of interest: (1) what was taken into consideration by companies at the beginning of its adoption; (2) How did it change with further innovation; (3) In which extent Chinese companies are pursuing the SDGs. Specifically, this study will discuss the current application of CSR guidelines with a sustainability perspective. Through the parameters defined in the previous chapter, would be an analyze made through the application of the international standards on CSR reporting. This study will try to provides the reasons why these two companies applies such guidelines and the way they provide information about CSR issues. Using these concepts as main tools for research, I will seek to provide a story and an examples of what, two of the most important enterprises in China, do in order to contribute to the SDGs.

According to was previously analyzed, China's business relies on the government policies decisions. In fact, the law and policy-makers are considered both as drivers and constraints in developing business in China. Also in the case of resolving some national issues, in China there's the need to introduce new policies to face those problems. The data provided by the World Bank in 2006 shows that China had overtaken USA in the emission of CO₂, since then with a population that has been higher than USA, China's pollution represented a critical point not only for its citizens but started concerning the whole world. Among the difficulties that China had to face after its opening markets reform, there were also the rising gap between urban and rural areas. In these time there was a considering increasing of the so called *nongmin yimingong* (农村移民工) which brought in one hand a overpopulation under poor conditions in the urban areas, and in the other hand depopulation of the rural areas. Those were some of the key events that led the government to actively take actions in order to control the side effects of the opening markets reform. Talking about enterprises, the tendency in China, considering the pressure given by the competition with the foreign enterprises, both state-owned and private enterprises in China

had to readapt their standards. In 2008 some of them started reporting on CSR issues, among all the reporting index provided by the companies both private and state-owned were connected to philanthropic activities, with particular reference to the Sichuan earthquake. The first step made by all enterprises in China in reporting CSR and starting the adoption of CSR guidelines were philanthropic activities. In the next two case studies, we can see how two of the best State-Owned and private enterprises adopted CSR guidelines and is still using in to provides solution to their main stakeholders in order to provide and contribute to society. In 2016, The CPC Hunan Provincial Committee and Provincial Government released the *Opinion on Implementing Decisions of the CPC Central Committee and the Central Government to Win the War against Poverty*. This document outlines the key tasks involved in creating the “Internet+ Poverty Alleviation Project” in the rural areas, after conducting a series of in-depth field studies and analysis together with a well-known domestic e-commerce platform and major e-commerce players within the province, they outlined a roadmap for e-commerce. The roadmap has specified key tasks for promoting e-commerce, including growing agricultural specialties that are suitable for online selling, exploring the right online marketing model for agricultural products to access urban markets, and building a proper system to conduct an e-commerce poverty alleviation campaign.¹⁶⁸ Following the principle of “government taking the initiative, while enterprises contributing to policy implementation”, Hunan province has launched an e-commerce service system by setting up service centers at county and township levels. Enterprises like Alibaba Rural Taobao have set up county-level service centers in many poverty-stricken counties. Alibaba Rural Taobao in cooperation with others e-commerce platforms have even gone a step further by setting up more than 2000 village-level e-commerce service stations in 51 poverty-stricken counties. The social line of Triple Bottom Line refers to conducting beneficial and fair business practices to the labor, human capital, and the community (Elkington, 1997) “Social sustainability can be defined as the ability to guarantee conditions of human well-being (safety, health, education) equally distributed by class and by gender. “While in the

¹⁶⁸ China poverty reduction http://p.china.org.cn/2017-10/11/content_50034884.htm

case of Environmental line is referred as the business function of resource provider or waste receiver and the way business directly use such resources. Hereby, with this two case studies it would be shown how CSR guidelines are treated and in which extent those are in line with Elkington concept of Triple Bottom Line.

3.2 Case study 1: The ALIBABA group outline of the company:

Alibaba is a global provider of e-commerce for small business and the flagship company of Alibaba group. It was founded in 1999 by 18 people led by Jack Ma, the company's founders shared a belief that the internet would level the playing field by enabling small enterprises to leverage innovation and technology to grow and compete more effectively in the domestic and global economies. Since launching its first website helping small Chinese exporters, manufacturers and entrepreneurs to sell internationally, Alibaba Group has grown into a global leader in online and mobile commerce, and provides the global market in three main marketplaces: a global trade marketplace for importer and exporters, a Chinese marketplace for domestic trade in China and a marketplace in Japan. All in all, it has more than 47 million registered users from 240 countries and regions.¹⁶⁹ Alibaba did not have a systematic CSR approach before 2007. On November 6, 2007, Alibaba was listed on Hong Kong Stock Exchange, which helped it realize the need for a systematic CSR approach.

Its division is comprehensive of **ALIBABA.COM**¹⁷⁰, leading wholesale marketplace for global trade, the first business of Alibaba Group. **1688.COM**¹⁷¹ Leading integrated domestic wholesale marketplace in China, launched in 1999. **TAOBAO**¹⁷² China's largest B2C platform, launched in 2003 is a social commerce platform that allows consumers to enjoy an engaging, personalized shopping experience optimized by big-data analytics, merchants on Taobao Marketplace are primarily individuals and small businesses.

¹⁶⁹Alibaba group, from Alibaba official website www.Alibaba.com

¹⁷⁰ Ibidem

¹⁷¹ Ibidem

¹⁷² Ibidem

TMALL¹⁷³ China's largest B2C platform, launched in 2008; **ALIEXPRESS**¹⁷⁴ Global retail marketplace, launched in 2010, enables consumers from around the world to buy directly from manufacturers and distributors primarily in China. In addition to the global English-language site, AliExpress operates multiple local-language sites, including sites in Russian, Portuguese, Spanish and French. **ALIMAMA Marketing**¹⁷⁵ is a marketing technology platform launched in 2007 that matches the marketing demands of merchants and brands with the media resources on Alibaba Group's platforms and third-party properties. **ALIBABA CLOUD**¹⁷⁶ the cloud computing arm of Alibaba Group, is among the world's top three IaaS and it is the official Cloud Services Partner of the International Olympic Committee. **ANT FINANCIAL** Technology company offering inclusive financial services Ant Financial is a technology company that brings inclusive financial services to the world. Ant Financial, officially founded in 2014, originated from Alipay founded in 2004. With the mission of "bring the world equal opportunities," Ant Financial is dedicated to creating an open, shared credit system and financial services platform through technology innovations, and to provide consumers and small businesses with safe and convenient inclusive financial services globally. **CAINIAO NETWORK** Logistics data platform operator Cainiao Network is dedicated to meeting Alibaba Group's logistics vision of fulfilling customer orders within 24 hours in China and within 72 hours anywhere else in the world. Alibaba has established also a code of conduct of Alibaba group which it is comprehensive of four main part which include employees and the workplace, compliance with law and ethical conduct, responsibility to Alibaba group and implementation of the code. And its mission proposed was 让天下没有难做的生意 "Make business easy in the world".

The case of Alibaba was successful in establishing the first E-Commerce platform in China. The drivers were the highly interest by the government in establishing these new type of business and in the case of an authoritarian regime is important to have the legal

¹⁷³www.tmall.com

¹⁷⁴www.aliexpress.com

¹⁷⁵ *Ibidem*

¹⁷⁶One of the world's top three IAAS providers, established in 2009, Alibaba Cloud (www.Alibabacloud.com)

support from the government. Alibaba was successful also in the promotion and report of CSR reporting since its first introduction by the government. In fact, Alibaba group focused its goals in solving some problems by take forward some projects that turned into business.

Since 2014, the central government has intensified the strategy of “Internet Plus” with many relevant policies to develop nationwide e-commerce as part of the new national economic policy to transform China’s economy from export-led into domestic consumption-driven. In particular, the State Council in 2015 announced the “Opinion Regarding the Active Promotion of E-commerce Development and Accelerated Nurturing of a New Force of Economic Development” *guanyu da li fazhan dianzi shangwu jiakuai peiyu jingji xin dongli de yijian* (关于大力发展电子商务加快培育经济新动力的意见), in which the role of e-commerce is highlighted to facilitate “mass entrepreneurship and mass innovation”, *dazhong chuangye wanzhong chuangxin* (大众创业万众创新) and “the provision of public goods and services by the government” as the two new economic engines for industrial upgrading toward high-medium ends and the target of high-medium economic growth.¹⁷⁷ In the case of CSR the government stipulated in January 2008 through SASAC the new guidelines for reporting and for the introduction of the guidelines in order to be in line with the international standards. The SASAC report was directed to the SOEs, however Alibaba was among the first private enterprises to adopt such guidelines publishing in 2008 the first CSR report.

China's accession to the WTO in 2001, allowed small and medium-sized enterprises to gain foreign trade autonomy and at the same time to raise awareness on fair business introduced also outside China Chinese social and environmental problem. Alibaba conscious of the opportunity and risk that occurs with the implementation of international businesses, find itself prepared and became one of the first private enterprises to introduce CSR reporting. The drivers that led Alibaba to become a successful business and to promote innovative and rewarding business and projects were the good relations with the government and the technology know-how. In 2007, the company and its employees set up

¹⁷⁷ Li H. A., *Ecommerce and taobao villages: a promise for China's rural development?*, China Perspectives, 2017

Alibaba Love Fund to help fund different charity projects, including education, medication, disaster relief, and environmental protection. This was an important attempt by Alibaba to participate systematically in public welfare activities. In the same year, Alibaba published its first CSR report, which was also the first of its kind among Chinese internet companies. Since then, the Alibaba Group had periodically published its visions, actions taken and outcomes in its CSR reports. Alibaba's CSR department was established in 2008. On the same day the Wenchuan earthquake took place, May 12, 2008, Alibaba opened a donation platform on Taobao, allowing the public to make donations using Alipay.¹⁷⁸ Within two weeks, the project garnered donations worth more than RMB 25 million. This became a milestone, and the effectiveness of online donation platforms started receiving the Chinese public's attention. Since then, Alibaba has provided free connections enabling charities to promote their projects and receive online donations. In the adoption of such strategy Alibaba group founded some of the most rewarding and useful projects regarding the active commitment in contributing to welfare of the society and environmental protection. In 2017 Alibaba publishes "Alibaba Philanthropy report" (阿里巴巴集团公益报告) where shows its commitment to achieve two main objectives Philanthropy for clearer air and for warmer society"¹⁷⁹

3.2.1 Alibaba's commitment in solving social and environmental problems

Social commitment: online business and public welfare activities

1. 淘宝村 Taobao Villages. In recent years, the central government has encouraged the development of e-commerce in the rural areas, and has made it integral to the strategic policy of achieving a "moderately prosperous society"¹⁸⁰ (*xiaokang shehui* 小康社会) by 2020 through "new-type urbanization" (*xinxing chengzhenhua* 新型城镇化) (Fang 2016; You, Ren, and Zhang 2017), and "accurate poverty alleviation" (*jingzhun fupin* 精准扶贫) in rural areas, among other measures. These efforts are manifest in many documents, such as "Instruction

¹⁷⁸Source: http://www.chinacsmap.org/index_EN.asp Visited in April 23rd 2019

¹⁷⁹ Proposed as a slogan the original text is : *Rang Tian Geng lan, xin geng nuan* 让天更蓝, 心更暖

¹⁸⁰society in which the material needs of most citizens are adequately met

Regarding How to Facilitate the Acceleration of Rural E-commerce Development” (*guanyu cujin nongcun dianzi shangwu jiakuai fazhan de zhidao yijian* 关于促进农村电子商务加快发展的指导意见), published by the Ministry of Commerce.¹⁸¹ In 2013 Alibaba launched one of its most important research projects in cooperation with the World Bank and the Peking university of Beijing that aimed to have an impact on social welfare, in particular its objective was to reduce the Poverty gap between rural and urban areas by providing households were people in rural areas could conduct e-commerce businesses. Taobao Village directly created 8.5 hundred thousand jobs, more than 11,000 rural e-commerce shops sales more than 1 million per year China’s.¹⁸² E-commerce is showing a promising role in alleviating poverty and improving people’s lives. Anecdotal stories show that people can get rich and have better lives after participating in e-commerce. Many cases also highlight that access to an online market allows people in rural areas to enjoy the convenience, variety, and similarly low prices available in big cities. There’re also anecdotal stories that many young and talented people, including women, have returned to their hometown in rural areas, earning as much or more than they did as migrant workers in the cities, while at the same time enjoying more family time. Many have become e-commerce leaders in their home villages and are role models for others.¹⁸³ Alibaba villages are households that are directly involved in with the taobao platform, in this way also in rural areas it is possible to start a business through the internet activity and sell items. The profile of a typical e-commerce shop owner of the so called E-households are richer than other households. Business income, including e-commerce income, is the main income source of e-households.¹⁸⁴ E-shop owners are younger and more educated than the rest of the population in the village. Many e-shop owners are returned migrants and women.¹⁸⁵ E-shop

¹⁸¹ Li A. H., *Ecommerce and taobao villages: a promise for China’s rural development?*, China Perspectives, 2017

¹⁸²data from Ali Institute

¹⁸³Xubei Luo, *In China’s Taobao villages, e-commerce is one way to bring new jobs and business opportunities to rural areas*, World Bank, 2018 accessed on April 2019 from

<https://blogs.worldbank.org/eastasiapacific/china-s-taobao-villages-e-commerce-one-way-bring-new-jobs-and-business-opportunities-rural-areas>

¹⁸⁴Ibidem

¹⁸⁵Ibidem

workers in Taobao villages have wage levels equal to or higher than workers in urban private industries. For e-shop owners, the top three barriers to develop e-commerce are the high cost of online advertisement, tough competition, and lack of skills. Access to finance also remains a key constraint.

Nowadays most of the reviewed literature on Taobao Villages agree that the rapid development of e-commerce activities in Taobao Villages are now facing the urgent need for industrial upgrading, such as recruiting talent from outside to improve the e-commerce ecology.¹⁸⁶ In contrast there are also some media reports that have revealed that rural e-tailers earn little profit despite the continued growth of sales volume on Taobao. Also, the continued inadequacy of road infrastructure and unreliability of public utilities dampens the prospects for Taobao Villages to flourish in less developed rural areas. In fact, as of 2016, only 3% (18 out of 592) of State-level Impoverished Counties (*guojiaji pinkun xian* 国家级贫困县) have Taobao Villages.

2.人人三小时: Alibaba provided a free platform resource to connect with the public welfare projects. The users can easily check the latest online and offline public welfare project information, choose to participate in a variety of volunteer services, communication relay, etc., but also can record their own public welfare, and exchange experience with others.¹⁸⁷ The mission of this new public welfare project is resumed in this slogan “How to motivate more people to participate in the public welfare from the heart, which is the biggest core of public welfare” (“如何从内心激发,让更多人参与到公益的本身,这是公益最大的核心”). Sun lijun, the general manager of the social welfare department of Alibaba group, said that he proposed that everyone participate in the public welfare for three hours, hoping that everyone can take a little action to participate in the public welfare, bring tiny and beautiful changes to the world, and realize the vision of "a bluer sky and a warmer heart"¹⁸⁸The "pillar"

¹⁸⁶Ibidem

¹⁸⁷ Pi Lei 皮磊, *renrensan xiaoshi, gongyi yiqilai, jintian Alibaba fangle ge da zhao*, 人人3小时, 公益亿起来, 今天阿里巴巴放了个大招 公益时报, (Three hours of philanthropy, commonwealth rises: Alibaba put big action today, *Gongyi shibao, China's Philanthropy Times 2017* accessed on April from: http://www.sohu.com/a/169764103_648461

¹⁸⁸Ibidem

public welfare project jointly initiated by China foundation for poverty alleviation, Alibaba and Ant Financial aims to provide medical insurance services for major public diseases for poor households aged 20 to 60 in key poverty-stricken counties across the country. In the six months since its launch, 76,528 poor households in Xishui, Guizhou province, who have set up their own registration cards, have been insured. Through systematic and professional e-commerce skills training, the "magic bean mom" public welfare project uses the advantages of the Internet to enhance the Internet entrepreneurship and employment ability of women with difficulties. So far, it has carried out and supported more than 5,000 "magic bean moms" in 9 provinces and cities.¹⁸⁹

3. Tuan Yuan System, 团圆系统。 The "reunion" anti-trafficking platform was launched in 2016, it was implemented with the cooperation with the emergency release platform for missing children of the ministry of public security (公安部失踪儿童紧急发布平台), it makes use of high-tech and information methods to improve the recovery rate of missing children through the form of Internet in compliance with anti-trafficking. Through the "reunion" system, more than 6,000 anti-abduction police from ministries, provinces, cities and counties across the country can log into the platform system and after simple operation, they can push information of missing children to the public in the form of pop-ups on the 25 apps that have been accessed and mobilize the public to participate in the fight against abduction of children. As of September 1 this year, a total of 1,918 missing information has been released, helping parents across the country to find 1,847 children, the recovery rate of 96.30%.

3.2.2 Alibaba's commitment in solving social and environmental problems.

Environmental commitment. Its commitment to the environmental issues changed from a philanthropic commitment into an active action with the foundation of Ant Financial. Greening society and the green promotions are among the principal subjects of the Chinese

¹⁸⁹ She Ying 余颖 *shengqi de Alibaba de " Gongyi san xiaoshi": Mayun juan le shang bai yicai huan ban xiaoshi*,神奇的阿里巴巴的“公益3小时”：马云捐了上百亿才换半小时，你捐1元也能换，(Alibaba's amazing "public welfare 3 hours": jack ma donated tens of billions for half an hour, you can donate 1 yuan for it), Jingji ribao. - China economic net, reporter

government. In the last report on philanthropy commitment Alibaba's focus was 让天更蓝. In support of the active promotion in greening the planet and cleaning the air, Alibaba proposed different business project among which we find some of the most popular like the Cainiao network, Ant forest. Also in this occasion Alibaba took its opportunity with a contribution to the new project on greening china by the introduction of "The ant Forest" (蚂蚁森林)

1.菜鸟 **Cainiao network**. China's e-commerce consumption has grown rapidly and reached the world's largest scale in 2016. The reason and result of its rapid development is the explosive growth of express delivery industry. At the same time, the huge resource and environmental impact of the express industry is also getting more and more attention. In 2016, there were 23.8 billion express parcels, 11 billion plastic bags, 3.7 billion woven bags, 13.8 billion cartons and 2.38 billion square meters of adhesive tape. Resource and environment constraints have become an important factor challenging the traditional development model of China's express delivery industry in addition to rising labor costs. Therefore, it is necessary to reduce environmental pollution at the source through the greening of e-commerce logistics industry. In the above context, on June 13, 2016, with the support and cooperation of china-asean environmental protection cooperation center under the ministry of environmental protection, Alibaba cainiao network, together with 32 global logistics partners, launched the green e-commerce logistics project -- "green action plan". The action as first voluntary environmental logistics industry in China, aims to put the green procurement, product lifecycle management and producer responsibility idea into the express enterprise supply chain management system, through the identification of the product/service and its life cycle stages of green attributes, to express enterprise procurement, packaging, transport, transport, distribution, recycling, waste management and so on each link of the green properties for effective management, reduce the product/service process resource consumption, environmental pollution and harm to human body, promote the resource recovery and recycling, realize the green industry

development.¹⁹⁰ In fact, among the program launched during the 95th week of public welfare Alibaba presented Cainiao, as an important driving force of green logistics, also released the latest progress of cainiao green action, and the newly upgraded "2018 return to the box plan" 2018回箱计划. Cainiao is a logistics business, with this new program is working towards a goal of replacing 50% of all packaging materials on Alibaba-related platforms with 100% eco-friendly or biodegradable packaging materials. They launched a "green packaging" program and pushed it to our courier service partners. Under the program, bio-degradable bags, tape-free boxes and package recycling bins are used. Using a packaging optimization algorithm, Cainiao Network matches packaging needs based on a parcel's mass and volume, which on average reduces the use of packaging materials by approximately 15%.¹⁹¹ This technology was applied in over 250 million delivery boxes and courier bags in the fiscal year ended March 2018. In the above context, on June 13, 2016, with the support and cooperation of china-asean environmental protection cooperation center under the ministry of environmental protection, Alibaba Cainiao network, together with 32 global logistics partners, launched the green e-commerce logistics project "green action plan". The action as first voluntary environmental logistics industry in China, aims to put the green procurement, product lifecycle management and producer responsibility idea into the express enterprise supply chain management system, through the identification of the product/service and its life cycle stages of green attributes, to express enterprise procurement, packaging, transport, transport, distribution, recycling, waste management and so on each link of the green properties for effective management, reduce the product/service process resource consumption, environmental pollution and harm to human body, promote the resource recovery and recycling, realize the green industry development.¹⁹²

¹⁹⁰ X. Lin, *Shuang11 lvsì wánfǎ "95Gongwìzhōu"*, 双11绿色玩法 "95公益周" Xinhua Wang (Double 11 the green gameplay "95th public welfare week"), Cainiao, 2018 accessed May 2019 from www.xinhua.net

¹⁹¹ Ibidem

¹⁹² Ibidem

2.ANT FINANCIAL 蚂蚁森林. Ant Forest Program, 2.2 Hundred Million People Participated, Carbon Accounts helped reduce 6.7 Hundred Thousand Tons of Carbon Emission, Planted 8.45 Million Suosuo Trees in desert¹⁹³ In the latest report Alibaba group reported these words” Any great business is inseparable from its personal background, without the opening-up policy, there would not exist any Alibaba today. In this, Alibaba is certainly lucky. (*renhe weida de shiye dou libukai hongda de shí dài bèi jǐng méi yǒu gǎi gé kāi fàng zhèng cè jiù méi yǒu jīn tiān de ā lǐ bā bā jiù zhè yī diǎn ér yán Alibaba wuyi shixing yun de*, 任何伟大的事业都离不开宏大的时代背景没有改革开放政策，就没有今天的 阿里巴巴。就这一点而言，阿里巴巴无疑是幸运的). Ant forest endows the financial service of Alipay with the connotation of low-carbon and tree planting, so as to spiritualize the payment behavior of users. This is a wonderful business, a wonderful public welfare, and a wonderful unity of public welfare and business. If we are not satisfied with the online activities, but take this opportunity to extend the public welfare feelings and power of the virtual world to the offline, support and overcome various difficulties in the implementation, and gradually extend an efficient and transparent implementation system, it will change the world. According to some Chinese newspapers interviews emerge that Qian Xiaohua, President of alxa SEE ecological association, told that by June 4, 2017, SEE ecological association has received more than 2 million charity donations in the low-carbon plan of Alipay ant forest, and more than 200 million people have participated in Alipay ant forest.¹⁹⁴ It emerges that there is an increasing passion of the new generation for public welfare and that the power of public participation can be brought by Internet enterprises such as Alibaba. At the end of 2014, when I stepped down as the secretary general of one foundation in Shenzhen, 40.8% of the total annual revenue of one foundation was donated by Alibaba and Taobao charity users, accounting for nearly half of the strength of one foundation. The new ant forest open plan will encourage more low-carbon scenarios to be connected, and we look forward to

¹⁹³ Alibaba Group, *Corporate Social Responsibility Report* data from 2016/2017

¹⁹⁴http://www.xinhuanet.com/gongyi/2017-06/05/c_129625486.htm

partners such as NPO, government agencies and international organizations to join this public good innovation. The Ant forest combined with the *taohuayuan* foundation is testing the water conservation plan. Meanwhile, ant forest is trying to cooperate with Beijing to explore the public vehicle emission reduction scenarios. "Openness is not just about finding trees, finding protection, or combining brands. It's about opening up the whole chain and connecting all green scenes and resources to everyone's actions on the platform."

3.2.3 Summarizing Alibaba Group CSR engagement and its commitment to sustainable development goals.

From the latest report on CSR published by Alibaba group, clearly emerge an involvement of international issues such as poverty relief and social actions, environmental commitment, data protection, Alibaba uses its technological and innovative resources to implement projects that aims to contribute to the community its business operates in. Alibaba Group's Taobao marketplace had a banner year for philanthropy in 2018, raising RMB440 million from two million merchants and 427 million shoppers and helping an estimated 8.7 million people. Taobao's four initiatives – and the results they garnered – make it China's largest online philanthropy platform, in terms of total participation.¹⁹⁵ Using the Triple bottom line proposed by Elkington to introduce in a table all the commitment of Alibaba group reported as CSR actions the result would be as shown in the table 1. As a primary indicators I introduced the Triple Bottom Line that is used by Elkington to evaluate the Sustainability of a company. The secondary indicators are the micro areas which are included in the three main topics and are often proposed by the different international standards. Strategy adoption indicates the strategies used by Alibaba in its latest report in order to express its commitment to CSR initiatives and the pursuing of SDGs. SDGs, are not expressively indicated by Alibaba's report but are implicitly introducing thought a reliance on the commitment to follow the Government's Law.

¹⁹⁵Lee, Yeh, Banner Year for Alibaba's Taobao Philanthropy Efforts, *China's popular social commerce marketplace raised RMB440 million in 2018*, Hangzhou, China, Alibaba group press release 2019

Table 1 Elaborated by the author: CSR report of Alibaba group, strategies and solutions adopted

<i>Primary Indicator</i>	<i>Secondary indicators</i>	<i>Strategy adoption</i>
Social topics	Corporate philanthropy	directly involved in activities such as: - 团圆系统 The research of missing children. - 人人三小时公益 Three hours of philanthropy - 淘宝村 Participate in Industrial poverty alleviation and facilitate rural revitalization
	Employee rights and developments	全橙爱”给你全程呵护 "All orange love" gives you all the care
	User rights	-“客户第一” “ consumers first” approach -Data protection -Cyber security
Economic topics	Financial	Financial Day for all the enterprises
	Core mission	Intellectual rights protection
Environmental topics	Environmental protection Cleaning air Reduce CO2 emissions Reduce packaging	The “clean source action in Zhejiang Ant financial: -greening the planet by planting trees -Project of plastic reduction

From the resume, we can see that Alibaba company have an actively philanthropic activity that aims to provide a monetary support for the different activities involved in the achievement of the SDGs, doing this is using all its online platform adapting the internet usage to philanthropic activities. According to the Triple bottom line proposed by Elkington, it seems that Alibaba is following the rule of the 3P: People, Profit and Planet. What emerge is that in the case of Alibaba group there is a large company working in a vast variety of fields that have in common the usage of internet. Most of the project conducted by the company would have not been possible without the support of government implemented rules and policies. With this case study we can have the proof that the relation that exists between private enterprises and the government is still really strong and strongly bounded. The production of CSR reports according to the previous analysis is rising and the way in which private enterprises conduce CSR activities and adopt CSR guidelines is however connected to the rules and policies adopted by the government. What is interesting to notice in the case of Alibaba group is that, though the online platform “人人三小时公益”, was able to activate a large number of donors that make donation and voluntary activities on a voluntary basis. These attitudes could be interesting for further studies on the active reaction of philanthropic activities of the Chinese citizens. Referring to the latest GRI Standards indicators released by Global Reporting Initiative, the United Nations 2030 Sustainable Development Goal and relevant industry standards of Environment, Society and Governance (ESG), the company has compiled and completed a social responsibility index system applicable to a consistent number of Interactive Entertainment from three dimensions of economic issues, environmental issues and social issues. Recalling the 10 principles of GRI reporting system, however there is not any clear declaration that says the company pursue and adopt such regulation. Same case occurs when we want to consider the ISO 26000 as an international standard applied to the report. In particular principles regarding Labor, there are indications talking about occupational health and safety, training and education, diversity and equal opportunity, equal remuneration for women and men. A lot is considered for the environmental aspects, in fact there is an increasing activism on

environmental issues also in the case of Alibaba we saw a commitment in environmental protection and as demonstrated with the Ant Financial an active take in action to implement a greener growth.

The mission of the company did not change, it remains the same of the previous 10 years, there is just an addition that “would be mission driven in order to achieve sustainability”. To what concerns gender report partnership male and female in the latest update shows that 67% are male and 33% female. Considering the compliance with law as a part of economic commitment, intellectual property Alibaba Group has entered into a series of agreements with such entities, that under accounting rules are referred to as “variable interest entities” (VIEs), and their Chinese national owners, such that Alibaba consolidates the VIEs on its financial statements because Alibaba, among other things, bears the economic risk and benefits of the VIE, through contracts such as technology and licensing agreements, is entitled to substantially all of the profits of the VIEs, has an exclusive option to acquire the shares or assets in such VIEs if permitted by law, and) holds the voting proxy with respect to such VIEs.

The commitment to SDGs is declared in the report with the slogan “让人更暖, 让天更蓝”(Make people warmer and the sky more blue), was also included a conscientiousness of pursuing the SD global goals. In fact, in the latest reports and speech of the main chief executors Alibaba frequently shows its commitment in making the world a better place. Is implementing a lot of joint programs with other institution in particular is supporting and joining UN for the project in Poverty reduction. Holding that social responsibility is the inherent cause of Alibaba, Alibaba group has established a social responsibility system dedicated to employees, customers, industry partners, social environment and economic development. For Alibaba group, social responsibility is not a burden to the enterprise, in every enterprise business model, can find combination point between itself and social responsibility, and Alibaba group think everyone has a social responsibility, only in enterprise business model of corporate social responsibility in practice, to achieve sustainable development. In addition, Alibaba group has set up the social responsibility

department of Alibaba and set up the corresponding official website, which is accessible to every citizen to clearly understand the information about the social responsibility merger and acquisition crisis of Alibaba group, the rampant fake goods on e-commerce platforms, and the scale and profits of enterprises¹⁹⁶ Together with the Zhejiang provincial department of environmental protection and the green eyes environmental organization, the group launched the water environmental protection project of "clean source action" in Zhejiang province, which aims to protect important water sources and watersheds by establishing a non-governmental network for water environmental protection, promoting public participation in environmental protection, and assisting the government in pollution control and other activities. The Alibaba group, from the first social responsibility report, set up a social responsibility department, but also find a strategy in Carroll CSP model, the social elements of its operation and management, fully realize the enterprise as a social citizen.

3.3 CASE Study 2: State-Owned enterprise, the STATE GRID corp.

The Chinese government has encouraged companies to implement CSR practices, requiring SOEs to take the leading role of CSR practices in China. Political connections have been found to have a positive relationship with awareness and adoption of CSR policies among Chinese companies (Gu et al., 2013).¹⁹⁷ Thus, Chinese SOEs which have significant political responsibilities are highly aware of CSR concepts, and thus seek to implement CSR practices. In addition, as a developing country, China has limited funds and infrastructure, and thus has difficulty to provide full social service in all areas or at all times (Wokutch et al., 2013). Although the relative magnitude of value-added output and SOE employment has declined substantially during the course of reform, state-owned enterprises still remain dominant in China's strategic industries, such as banking and finance, telecommunications, crude oil and chemicals, iron and steel production, civil aviation, railroad, automobile

¹⁹⁶ Yu Zhan徐展, *Shanghai Gongsi shehui zeren tantao , yi Alibaba wei lie*,上市公司社会责任探讨——以阿里巴巴为例, 西南科技大学, 四川绵阳 (investigating Shanghai Corporate Social responsibility: the Case of Alibaba) xinan keji daxue, Sichuan Mianyang, 2018

¹⁹⁷ context

production, other infrastructure and general utilities.¹⁹⁸ I will take in analyze this case study with particular concern about the energy sector since in China the highest percentage of air, water and soil pollution comes from coal and raw chemicals production.¹⁹⁹ In fact, energy suppliers face a double challenge which is the rise in energy price and the allegation that certain types of energy consumption are socially responsible,²⁰⁰ that is the reason why State Grid Corporation of China represent an exceptional case of adoption by a SOEs of CSR guidelines.

SGCC outlines. The State Grid Corporation of China (here in after referred as SGCC) was the first large state-owned enterprise in China to publish a CSR report and the first Chinese enterprise to consider its CSR strategy through a process involving all staff members. In doing so, it established a CSR management system, and was one of the first Chinese enterprises to draw up guidance for CSR implementation. SGCC was founded in 2002 as a pilot state-owned corporation by the State Council. Its core business is to build and operate power grids and provides safe, cost-effective, clean and sustainable energy power supply for the development of the society. SGCC's service area covers 26 provinces, autonomous regions and municipalities directly under the jurisdiction of the Central Government which equals to 88% of the national territory.²⁰¹ It was in 2005 that published its first guideline titled "2005 State Grid Corporation of China Corporate Social Responsibility Report"(*Qiye lvxing shehui zeren zhinan*,企业履行社会责任指南), in which outlined SGCC commitment to fulfill its social responsibilities and was well received by leaders from central government. The media also saw it as a pioneering study which would benefit the development of large state-owned enterprises, and Xinhua News Agency was inspired to publish a report entitled CSR commitments of the State Grid Corporation of

¹⁹⁸ Y.Liu *A Comparison of China's State-Owned Enterprises and Their Counterparts in the United States: Performance and Regulatory Policy*, Public Administration Review 2009

¹⁹⁹Chun R., *A Ethical values and environmentalism in China: comparing employees from state-owned and private firms*, Journal of Business Ethics Springer, vol. 84(3), pages 341-348,2009.

²⁰⁰Ibidem.

²⁰¹ MOFCOM, *State Grid Corporation of China: Leading the Development of CSR in China*, CSR in China, China WTO Tribune 2009, accessed April 2019 from:

<http://csr2.mofcom.gov.cn/article/supply/200905/20090506244358.shtml>

China and other large state-owned enterprises, it was also the first Chinese enterprise to participate in the formulation of the international social responsibility standard ISO 26000. Other SOEs soon followed suit and began their own process of reviewing CSR policy and publishing reports, SGCC made the first outline on CSR reporting in China for SOEs, and nowadays as reported in the national newspapers still leads the line on implementing CSR.²⁰² SGCC ranked the 29th in the Fortune Global 500²⁰³ in 2007 while recently State Grid was awarded A-Class by State-owned Assets Supervision and Administration Commission (SASAC) for 13 consecutive years, and ranked 2nd on Fortune Global 500 for 2 consecutive years. In 2007, the state grid corporation declared in the CSR report that will introduce in its policies also the corporate governance, company social responsibility management", interest mutually close party and participation, the United Nations global pact about action performance, global reporting initiative (GRI guide). For the first time, the report distinguishes between six common responsibilities for all stakeholders and six specific responsibilities for different stakeholders. The report takes into account the global reporting initiative (GRI) G3 guidelines and the AA1000 series of standards, and introduces a GRI citation module in the final chapter of the report. Analyzing its report latest reports, at first emerge from them a strong commitment to implement the 14th principles of the CCP²⁰⁴. After this declaration comes the six commitments of the enterprise that embrace the CSR guidelines in its core businesses. These six commitments include:

1. committing to the leadership of the party, implementing the decisions and policies

²⁰² Syntao 商道, *Guojia dianwang qiye shehui zeren ruxian hafu shangxueyuan anli*, 国家电网企业社会责任入哈佛商学院案例(State Grid Corporate Social Responsibility enters as a Case studies of Harvard Business School), 2010

²⁰³List of the largest 500 US manufacturing corporations, ranked by revenue. It is published annually in the Fortune magazine with data on the firm's assets, net earnings, earnings per share, number of employees, etc. Read more: <http://www.businessdictionary.com/definition/Fortune-500.html>

²⁰⁴The principles are the following: ensuring party leader overall; committing to a people centered approach; continuing to comprehensively deepen reform; adopting a new vision for development; seeing that the people run the country; ensuring that governance is law-based; upholding core socialist value; ensuring and improving living standards through development; ensuring harmony between nature and human; pursuing holistic approach to national security; upholding absolutely party leadership over the people armed forces; upholding the principles of "one country two system" approach promoting national reunification; promoting the building of a community with a shared future for humankind; exercising full and rigorous governance over the Party.

of Central Party Committee and the State Council and forging an employee-oriented enterprise

2. Taking action to responsibility by committing to re-electrification, building energy interconnection and meeting power demand with clean and green alternatives for energy production and consumption revolution

3. Foundation of management, committing to conglomeration, standardization, centralization, streamlization digitalization and internationalization development, becoming a more competitive modern state-owned enterprise.

4. Committing to quality development focusing on “ one core, three pillars” strategy to strengthen reform, innovation service and culture.

5. Committing to building up a strong and smart grid to put the base on a solid foundation

6. Original aspiration, committing to the tenet of power utility by the people and for the people to promote the corporate core values of being customer-oriented professional and dedicated.

The content of SGCC is focused on the process of continuously improving the preparation and release of social responsibility report, the process of state grid corporation promoting corporate social responsibility to be rooted in the grassroots and the front-line, and the core content of the social responsibility management system of state grid corporation.²⁰⁵

CSR GUIDELINE Strategic stakeholder engagement mechanisms (SSPM) : in order to achieve the company's "core social value", protect barrier more security, more economic, more clear clean, sustainable energy supply, the state grid company and the central government, provincial government and the power generation enterprises, the core equipment suppliers and other key stakeholders to establish the communication and cooperation between machine system, including planning and heavy big study to related

²⁰⁵ Zhou Wei周维, *Guojia Dianwang Gongsi qiye shehui zeren yu qiye wenhuade yanjiu* 国家电网公司企业社会责任与企业文化的研究, (Research on Corporate Social Responsibility and Corporate Culture of State Grid Corporation), Qiye Guangli企业管理 Hunan, Chngsha, 2013

ministries and commissions, will hold talks with main leaders of provincial governments regularly every year, BBS to participate in the energy industry and the associated with equipment suppliers develop nuclear equipment etc. The participation mechanism of strategic stakeholders mainly focuses on the development direction, scale and speed of state grid corporation of China, the direction of power grid planning and major technology breakthrough, supply chain policy, and so on. State grid corporation of China actively promotes the participation of stakeholders in daily operation, and specifically analyzes the impact of its commercial operation on these stakeholders.

3.2.1 State-grid's best practices in involving internal and external social commitment

Existing studies on CSR in China has focused more on government regulations rather than focusing on internal factors such as the values and attitudes held by the employees. In the case of SOEs, there is a clear difference in managing the core values of the company, in these type of company can become more influential on the view of employee's values and organizational citizenship behavior. A great approach was taken by SGCC which established a special department of corporate social responsibility through which began to promote the establishment of stakeholder participation mechanism in a more systematic and structured way. It established the participation mechanism of strategic stakeholders respectively²⁰⁶ Inside the company it exists an internal collection of data's coming from each unit and department of the firm, CSR office and small report compilations group. Combined with the external collection of information that come from regular and irregular surveys made to stakeholders, daily feedback. There is a large use of trainings that comes from the office of corporate social responsibility which organizes two types of corporate social responsibility training -- one is for senior management personnel of headquarters departments and provincial subsidiaries, and the other is for internal trainers of subsidiaries. For the former, the CSR office inserts a three-hour CSR training module into every senior management training program. For the latter, the training program lasts a week or two. The

²⁰⁶MOFCOM, *State Grid Corporation of china, Corporate Social Responsibility report, 2015*

lecturers participating in the training include internal experts, external experts and the social responsibility leaders of other central enterprises. The training includes the implementation of the social responsibility of central enterprises, the CSR trial project of state grid corporation of China, and the CSR of state grid corporation of China

1. *Guangfu fupin guojiadianwang zaihangdong* (光伏扶贫国家电网在行动) SGCC launched a nationwide power grid initiative named Sunshine Poverty Relief Action since 2015 to tackle poverty in China's poor areas, according to the company.²⁰⁷ By the end of 2015, State Grid has carried out plans for the initiative and made poverty alleviation a priority in its development strategy. To implement the poverty alleviation decision made by the State Council, the company has established a team to push forward key tasks under the initiative. By the end of 2015, State Grid has carried out plans for the initiative and made poverty alleviation a priority in its development strategy. In April 2017, all the villagers of Shenyanghe Village in Shennongjia, Hubei province, wrote a joint letter to Shu Yinbiao, Chairman and Party Secretary of the State Grid Corporation of China. At the end of the letter, there were 92 red fingerprints, from 92 families' representatives in the village, expressing their gratitude of the villagers. The Luoyang he Village is a poor village with 92 households (81 households are poor households) in the Shennongjia Forestry District. It is also the most remote mountain village in the forestry area. The natural environment is harsh, remote, obstructed and backward. The village in collective has no sustainable source of economic income. In February 2017, the 200kW photovoltaic power station for poverty alleviation that was donated by the company was officially started, with a total investment of more than 2 million RMB. The company was responsible for material procurement, installation and grid connection of the power station. After the power station was completed and put into operation, it could generate 150,000~180,000 RMB/year under local sunshine conditions. Chen Zuju, party secretary of Luoyang River Village, said, "If I want to do something for the people in the future, I have confidence and I can stand straight."²⁰⁸

²⁰⁷ SASAAC, *State Grid plays bigger role in poverty alleviation through CSR efforts*, 2018 http://en.sasac.gov.cn/2018/07/18/c_68.htm

²⁰⁸ MOFCOM, *State Grid Corporation of china, Corporate Social Responsibility report*, 2017

2. *Guojia dianwang gongyi jijin*(国家电网公益基金) State Grid Corporation public welfare foundation. The foundation is the first non-public fund in China's energy industry initiated and established by state grid corporation, which is under the charge of the ministry of civil affairs, it has the qualification of an independent legal person and is rated 3A by the ministry of civil affairs itself. Its purpose is to actively fulfill the social responsibilities of power grid enterprises, offer love, support social public welfare undertakings and promote the harmonious development of society.²⁰⁹ The business scope of public welfare activities of the foundation includes:

- (1) actively participate in social public welfare undertakings, and carry out social relief activities such as helping students, the elderly and the disabled;
- (2) supporting enterprises affiliated to power grid companies to carry out poverty alleviation projects;
- (3) providing relief for major natural disasters;
- (4) carrying out other public welfare activities suitable for their own characteristics.

In recent years, the state grid public welfare foundation has given full play to the function of public welfare resource group operation platform, accelerated the unified management of public welfare resources of state grid company, further integrated and optimized the allocation of public welfare resources of the company. Comprehensively strengthen the standardized management of public welfare undertakings, constantly strengthen the system construction of public welfare management, improve the transparency and standardized operation level of public welfare undertakings, and ensure that public welfare undertakings accept the supervision of all sectors of society; Promote the branding development of public welfare undertakings, give play to the role of a unified public welfare brand building platform, create public welfare brand projects with social influence, and promote the brand reputation of state grid.²¹⁰

²⁰⁹ MOFCOM , *State Grid Corporation of china, Corporate Social Responsibility report, 2017*

²¹⁰*Ibidem*

3. from May 10 to 20, 2018, State Grid Jiangsu Electric Power Company launched a Chinese Brand Day activity titled "Electricity Brings A Beautiful Future" – through the display mode of flash, "Dreamy Electric Bus" plays a leading role in promoting public understanding of the positive contributions of power services in Nanjing. This was a very special social responsibility communication activity. Making innovation boldly and leading trends of science, technology and fashion, State Grid Jiangsu Electric Power Company, in a comfortable and satisfying way, enables the stakeholders to interact with the public to express caring to all sectors of society with practical actions, which achieved unexpected results.

4. *Guojia dianwang chun miao zhi jia* 国家电网春苗之家" State grid spring seedling home is a project extend to solve the problem of *Liushou ertong* 留守儿童²¹¹ (left-behind children), it initiated in Chongqing, that has a large number of left-behind children in rural areas and lacks care. Beginning in 2009, its Chinese Chongqing electric power company through a cooperation with the Chongqing municipal committee of the Chongqing municipal government and the communist youth league, implemented the "state grid" home of green public welfare project, the total investment of more than 860 ten thousand yuan, according to the construction of unified standards, management mode and service mode, set up in 100 schools "state grid" home of green shoots, covering each district and county of Chongqing, benefit the left-behind children of more than 43000 people.²¹² State grid spring seedling home" public welfare project relies on six functional areas, namely music dance area, TV viewing area, chess activity area, psychological counseling area, family communication area and book reading area, to provide convenient conditions for children of rural migrant workers to study, play and communicate with their parents in distant places. At the same time, young volunteers are organized to carry out themed care activities, to establish a long-term care mechanism for left-behind children, and to provide an overall aspects care and help to left-behind children.

²¹¹ This term refers to a social problem common in China which involves rural children whose parents have to make a living as migrant workers in distant urban areas, but cannot afford to keep the family with them.

²¹² MOFCOM, *State Grid Corporation of China, Corporate Social Responsibility report, 2017*

3.2.2 State-grid best practices in involving environmental problem

The energy sector is a critical field when we talk about environmental concerns, in fact generally speaking, the electric field, magnetic field, noise, wire-free electric disturbance, waste water, waste oil and so on produced in the operation of transmission and distribution equipment affect soil and water conservation and ecological environment. Therefore, state grid corporation of China is aware of the fact that should strengthen environmental protection during the construction process, pay attention to the improvement of energy efficiency, and guide customers to use electricity for environmental protection. In order to greater the involvement in this issues, SGCC developed some project to actively contribute in such issues.

Environmental protection. It is declared in all the CSR reports that SGCC during the construction process of the power grid project will avoid to damage the ecological environment. Therefore, before the project starts, it is said that the state grid fully studies the site selection and path to avoid the nature protection area, wind landscape area and basic agricultural field to the greatest extent. In forest areas, towers are used to cross paths to reduce deforestation. According to the actual situation to formulate the implementation plan, as far as possible to minimize the impact²¹³

Improve energy efficiency. As the largest power enterprise in China, state grid is also a large energy consumer while providing energy. Therefore, state grid should strengthen the construction and transformation of power grids at all levels, eliminate old and backward equipment, organize special rectification, and reduce the loss of lines and related equipment.²¹⁴ Guide customers to save electricity, China's energy consumption continues to rise as its economic model expands. Rising trend. As the largest energy consuming country in the world, China's energy utilization efficiency is low and the supply of high-quality energy sources is insufficient. Therefore, the state grid company should carry out extensive publicity on power saving, popularize the knowledge of power saving, vigorously advocate

²¹³ MOFCOM , *State Grid Corporation of china, Corporate Social Responsibility report, 2017*

²¹⁴Ibidem

the awareness of power saving, provide consultation services on energy saving, and promote energy-saving technologies for users. One of the most popular initiative took place from 00:00 on June 17 to 24:00 on June 23, 2017, Qinghai Province was fully (100%) powered by clean energy for consecutive 7 days, namely, solar, wind power and hydropower, which led to a reduction of 535,000 tons coal burning of and 964,000 tons CO₂ emission of. The clean energy operation has set a world record. It is the first time in China and an important milestone in global energy transition. State Grid fully utilized the advantages of large-scale power grids and large market, coordinated the scheduling plans of different provinces in northwest region, flexibly used a variety of market trading categories, and promoted the consumption and absorption of renewable energy in a wider range. During the 7 days fully powered by clean energy, Qinghai signed a short-term and real-time agreement with all provinces (autonomous regions) in northwest China in advance. A total of 41 transactions were conducted, totaling 67 GWh being purchased, accounting for about 5% of power consumption in 7 days. Qinghai successfully addressed the intermittence and fluctuation of renewable energy generation. In the future, the company will further break market barriers, optimize allocation of resources in a wider range, improve trading mechanisms, innovate trading categories, increase frequency of transactions, and rationally plan and deploy various types of power sources so as to form a complementary model of using various clean energy²¹⁵

As for Alibaba also SGCC was involved in the implementation of the INTERNET + platform.²¹⁶The company innovated the “Internet+” service and built an operation and service platform of shore-side electricity for ships to realize the use of “All-in-One card” for ships in water service areas along the Beijing-Hangzhou Grand canal. The crew and passengers no longer have to smell the diesel smell every day or listen to the continuous rumblings, let alone adding water to the auxiliary diesel engine to cool it down two or three times every night. The application of shore-side electricity enables passengers to really feel

²¹⁵Ibidem

²¹⁶Ibidem

the superiority of green travel and provides a new life on water for the boat owners.

3.2.3 Summarizing State-Grid’s CSR engagement and its commitment to sustainable development goals.

In addition, six specific responsibilities are defined for the six core stakeholders: to assume responsibility for quality services to users; to undertake responsibility for agriculture, rural areas and farmers; to assume responsibility for employee development; to assume responsibility for win-win cooperation with partners; to assume responsibility for corporate citizenship to the society; and to assume responsibility for environmental protection and conservation to the environment. In 2009, the state grid corporation divided the six specific responsibilities into two categories. The second is win-win responsibility, which maximizes the comprehensive value of economy, society and environment by realizing win-win or multi-win-win between enterprises and stakeholders. Clustering SGCC approach to CSR reporting and CSR initiative with the triple bottom line theory we will see this scheme:

Table 2 Elaborated by the author: CSR report of State Grid Corporation of China group, strategies and solutions adopted

Primary Indicator	secondary indicators	strategy adoption
Social topics	Corporate philanthropy	-Donation -Staff volunteer service
	Employee rights and developments	- trainings on CSR issues - security in workplace - cultural activities for employees - labour union -proportion of female employee

	User rights	-number to call - quick response to problems
Economic topics	Financial performance	-SASAC evaluation class A
	Mission of the company	奉献清洁能源建设和谐社会 “to contribute to the provision of clean power source construction and an harmonious society”
	Transparent operation	Compliance with the law
Environmental topics	Environmental protection	Established the cloud network of distributed photovoltaic generation
	Carbon Dioxide Emission Reduction	Put into operation 54 key projects replacing coal by electricity in Beijing Tianjin,Hebei region
	Serve Clean Energy Development	Integrate capacity of Nuclear power and hydropower also integrated with renewable and clean energy.

It emerges that CSR approach taken by SGCC have an holistic approach and is comprehensive of the different sphere of the Triple Bottom Line of sustainability. In fact in the report there is a relative attention on the development of both internal and external actions. Since its first approach to CSR several numbers of projects were conducted by the SGCC, and those were always made according to the law and of the latest policies implemented by the government. SGCC not only developed some national standards for CSR commitment but also introduced international standards to its report in particular is referring to GRI standards covering also the human rights principle. In its CSR report of 2017 SGCC makes a clear reference to the implementation of all the 17th SDGs. Among them the goals which received more attention by the firm were in particular the 7th 8th, 9th and 11th 12th SDGs. The **SDG7 Affordable and clean energy**: SGCC used an approach based on quality Development, it is declared that has built “eight AC and ten DC” UHV projects with “three AC and one DC” UHV projects²¹⁷ under construction or being approved Intrinsic Safety. In 2017, State Grid achieved an urban power supply reliability rate of 99.9483%, a year-on-year growth of 0.0023% and a rural power supply reliability rate of 99.7837%, a year-on-year growth of 0.0015%.²¹⁸ Another approach was an innovation-driven strategy. State Grid built Suzhou Energy Transition and Innovation Demonstration Zone and Zhangjiakou Renewable Energy Demonstration Zone and consolidated and enhanced its technical advantages in UHV and smart grids.²¹⁹To what concern green development and environmental protection. State Grid established the cloud network of distributed photovoltaic generation, realized 5.473 billion RMB of trading volume. The cloud network has been connected to 742,800 households with 20.1879 GW of capacity.²²⁰ **SDG8 Decent**

²¹⁷Ultrahigh-voltage (UHV) electricity transmission has been used in China since 2009 to transmit both AC and DC electricity over long distances separating China's energy resources and consumers. Expansion of both AC and DC capacity continues in order to match generation to consumption demands while minimizing transmission losses. Decarbonization improvements will result from the replacement of lower efficiency generation, located near the coast, by more modern high efficiency generation with less pollution near the energy resources. Source: Wikipedia.com

²¹⁸From SGCC CSR report 2017

²¹⁹Ibidem

²²⁰ibidem

work and Economic Growth It was implemented through the quality development, in fact, State Grid promoted the development of world first-class urban power distribution networks in 10 cities including Beijing and Shanghai. For this SDGs was also included an attention to employee development. State Grid respects and safeguards the legal rights and interests of employees, signs labor contracts with all employees, implements an integrated payroll system, pays social security in full and on time, bans forced labor and ensures decent work. It has 1,633,300 employees in total and a productivity of 771,100 RMB/(person year).

SDG9 Industry innovation and infrastructure. Quality Development. Sate Grid successfully produced the world's first ± 1100 kV UHVDC wall bushing and put into operation the world's first 1100kV AC filter resistive circuit breaker. Intrinsic Safety. State Grid improved essential safety and organized comprehensive safety risk inspection, with more than 90,000 safety violations being identified and rectified. Innovation-driven Strategy. State Grid took the lead to develop 103 national standards and 152 industrial standards, won 1 special prize and 7 2nd prize of National Science and Technology Award, 1 2nd prize of National Technology Innovation Award and 2 National Patent Gold Medal. It has 73,350 valid patents, including 16,064 invention patents. Green Development and Environmental Protection. State Grid constructed the Smart Service Platform for Internet of EVs, integrating a total of 170,000 charging piles and 17,000 vehicles.

SDG 11. Sustainable cities and communities. Intrinsic Safety. Sate Grid organized 8,196 emergency drills participated by 169,200 person time and effectively secured power supply during the Earthquake in Jiuzhaigou, Sichuan, the continuous strong rain in Hunan, Jiangxi, Liaoning and Jilin as well as Typhoon Nesat and Tropical Storm Haitang and other natural disasters. Innovation-driven strategy. State Grid invested 7,828 million RMB in technological R&D, 5,324 million RMB in information technology and 7,046 million RMB in telecommunication projects.²²¹

SDG12 responsible consumption and production, State Grid promoted the application of smart meters, with 37.487 million smart meters being installed, fulfilling 192.2% of the annual plan. Mutually-Beneficial Win-Win Cooperation, it was one of the main drivers of

²²¹ MOFCOM , *State Grid Corporation of china, Corporate Social Responsibility report, 2017*

the project of “building green supply chains and promoting green manufacturing” and implementing quality and green procurement. Commissioned by SGCC was built the world’s largest multi-functional Smart Service Platform for Internet of EVs to promote the development of the EV industry.²²²

Considering the tools given by ISO 26000, GRI’s 10th principle and the sustainability of 3Ps we can definitely say that the company is pursuing at its best the global issues and international development goals. Furthermore, the SOEs that I took in analyze is also According to the standards proposed by ISO26000 SGCC is following the main principles, in fact in its statements is declared the compliance also with the ISO standard and from its performance we can see that, the first principle of complying with laws and regulations means that the company and employees voluntarily abide by national laws and regulations, follow international conventions and practices recognized or approved by the government, and observe social morality, business ethics, corporate commitments and regulations. The second principle is honesty and integrity. Employees follow SGCC's Code of Conduct, observe internal regulations of the 10 Promises on Power Supply Service, 10 Measures for the Open, Fair and Just Power Dispatching, 10 Prohibitions against Employee Misbehavior, and build up the brand image of the company. The principle of being human-oriented means that SGCC takes into full consideration the expectations of stakeholders and requirements for sustainable development, gives full play to the initiative and creativity of employees and stakeholders and realizes the value of employees. Regarding the principle of being transparent and open, the State-owned grid operator will, by means of system improvement and resource support, enhance information disclosure, motivate stakeholders' participation in sustainable development, and ensure stakeholders' right to know and participate. This principle is an important guarantee for the company to win the understanding and support of stakeholders.²²³

²²²MOFCOM , *State Grid Corporation of china, Corporate Social Responsibility report, 2017*

²²³Ibidem

3.4 Analysis of sustainable action through the comparison between the two case studies.

“If a company tells you it has good intentions, shows you a complete management system, states a batch of stories about sustainable practices and presents you a sustainability report, it can be said that this company has a relatively high level of sustainable development. (golden bee)”²²⁴

Accordingly to the main CSR Consulting organization in China The Golden Bee corporation, the adoption of the three dimensions of sustainability by a company essentially means that, to realize sustainable development, a company should have a philosophy that expresses its willingness to develop with the society, a system that manages sustainability issues, a batch of practices that contribute to sustainable development and a report that is capable to comprehensively and systematically communicate with stakeholders. It is true that the definitions that rotate around the Sustainable Development and Sustainable Development Goals can vary, but the Triple Bottom Line approach embrace the so called human well-being. Since it is developed as a global concern, all the Countries are committed to implement such goals almost all societies aim to have a combination of economic development, environmental sustainability and social inclusion. In this last part it will be shown some consideration that appear from the analyze of both case studies. By exploring in comparison the two reports, it can be seen in which extent those guidelines were undertaken by this two companies. Of the most significance from the point of view of our interest in China is the fact that governments have become key actors in the CSR (Moon et al., 2010). This represents a stark contrast to the era when CSR was regarded, by definition, as beyond the reach of the requirements of government or the law (McGuire, 1963). As seen in Chapter 1 in the West the concept of CSR developed on a voluntary basis and the systematic conception of CSR practices and the development of CSR standards arose from the civil society requirements. If the social responsibility of corporations in democratic capitalism is often regarded as an oxymoron by the sceptics, CSR in China could be considered doubly oxymoronic in that the concept traditionally associated with discretionary activity beyond that required by government, is now endorsed and

²²⁴Yu Z. Wang Q. *“How to enhance corporate social responsibility?”*, Goldenbee, China WTO Tribune, 2018

encouraged by a government still, symbolically, at least, influenced by Marxism–Leninism and a Communist Party. Yet, business leaders and entrepreneurs in China appear to have a very positive view of CSR in general terms, its positive relationship with business success and its long-term significance for China (Ip, 2008; Wickerham and Zadek, 2008).

Considering the two presented case studies we will see some differences in reporting CSR issues arising from the two different type of businesses and also different approach in issuing CSR guidelines and adoption of such rules. It is to say that some similarities in reporting do exist, also the drivers and constraints have similar characteristics. In both cases I have analyzed two big enterprises which have a huge capital disposition and a big influence in all over the country. They were both the first two private and state-owned enterprises to conduct CSR reports just right after the establishment of the Company Law in China. The way in which are approaching to implement SDGs for instance, reducing poverty, is in both cases an investment made through technology development, used as a tool for both in trying to solve problems related to the poor conditions in the rural areas. In the Case of Alibaba group for instance there was the investment made to develop the 淘宝村 and the healthcare system, while in the case of SGCC there is the willingness and action to make the electricity reach also the most remote areas in China, in order to increase the standard of living of such villages, for instance the case of solar panel implantation in Hubei. Considering them in their differences and different approaches, it can be seen that SOE publishes and adopts national and international standard reports such as the GRI and ISO 26000, in its report can be found expressly declared commitment to develop all SDGs points. The private enterprise does not perform these procedures and only reports the projects related to the issues it face, they take into account mainly the national law and national regulation to implement CSR standards and publish reports. SOEs implement CSR also within the company, in the decision-making process in work organization, salary management benefits etc. while el Private does not include this vision in their core business but only proceeds with a philanthropic approach dedicated to the monetary contribution given to the social.

Moon and Shen (2008) offered a framework to understand how CSR has developed reflecting both the host national business system and the increasingly international organizational field of companies. In this framework they align political system, financial system, education and labor system, and cultural system. In the case of Chinese development of CSR, it is needed to say that the as an authoritarian state is strongly influenced by the Communist Party, which has been the dominant feature of the Chinese business system (N. Lin, 2010; Redding & Witt, 2009; Witt & Redding, 2014).²²⁵In the report proposed by SGCC there is a strong political propaganda which underlines the predominant relevance of being compliance with the communist thought. In the other hand Alibaba group does not introduce at all any reference made to the communist party. Another structural difference relies on China's *financial system*, which is dominated by a number of state-owned banks that mainly provide capital to SOEs and some large private firms with strong relations to the government and party. Most private firms have limited access to finance from the major state-owned banks and therefore mostly rely on funding through relations (family, friends, collectives) or underground sources of finance (Li & Hsu, 2009; Newman, Gunnessee, & Hilton, 2012). In the case of SGCC as being an SOE its labor unions are less about worker representation and more about representing the interests of the CPC in the labor sphere (Clarke, Lee, & Qi, 2004; E. Friedman & Lee, 2010). There is an unavoidable bound between policy-makers and businesses in the promotion of CSR both in SOEs and Private companies. A clear example is the Internet+ project promoted by the government itself and through the contribution of e-commerce platforms such as by Alibaba agrarian group and electricity service provider such as SGCC was possible for China to conduct a poverty alleviation program that is innovative and effective. Dr Lu jianzhong, founder of CSR thought laboratory, saw the new trend of Internet public welfare: "the mobile-oriented Internet+ public welfare is releasing unprecedented energy and efficiency in the promotion of social progress by science and technology, enabling public welfare to develop rapidly in

²²⁵ Hofman P., Moon J, Wu B., *Corporate Social Responsibility Under Authoritarian Capitalism: Dynamics and Prospects of State-Led and Society- Driven CSR*, Business & Society, vol. 56, 2017

multiple dimensions and providing an open soil for cross-border innovation.”

3.3.2 CSR Reports analyzed through the lens of ISO 26000 and CSR literature

Talking about effectiveness of CSR application by companies in china, I will analyze the two case studies by using ISO 26000 7th principle. Taking in examination the seven core subjects issued by ISO 26000 it can be seen that in both cases there is a greater attention paid in issues that are acceptable by the government and in which already exists a policy that encourage the application and taken in action of the field. In both cases the first principle of *Organizational governance* is fully taken into consideration for the CSR report. In fact, there is in both cases an attention to accountability, promotion of transparency actions and ethical behavior of the company and also the compliance with the rule of law and stakeholders interest. The second principles regarding Human Rights is introduced in both cases as a natural application for CSR issues. As is previously explained Human Rights are divided into two categories, the first category concerns political and civil rights such as the right to life, freedom, equality; the second one refers to economic, social and cultural rights such as the right to work, food, health, education and social security. In the case of the CSR reports of both enterprises emerges that the second category is leading the attention of CSR reporting some other issues are not fully applied neither are they introduces ad reported issues. Alibaba does not even explicitly introduce Human Rights initiatives in its reports, the only reference that was made in the recent years was related to the rights of employee’s conditions. Concerning the third principles related to Labor Practices, in the case of the SOE is clearly paid a relevant attention in particular there is a strong involvement in the organizational cultures which promotes constantly trainings at every level of the business. SGCC also introduces all the benefits gained by it employee that are working for SGCC. In the case of Alibaba group, the topic is introduced issues when it is said that trainings are provided constantly to increase the mobility and the knowledge of the employees to be considered included. After the SEPA introduced several law in environmental protection and fight on pollution both businesses comply with the commitment developed by the policy-makers. In both cases there is an effort in using an holistic approach to sustainable

resources use, prevention of pollution and protection of environment. What is not said in both cases are information that give a climate change action and a prevention of pollution. About the fair operating practice, in both cases there is a section dedicated to the responsible political involvement, which in the case of the SGCC is underlined as the commitment to the principles of the Communist party, while in Alibaba group is introduced as compliance with the law and policies implemented by the government. In both cases appears the influence of Hu Jintao's harmonious society and is still reported as a main purpose of the whole report. The respect for property rights is an issue introduced by Alibaba group which is leading this sector.

About the other issues regarding fair competition, promoting social responsibility in the value chain and, anti-corruption nothing more is said. Regarding Consumer Issue, this core principle is widely considered in both cases in particular after the many incidents happened with two factories that put on risk civilian's health companies started to increase the attention spent to it, in particular regarding the protection of consumers' health and safety, Consumer service, support, and complaint and dispute resolution Issues. ISO 26000 includes also some other relevant issues concerning consumers which regards Fair marketing and sustainable consumption, education and awareness, but none of this was mentioned in both cases.

Community Involvement and Development is the last of the core subject introduced by ISO 26000, in this case Alibaba group thanks to its innovative projects through the use of technology strongly improved the active community involvement. In Both cases there is a considerable attention paid on this core subject also in education and culture, employment creation i.e Alibaba's Taobao villages and GSCC job provided to rural through the electric plants. Alibaba group is carrying on a campaign on skills development of its employees, trying to seek for talented people to work in its offices. Technology development and access wealth and income creation were also two aspect developed by both type of businesses. What comes to light from the two reports both state-owned and private enterprises is that China is mainly focused in Sustainable Development issues which regards the poverty relief

of the rural areas and the control of pollution which is slowly switching from control and protection to an active fight for a cleaner environment. There is not much about human right and media freedom. The existence of a variety of formal and informal institutional structures can influence the level of CSR. How society is organized can influence which stakeholders view are mostly heard and in which degree are prioritized. China is known to be a collectivism and institutional country which also reflects a high power distance and a culture that could weather accept or not an unequal power distribution.²²⁶ Accordingly, the different approaches to CSR performance introduced by Donna Woods, along with the historical analysis and both case studies emerge that China has a strong institutional approach and applies the legitimacy of the institutional principle which includes Carroll's four dimensions of CSR. This means that once certain institutional structures are in place they create incentives for firms to meet social expectations for CSR. At the beginning of China's introduction to CSR the approach used from the policy-makers and the business adoption was that of a reactive driver. In fact, after being introduced to the international market in 2001 with the WTO, with the businesses opportunities came also a lot of criticism. Adoption of CSR was a first step to overcome such criticism, and from this came also new approach to the domestic problems related to the incredible economic growth. Nowadays, the approach has changed and seems that businesses are moving as Strategic drivers and through the creation of "shared values" are benefiting both society and corporation. Is also true that the perception of CSR from the top managers could be really different, so are we saw above the activities conducted by the businesses which hardly includes all the core values of ISO 26000 or GRI's 10 principles.

The argument for beneficial impact of CSR on financial performance have generally three forms which include, allowing to discover new business opportunities, provide a good effect on a company's reputation and limiting risks associated with violating societal norms. The first benefits that allows to see new businesses opportunities was explained by the arguments reported by Kramer and Porter who introduced the concept of shared value

²²⁶ Ibidem

between the objectives of the business and the communities it operates in.²²⁷ One as well as the other reported case studies, seems to have a high level of CSR engagement even though the way the two different type of business operates and reports are do not follow the same reporting index. Philanthropy commitment in China it appears to be the most common way through which businesses applies CSR one of the drivers could also be the tax treatment which since 2007 company's donation up to 10% of company's profits are tax deductible.²²⁸ In the case of SGCC there the adoption of international standards such as Global compact and ISO 26000 positively influenced the company's performance during the years. In 2008 the number of Chinese signatories to the Global Compact was relatively insignificant. A search on the Global Compact website showed that 166 Chinese companies, NGOs, and business associations had signed up to the Global Compact as of April 2008. 24 Of these 166 companies, 13 were listed as "non-communicating," indicating the prospect of removal from the Global Compact if another progress update deadline was missed.²²⁹ Up to today, the number increased and one of the causes could be the increased attention on CSR reporting and the global awareness on social and environmental issues. However, this figure fails to capture the various industry-specific global associations to which Chinese firms belong and might underestimate the true degree of international isomorphic adaptations. Government sponsorship or incentives for companies, especially state-owned firms, to become engaged in such global organizations will induce a higher level of CSR.

²²⁷See, Harmonious society and Chinese CSR: Is there really a link? *Journal of Business Ethics* (2009) 89:1–22

²²⁸*Ibidem*

²²⁹*Ibidem*

Conclusion

In the first part of this research, it was given a line of what is CSR and how this concept developed and was introduced in the Chinese context. Through this research, it emerges from some findings that China experimented radical changes during the last decade and the introduction of business ethics, as is known in the Western world, was surely a new concept that had to be examined before being introduced. CSR was an external factor in China, and its adaptation was a long process that came in order to become aligned with the foreign markets and foreign standards procedures. In a moment of transition, CSR was a tool to start the introduction on global businesses, later it turned into being a proof of the enterprise's commitment to Sustainable Development. In the Western countries, the development of CSR concept was originated in a cultural and academic context in which a company was asked to adopt socially responsible behavior, monitoring and responding to the economic and environmental expectations of all stakeholders with the aim of also seizing a competitive advantage and maximizing long-term profits. Whereas as anticipated, CSR was introduced in China as an external factor but it came in a moment where internal policies needed a new type of approach, this led to a first analyze made by the government and had an impact on the legislative system of the country which chooses to introduce "The company Law" through which it was able to offer an official definition of what CSR constitute in the Chinese context. It can be said that in China CSR it is prevalently governmental-driven, and it was interesting to notice that at the moment when SOEs were on crisis due to the new policies that allowed Private companies to be introduced in the Chinese markets, CSR was a key element that helped some of the SOEs to reconstruct their own power and influence on the market through the development of international regulations. The concept of "Harmonious Society" has been developed as an all-encompassing vision for social and economic development towards a prosperous China under the leadership of the Hu Jintao and Wen Jiabao administration as a response to growing social injustices and inequalities in mainland China. In fact, in the period after the reform, not only SOEs were on the crisis but also inequalities in China were getting bigger, that is why the introduction of the concept of

“harmonious society” became a driver of CSR in those years, especially among the SOEs. This concept nowadays is driven forward and taking shape in a different way with Xi Jinping and the evolving concept of civil society and ecological civilization. The case of SGCC is an excellent example of a SOEs constructed under the CSR guidelines and practices. China’s commitment to the global SDGs is taken into consideration also by private enterprises. The example of the Alibaba group shows an implicit commitment on issues such as environmental protection and war on pollution so as poverty reduction. Regarding the active implementation of the Guidelines that in 2008 were officially given by SASAAC, a noticeable impact was the philanthropic aspect. The philanthropic donation is the principal way through which CSR is implemented in China. In fact, in all the papers which reports the first signs of CSR adoption, are dated back to the Sichuan Earthquake. The tendency kept going on during the years and some companies, such as Alibaba, have taken advantages from these characteristics by organizing projects based on philanthropic initiatives, an example is the crowdfunding implemented in “Alimama found” and the “Charity found”. With the success of e-commerce, a great impact on reducing inequalities was brought also by Taobao villages, that concentrate its effort in providing an opportunity for business in the countryside. At the same time, for what concerns the poverty reduction, SGCC put a great effort by installing renewable energies spot where did not exist any type of energy provision. The only case of the overall implementation of CSR also within the company and the management system was given by SGCC, which introduced an advanced level of management system through the implementation, since its birth of a department dedicated to the CSR issues, data and issues collecting, content selections and compilation of CSR report.

Taken the previous consideration and including the last reports, it can be seen that China is combining command-and-control, market-based and awareness-raising measures to promote the sustainability transition. There are a lot of good practices used by State-Owned or Private Enterprises to implements projects concerning SDGs. The central government is promoting several initiatives to solve some of the main issues that more concerns

China and enterprises through the production of CSR reports are showing their commitment to such goals. From government agencies, the private sector and many academics, as well as nonprofit actors, are involved in the process of disseminating and scaling-up good practices. The main challenges of China's sustainability transition consist of balancing economic, social and environmental objectives in a country with huge economic disparities, addressing capacity building at the local level and bringing down double-digit rates of curtailment of renewable energies. The Energy sector indeed played an important role in what concerns the environmental action plans by replacing coal with solar, hydropower and wind energy. During the recent International meetings, China's leader expressed a strong willingness to developing those aspects relative to the environment and climate actions. As seen in both reports, there is particular attention in cleaning the air from pollution. It can be said that CSR was an advantageous tool for Chinese enterprises to faster reach international standards on global issues commitments. In the case of the SGCC, also the management sector took advantage from the implementation of CSR guidelines and it is providing an overall example of CSR adoption. It is also true that the way CSR is applied in China is strongly interconnected with the national regulations and for this reason, the SOEs are having a better involvement than the private sector. The Private sector in the other hands strategically uses the connection with the government policies if wants to put on important commitments on SDGs an. From the report, it can be said that there is more attention paid for environmental issues also by enterprises, to some extent CSR reporting contributed to introducing such concepts also in Chinese business. Accordingly, to the report I analyzed, concerning SDGs, there are some issues on which is paid more attention than others. The aspect concerning Human rights are still not fully accomplished even though in the SOEs there is a declared use of GRI standard. The use of GRI guidelines introduces to Human rights concepts allowed just by the government on issues that are considered positives or supervision able.

As an overall conclusion, it can be confirmed that CSR was indeed a pathway for China to move toward sustainability, in addition, it is being used strategically by companies

in order to develop all the global issues through the application on a national base. The adoption and implementation of CSR guidelines have influenced the Chinese business from a passive reaction to sustainability activities to an active position. Even though SOEs do make use of international standards, the Chinese characteristic of CSR is present in the extent that there are still some issues which are not fully implemented by the companies and wouldn't be until the government and policymakers do take active actions on those.

This study has also some limitations. Firstly, the analyzed documents are represented by various types of sustainability-related reports, not all the website used to obtain such reports have them. Secondly, the two case studies reported were chosen for having the best report guidelines and are two of the most successful companies in China. Therefore, the results cannot be generalized to all the enterprises in China. Finally, the biggest obstacle faced during the research was the impossibility of acquiring enough material related to the standards and guidelines helping the preparation of the enterprises' sustainability-related reports. In particular, it was extremely difficult to obtain enough information about national standards and guidelines. Based on the limitations and obstacles faced during the research, this study provides the readers with some suggestions for further researches. Further studies should be implemented on the impact that CSR had on Chinese citizens and in which extend those guidelines can affect citizens life. The new policy of constructing a Civil society will shape a new type of consumers in future China it would be interesting to investigate if this would influence the foreign investing businesses investing in China. Moreover, would be interesting to research on the real impact that a CSR adoption by more enterprises could have on the development of Chinese society. Furthermore, many projects are concentrated on environmental issues and the social aspect taken in consideration is poverty reduction, it would be interesting to investigate how Chinese firms manage the gender inequalities, and the respect for human rights, since little is reported about those issues.

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