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SOCIAL, CULTURAL, AND POLITICAL CONSTRUCTIONS OF CORPORATE SOCIAL RESPONSIBILITY IN CHINA: A STUDY OF BUSINESS DISCOURSES IN THE FIBERHOME TECHNOLOGIES GROUP

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Abstract

This thesis focuses on corporate social responsibility (CSR), a vital issue for both business and academic researchers, and examines how the reality of CSR is socially constructed within a Chinese social, political and cultural context. In particular, this thesis examines understanding and practice of the discourse of CSR within a large Chinese State-owned enterprise (SOE), FiberHome Technologies Group (FHTG). It explains how cultural and political factors contribute to the production and development of CSR discourse in China. It also scrutinises social practices of corporate social performance, especially employer-employee relationships, within FHTG by investigating both the actual knowledge of CSR that FHTG publishes on its headquarters' homepage and the research participants' interpretation of management construction of CSR discourse.

Website documents produced by FHTG's headquarters from 2006 to 2008 were collected and 33 participants (managers and employees) from five headquarters' departments and six subsidiary companies were interviewed for this study. Participants were selected according to the extent of their work experience with at least one year of work experience being a minimum requirement. Website information and interview transcripts were analysed using Fairclough's (1992) three-step approach to CDA to examine how the knowledge of CSR is constructed and reproduced by organisational members and how it shapes the ways in which the social reality of Chinese CSR is constructed.

The thesis argues that the reality of Chinese CSR is shaped by the Chinese cultural system of Confucianism focusing on human virtues, as well as government adoption of some Western CSR initiatives. The research findings suggest a hybrid form of business management model by embracing both a Chinese management and a Western management style into business practice. The Chinese management style constructs a discourse of Confucian entrepreneurship which forms a distinctive feature of Chinese CSR practices, focusing on the development of human virtues that guide companies to a new way of improving their CSR performance. Also, the adoption of a Western management style exhibits a giving discourse that considers the interests of stakeholder groups

including employee, government, community and society. In addition, the research findings suggest that employees' understanding of CSR is shaped by FHTG's social performance and is similar to the management construction of CSR discourse. Their definition of CSR involves three key aspects: social harmony, employee welfare, and economic benefits.

This thesis contributes to knowledge from three perspectives: theoretical, methodological and managerial. Theoretically, this thesis contributes to the development of Chinese CSR theory. This theory promotes economic productivity as a means of achieving social wellbeing and employee wellbeing. Methodologically, this thesis offers a benchmark for the study of CSR discourse by using a face-to-face interview method which has previously rarely been used in research on CSR in a Chinese context. Managerially, this thesis provides a guide for government officials and business managers to design the strategies based on their own countries' cultural, political, economic, social and institutional frameworks.

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List of Acronyms and Abbreviations

BCE   Before the Common Era

CBCSD   Business Council for Sustainable Development

CCG   Chinese Central Government

CCI   Corporate Community Involvement

CCP   Chinese Communist Party

CDA   Critical Discourse Analysis

CEO   Chief Executive Officer

CSP   Corporate Social Performance

CSR   Corporate Social Responsibility

EI   Employee Involvement

FHTG   FiberHome Technologies Group

GDP   Gross Domestic Product

KPI   Key Performance Indicators

NCCPC   National Congress of Communist Party of China

NGO   Non-governmental Organisation

PRC   People's Republic of China

SASAC   State-owned Assets Supervision and Administration

                        Commission of the State Council

SME   Small Business Enterprises

SMS   Scientific Management System

SOE   State-owned Enterprise

POM   People-oriented Management

UK   United Kingdom

USA   United States of America

WBCSD   World Business Council for Sustainable Development

WRI   Wuhan Research Institute

WTO   World Trade Organisation

3SR   Three Systematic Reform

Chapter One

Social, Cultural, and Political Constructions of CSR in China: A Study of Business Discourses in the FiberHome Technologies Group

1.1 Introduction to the study

Corporate social responsibility (CSR) has become a vital issue and a popular topic for both businesses and academic researchers in Western society in the last decade. There is little research on CSR and its practices in a non-Western context and the empirical study of business practices of CSR in the East Asia context is, at best, underdeveloped. My thesis focuses on the study of Chinese business understandings and practices of CSR, specifically the CSR discourse within a large Chinese state-owned organisation, FiberHome Technologies Group (FHTG). It mainly investigates how the knowledge and social practice of CSR is constructed and reproduced by organisational members (managers and employees). Theories of discourse and critical discourse analysis (CDA) (Fairclough, 1992; Fairclough, 1995; Van Dijk, 1997) are used to guide my study. CDA is particularly useful to my study as my research examines a Western organisational phenomenon (CSR) in an Eastern Chinese social, political and cultural context. CDA helps me to gain a better understanding of FHTG's CSR discourse by conducting a broader contextual analysis that includes social, political and cultural factors within the course of organisational life, and how that shapes FTHG's understanding and production of CSR discourse.

1.2 Background to the study

As a researcher, the assumptions that guide my study are based on a social constructionist epistemology. My interest in this research topic is derived from my perceptions of the world I live in. I am Chinese and grew up in a big city in the central part of China. I worked for some Chinese companies including both state-owned and private companies when I did my bachelor's degree in a Chinese university. During those times, I was always keen on studying organisational management and communication. This is also the main reason I chose to major in

public relations while I am studying abroad in New Zealand. I am interested in the topic of business-society relations, business ethics in particular. Currently, the development of a socialist market economy allows Chinese companies to accumulate a huge amount of wealth, but also contributes to serious negative impacts on Chinese society, a widening gap between the rich and the poor, the practices of deceit and bribery, cheap labour practices, and widespread pollution with unrecoverable environmental damage. There is a rising concern and need for Chinese companies to balance their economic pursuits with social and environmental wellbeing. Taken together, these factors have attracted my attention to the concept of CSR which is mostly advocated by Western societies to create a more sound society. In this thesis, I take a qualitative approach to challenge current Western understandings and constructions of CSR discourse and examine the Chinese political and cultural approach to CSR. To start my research, I enthusiastically visited my research organisation (FHTG) and interviewed their members (managers and employees) to collect data about their understandings and production of CSR discourse.

FHTG established in 1974, is the most outstanding product and solution provider in China in the field of information and communications. Through development for over 30 years, the Group has set up a strong marketing and service network covering the whole of China with 33 domestic offices and provincial service centres in seven regions and 23 provinces. It has also established a solid partnership with the large communication operators in the country and some international telecommunication operators (WRI, 2010). At present, with a total staff of over 15,000, its total capital has reached over 100 billion Yuan (WRI, 2010). In addition, the group attempts to promote the enterprise spirit of respect for work, dedication, innovation and honesty; it is committed to enhance its technological strength and service capabilities and bring more added value to the customers, the employees, the investors and the entire society. This organisation is chosen because of its prominent industrial role in both domestic and international markets. The market share of its optical transmission systems and optical cable products have been in the front rank of the domestic manufacturers and its active and passive optical devices in the home market have occupied the first place (WRI, 2010). The Group has become the sixth major supplier in the field of information

and communication in the world. It exploits the world market by means of product export, projects contractor, joint-venture production and cooperative operation. More importantly, the group as a large Chinese state-owned enterprise has demonstrated successful businesses practices under the government economic reform.

1.3 Research approach and purpose

The particular approach to discourse analysis adopted in this study came about as I reviewed the literature of business-society relationship in China and I discovered that this relationship has been deeply rooted in a Chinese social, political and cultural context. Because my study focuses on the impact of context on economic behaviours, I chose CDA as both a theory and method to guide my research. The notion of context is crucial for CDA, since the discourse practices are practices of production "within which social life is produced, be it economic, political, cultural, or everyday life" (Fairclough, 1992, p. 1). That is to say, the study of discourse practices focuses on not only the interactive details of talk (or text) itself, but more importantly take a broader perspective, and show the social, political or cultural functions of discourse within institutions, groups, or society and culture at large (Fairclough, 1992). As my research studies a popular Western ideology of CSR in an Eastern Chinese context, the notion of context is very important to my research. CDA is a useful way to examine the introduction and development of the concept of CSR within a Chinese social, cultural and political context. Also, CDA helps me better understand organisational behaviours (social performance in particular) by investigating a broader contextual analysis including political and cultural factors within FHTG. Knowledge of Chinese political, and cultural context, and the history that underpins the different understandings of FHTG helps me to better interpret the organisational texts. My study of CSR discourse is analysed in a both micro (FHTG's internal business actions) and macro level of description (FHTG's contribution to the production and reproduction or challenge of the role of business in society).

The main purpose of this study is to examine understandings and practices of CSR discourse within FHTG. The study mainly looks at the CSR movement in China

in order to explain how cultural and political factors contributed to the development of CSR discourse in China. Also, it conducts a close examination of social practices of business behaviours (employer-employee relationships in particular) within FHTG by looking at both the actual notions of CSR that FHTG publish on their headquarters' homepage and the research participants' interview transcripts. This mainly examines the Chinese government politics and Confucian cultural beliefs and how that are affected by or impact on the construction of FHTG's CSR discourse. The primary research question leading this study is – "To what extent are the principles of CSR embedded in Chinese business practice?" To that end, the study seeks to answer the following research questions:

> In what way did the Chinese political and cultural factors shape Chinese government and business construction of CSR concepts?
> How did FHTG contribute to the construction of the discourse of Chinese CSR which may be similar to or different from some other countries (i.e., North American and European countries)?
> How did the research participants (managers and employees) interpret the management construction of CSR discourse?

1.4 Importance of the study

The topic of CSR in China is important because there is an increasing interest in the CSR movement within this country. China as the largest export-oriented labour force in the world is also the second largest consumer of oil and the largest consumer of coal (Guthrie, 2006). These factors have shown an increasingly important role for China in the world's environment and social culture. China, in particular, has become "a hotbed for the convergence of CSR and development issues" with its entry into the World Trade Organization (Guthrie, 2006, p. 1). The emergence and development of the discourse of Chinese CSR has been influenced by both Western societies' advocacy on social responsibilities of business and Chinese government political and economic reform.

Internationally, there is the realisation of the negative impacts that neo-liberal policies bring to society and the increasing need for corporations engaging in

social and political issues, rather than purely focusing on commercial success. From the middle of the 1990s, the negative results of neo-liberal policies have become evident. The development of the global free trade has sacrificed human and labour rights, public health and environmental issues in relation to food production, environmental impacts, and employment issues (Grossman, 2005). As a result, Western businesses have had to adjust their development from a focus on economic priorities to a triple bottom line of economic prosperity, environmental quality and social justice (Elkington, 2001). The notion of CSR and its practices now includes environmental, social, and human rights-based impacts and initiatives of companies (Grossman, 2005; Herrmann, 2004; Matten, & Moon, 2008; Ward & Fox, 2002). It is notable that the dominant international CSR agenda has emerged from predominantly the countries of Western Europe and North America (Holme, 2000). One of the most challenging critiques of the current CSR agenda in terms of development is that the practices of CSR "can exclude producers in developing countries from lucrative markets, thus harming livelihoods" (Fox, 2004, p. 5). This is owing to the structure of the global economy and free trade agreements. Western societies are able to pass on the social and ecological costs of their over-consumption to the developing countries through foreign investment, spreading consumer culture to these countries and loans' exploitation because of spiral of interests loans. Therefore, CSR and its practices are becoming a rising concern among developing countries.

In China, Chinese enterprises have been gradually liberated from a centrally planned economy to a market-oriented economy, which brings in new sources of social stress and problems. For example, occupational accidents, food-poisoning incidents, and industrial pollution events occur frequently (Young, 2002). To resolve these problems, the Chinese central government (CCG) has moved into a new era that focuses on responsibility and stability. However, as China is in a different stage of its economic and social development which differs from developed Western countries, CCG's adoption and practice of CSR must be in line with its own political, economic and cultural conditions. The Chinese economic system of a socialist market economy is now based on public ownership that is supplemented by collectively owned and privately owned businesses (Goetzmann & Koll, 2004). This change has been a gradual development from

central planning to a system of management responsibility and accountability (Zapalska & Edwards, 2001). The emergence of CSR can be seen as the government reaction to the negative impacts of economic reform as mentioned previously. Different Chinese government bodies have set up Western-based CSR guidelines that highlight CSR principles and standards adopted by business enterprises in China. The government now considers CSR as a way to not only increase business competitiveness (with enhanced business reputation and productivity) in the global market, but ultimately to achieve a moderately prosperous society.

Among these enterprises, state-owned enterprises (SOEs) as a core sector of Chinese economic reform have become a major player in the practices of the discourse of Chinese CSR. SOEs' adoption and practices of CSR initiatives are under the control and supervision of CCG, a government body called the State-owned Assets Supervision and Administration Commission of the State Council (SASAC). For example, SOEs have also actively participated in the implementation of CCG's policy on CSR followed by SASAC's guidelines (SASAC, 2008). They have also taken the leading role in CSR reporting when compared to foreign and private companies (Sutherland & Whelan, 2009). The Chinese government states that CSR is imperative not only for the performance of business enterprises, but for government soft power as well (Sutherland & Whelan, 2009). This implies that there is a strong influence of CCG policy-making in shaping the formation of Chinese CSR discourse. There is a clear and continuous emphasis that the CCG places on both state sovereignty and the central role of the state in governing social concerns, primarily through SOEs' adoption of CSR practices. SOEs are pushed to engage in more social and economic changes through the practices of CSR discourse. This is also the main reason that I chose FHTG as my research target because of its unique role in being a large state-owned organisation which has demonstrated a successful transition into the global market under CCG's economic reform.

In addition to economic and political drivers of CSR in China, Confucianism has been a moral philosophy that has guided Chinese social and economic life for more than 2000 years. The study of discourse of Chinese CSR offers a different

approach to the study of business ethics by tracing back to the root of this country's culture and incorporating this cultural system into CSR concepts. Historically, there is a close relationship between Confucian philosophy and moral business behaviours. Confucian cultural norms and values have developed a strong moral leadership with its focus on individual autonomy, morality and collective orientations which also formed the basis for the economic growth in ancient China (Lufrano, 1997).

At present, the Confucian approach to CSR has been particularly practiced by CCG with the purpose of creating a harmonious society, which focuses on the development of social responsibility, organisational management and employee relations in particular. For example, the Chinese government and businesses try to promote a management philosophy of "putting people first" and "people-oriented management", which develops a system that encourages mutual accountability between employees and organisations, which eventually achieves a sustainable organisation that is responsible for an entire society's wellbeing by harmonising relationships between business, government and society (Chen, 2006; Waner & Zhu, 2002). This also forms the basis of Chinese CSR which depicts a Confucian ethical approach to the discourse of CSR. This approach provides a solution to social problems which result from increasing tension between individuals and society, and between human needs and the environment—tensions believed to be inherent in Western society (Yao, 2001). To be more specific, the power of Western liberal economics has forced people to lose their human virtues such as humanity, righteousness and trust in order to focus on self-interested goals (such as material gain) at the expense of the larger wellbeing of society or cosmos. The study of discourse of Chinese CSR based on Confucian virtue ethics (which is rooted in the personal cultivation of ethical maturity and relies on proper human relationships) develops a new, alternative ethical framework that guides business practices in modern societies. This also is another main reason that attracts me to this topic. I am interested in how the Chinese political, economic and cultural systems influence Chinese business social performance and how the Chinese business, FHTG as a major social actor involved, reshapes its interest in the discourse of CSR and changes its role as a business in society.

More importantly, the research on CSR has developed mainly within the North American and European context, and the literature on CSR in China or CSR study from a Chinese perspective is very limited (Whelan, 2007). Also, the study of organisational practices of CSR, in particular within a non-Western organisational context, is even rarer. Although there are few quantitative studies of Chinese business CSR performance (Li & Zhang, 2010; Zu & Song, 2009), little research has been done in the area, particularly in close examination of organisational social practices of employer-employee relationships (employee wellbeing in particular), and within the current economic, political and social Chinese context. This thesis will provide new insights into the study of social practices of CSR by investigating business performance within a large Chinese state-owned organisation, FHTG. In addition, because of China's rapidly changing internal economy and its growing role in the global economy, there is a need to build a bridge between Western conceptions and understanding of the Chinese economy, and current Chinese business practices. Examining the Chinese way of doing business may be useful as a precondition or strategy for Western entry to the Chinese market.

1.5 Overview of the thesis

The study of Chinese CSR discourse presented in this thesis is divided in the following way: In Chapter Two I present a review of literature relevant to my topic. I review the social role of business in society, which focuses on the notion of responsibility for corporations, named by Western scholars as corporate social responsibility (CSR). The chapter identifies gaps and limitations in that literature, and indicate the ways in which this study aims to make a contribution to knowledge on the topic.

In Chapter Three, I explain the theoretical framework that underpins the study and outlines the methods and techniques of my research. In particular, to guide my study, I draw on social constructionists' assumptions to adopt a discourse approach as a particular kind of social constructionist practice. The chapter also explains the rationale for my methods of data collection and analysis. CDA is used as both a theory and method to guide my study as it provides a framework to

explore the relationships between text and context, and between discourse and society. This is very important to my study as my research examines a Western concept of CSR in an Eastern Chinese socio-political and cultural context. Also, the context plays a fundamental role in the description and explanation of text (Van Dijk (1997), and becomes the central concern of my analysis.

In Chapters Four and Five, I explore the Chinese cultural and political context in order to explain how the Chinese political and cultural factors shape Chinese government and business constructions of CSR concepts. Chapter Four examines the Chinese cultural context that forms my research analysis by exploring the Confucian culture beliefs, and their influence on business behaviours. This Confucian ethical approach develops an alternative approach to the study of business ethics. It also provides theoretical guidelines for the analysis of my research data. The understanding and practice discourse of Chinese CSR is deeply rooted in a Confucian moral belief system. Chapter Five examines the Chinese political context for the study by reviewing the Chinese government's influence on the role of business in Chinese society, specifically the adoption of some Western CSR initiatives. This political context also provides theoretical understanding for the analysis of research data. The study of discourse of Chinese CSR primarily examines the Chinese government and its influence on the adoption of CSR as CSR implementation in China is dependent on state policy.

In Chapter Six, I delve into the organisational context and conduct a detailed analysis of how the macro context of Confucian cultural beliefs impacts on the construction of FHTG's CSR discourse. The chapter examines how Confucian cultural values affect FHTG's organisational management behaviours and employees' work performance. Also, it investigates how the influence of Confucian culture forms the basis of FHTG's CSR discourse with Chinese characteristics, which is very different from the Western CSR approach and constructs a Chinese way of doing business, namely Confucian entrepreneurship.

In Chapter Seven, I continue examining the organisational context, investigating how the macro context of political and economic reform (SOE's reform) affects the discourse practices of CSR in FHTG. In particular, it examines the research

participants' responses regarding the influence of SOEs reform on organisational internal performance, specifically employer-employee relations. Also, it studies FHTG's adoption of some Western CSR initiatives under the control of State-owned Assets Supervision and Administration Commission of the State Council (SASAC).

In Chapter Eight, I conduct the micro-text analysis of FHTG's understandings of CSR concepts by examining how FHTG employ identity management as a tool to achieve CSR in their business practice. The results of the analysis of headquarters' homepage documents and interview transcripts are discussed in detail to investigate how FHTG has contributed to the construction of the discourse of Chinese CSR which may be similar to or different from some other countries (i.e., North American and European countries).

The final chapter draws a conclusion of thesis. The chapter also identifies the major contributions that this study has made to both academic and business knowledge of CSR theory and practices. In addition, the chapter suggests directions for future research.

Chapter Two
Literature Review

This chapter provides an overview of existing literature in the area of the role of business in society, named by Western scholars as corporate social responsibility (CSR). The chapter is divided into four sections. Section 2.1 gives a brief introduction of the CSR concept in academic literature. Section 2.2 examines the current development of the CSR concept and its practices in some Western countries (North American and European countries in particular). Section 2.3 draws research attention to a stakeholder approach to CSR which is the central concern of this thesis. This section also investigates how CSR is used as a management tool to benefit companies' stakeholder groups, employees in particular. Section 2.4 identifies gaps and limitations in the literature on the topic of CSR and indicates the ways in which this study aims to make a contribution to knowledge on the topic. Section 2.5 draws conclusions from this chapter.

2.1 Brief introduction to the concept of CSR

CSR is not a new term but has a long and diverse history in business literature, and has been studied by many scholars with different agendas (Carroll, 1999; Freeman & Hasnaoui, 2001). The study of CSR is still emerging and evolving in tune with business, political and social development. So, it is hard to define the concept of CSR with a universally applicable definition. As Jamali (2008) states, CSR "is a vague and intangible term", which lacks theoretical integration and empirical verification (p. 213). It is generally noted that all definitions of CSR have limitations leading to confusion amongst scholars longing for a common meaning of CSR. Many scholars have reviewed literature on CSR and tried to seek common understanding of the CSR concept.

Lockett, Moon and Visser (2006) reviewed the content of CSR articles in ten management journals from 1992 to 2002. Their research examined the focus, nature, changing salience of CSR knowledge and the academic influences on this knowledge. They found that CSR is still in a continuing state of emergence. There is an increasing number of CSR theoretical papers that relate to empirical studies and quantitative research rather than qualitative empirical research. They

identified four main categories to summarise the concept of CSR according to the dominant CSR theme of these articles: social responsibility, environmental responsibility, business ethics, and stakeholder management. A similar study has been found in Egri and Ralston's (2008) research. They used the same method to examine CSR literature in 321 articles in international management journals published from 1998 to 2007. They categorised these articles into four major themes: corporate social responsibility, environmental responsibility, ethics, and governance. In the meantime, Dahlsrud (2008) conducted a content analysis of existing CSR definitions originated from 27 authors' articles published during the period 1980 to 2003. The research result found that CSR is mostly discussed as a phenomenon and focuses on what constitutes the social responsibility of business. The research showed that CSR is nothing new at a conceptual level, but is mainly developed into four main dimensions: environmental, social, economic, stakeholder, and voluntariness. More recently, Freeman and Hasnaoui (2011) explored the definitions of CSR published on the Internet by governments in four countries: United Kingdom (UK), France, United States of America (USA), and Canada. Their research looked for a consensus of understanding of CSR and found that definitions of CSR focus on the aspects of social, environmental and economic impacts, and stakeholder management. Among these studies, most often definitions and interpretations of CSR include five main features: the economic, social, and environmental concern, a voluntary activity, and stakeholder relations.

The most useful conceptual framework for CSR is developed by Grarriga and Melé(2004) who have mapped the landscape of CSR theories into four approaches: instrumental, political, integrative and ethical.

- The instrumental approach to CSR emphasises the economic responsibility and shareholder value through cause-related marketing and strategies for achieving competitive advantage.
- The political approach focuses on the role of power that business has in society. This approach is developed upon the ideas of social contract theory that incorporates underlying social expectations exceeding profit goals and legal compliance, and corporate citizenship that argues a strong sense of business responsibility towards the local community.

- The integrative approach emphasises business integration of social demands. This approach focuses on the ideas of issues management of social and political changes, public responsibility regarding business government relations, stakeholder management representing a way to integrate social demand, and corporate social performance representing the economic, legal, ethical and discretionary categories of business performance (Carroll, 1991).

- The ethical approach focuses on business contribution to a good society by doing the ethically right thing. This is mainly achieved through stakeholder management based on normative stakeholder theory, protection of universal rights including the areas of human rights, labour and the environment, and sustainable development aimed at long term economic, environmental, and social benefits.

In their summary of CSR research, it can be seen clearly that CSR has now become a dynamic and contestable cluster concept (Matton & Moon, 2008) that overlaps socially responsible investment, corporate citizenship, business ethics, community involvement, corporate responsibility, corporate social responsiveness, corporate social performance (CSP), and sustainable development. Most of these terms are interrelated and cover complex issues such as environmental protection, employee benefits, and relations with local communities, government, suppliers, and consumers. As Silberhorn and Warren (2007) state, the new discussion about CSR in business implies that "it is a normative, multi-level concept, whose meaning depends on various perspectives and relationships, and, that it changes in response to social trends" (p. 353). It is not the purpose of this thesis to provide an overview of the vast literature on CSR. The study of CSR in this thesis focuses on a stakeholder approach. The definition of CSR used in this study is defined from a stakeholder perspective and refers to "the commitment of business to contribute to sustainable economic development, working with employees, their families, the local community, and society at large to improve their quality of life" (WBCSD, 2002, p. 6). The next section reviews the current development of the CSR concept and its practices in some Western countries.

2.2 CSR development in the North American and European context

CSR is a socially constructed concept and cannot be separated from the contextual factors of the country in which it is practiced (Dahlsrud, 2008). This suggests that the concept of CSR and its practices are influenced within individual countries by "semiotic interpretations as well as political, cultural, and social elements unique to the individual country" (Freeman & Hasnaoui, 2011, p. 425). A framework used to examine CSR in different national contexts has been developed by Matten and Moon (2008). They adopted the national business system (NBS) or societal effect approach to explain the distinctive underpinnings of CSR in different countries, North American and European countries in particular (see Table 1).

Table 1. Framework for examining CSR in different national contexts

NBS	North America	Europe
Political system	Less power of the state in governing economic and social activity	Greater power of the state in governing state welfare
Financial system	The stock market is the central financial source for companies	A network of a small number of large investors among which banks play a major role
Education system	Companies themselves have developed strategies	Publicly led training and active labour market policies in which companies have participated according to either custom or regulation
Cultural system	A stronger ethic of stewardship and of giving back to society	A strong degree in the justification and ethical legitimisation of norms (Crane & Matten, 2004)
Nature of the company	Marked based forms of contract-based ownership	Direct ownership or alliance ownership

(Adapted from Matten and Moon, 2008)

Table 1 shows different factors influencing the CSR agenda among countries in relation to their national backgrounds including political, economic, educational

and cultural system, and firm nature. The study focuses on the North American and European contexts as they are the most vibrant regions for the development of CSR. As Crane and Matten (2004) indicate, CSR as "a view of business responsibility in society has been particularly strong as a concept in America, from where much of the authors, literature, and conceptualisations have emerged" (p. 46). Also, Europe is the most active region for the development of CSR. For example, the majority of world-wide CSR publications originated in UK and Germany (Breitbarth, Harris & Aitken, 2009). The study of CSR in North American and European countries is discussed in the following two sections.

2.2.1 CSR in North America

CSR in North America is driven by the context in which minimal legislative control on business is considered preferable, and thus companies need to use self-governance, rather than reliance on legislation (Kampf, 2007). This preference keeps the role of the state as less powerful and avoids governmental oversight of social well-being. So, companies have traditionally played a leadership role in the communities where they operated (Kampf, 2007). CSR issues most commonly discussed by corporations are those linked to the community such as quality of life and education (Maignan & Ralston, 2002). The practice of CSR in North America focuses on corporate philanthropy and volunteerism.

However, more recently, there is an increasing number of studies which view CSR as an instrument to legitimize and market the corporation in North America (Maignan & Ralston, 2002). The primary driving force for undertaking CSR now becomes the increasing use of CSR as a corporate strategy for achieving economic outcome and competitive advantage, and the emerging practice of ethical investment (Lo, Egri & Ralston, 2008). On the one hand, this change brings the language of business to the philanthropic discussions which emphasises an investment model for innovative ideas and organisations that can get the innovations to market (Reis & Clohesy, 2001). For example, the practice of using a concept like "social venture capital funds" or "social return" or "investment" presents a blended approach of both business and community constructs. As Porter (2003) argues, the use of strategic corporate philanthropy links to the strategy and expertise of the core business and eventually helps to increase both

social and corporate value. On the other hand, the growth in ethical investment funds in North America relying on reputation indices may be one driver for the development of CSR practices towards investor relations (Lo et al., 2008). Companies associated with CSR practices are more likely to be selected for ethical investment funds (Lo et al., 2008). In brief, in North America, the company is the key actor in the practice of CSR and CSR issues focus on the aspects of community and investor and relations.

2.2.2 CSR in Europe

CSR in Europe is firstly government driven (Albareda, Lozano, Tencati, Midttun, & Perrini, 2008; Matten & Moon, 2008). CSR and governments are linked to a system that involves soft regulation towards the enabling state (Matten & Moon, 2008). For example, there is the creation of new models of social partnership, which allows governments and other agents like businesses and social organisations to work together and solve societal governance challenges. Governments play a vital role in defining CSR policy frameworks of action to influence and encourage other organisations such as businesses and also in leading by example (Albareda et al., 2008). Also, there is a close relationship between CSR and the welfare state in Europe. Albareda et al. (2008) examine this relationship in some European countries. They found that CSR policy is implemented as part of modern welfare state policies in the United Kingdom. In Italy, this relationship is considered from a new welfare mix perspective. Secondly, European governments see CSR as the business contribution to the wider goal of sustainable development (Albareda et al., 2008; Matten & Moon, 2008). For example, in UK and Norway, there are widespread expectations of improving the social and environmental performance of companies; and in Italy, governments promote sustainable development by increasing strategic resources (Albareda et al., 2008). Thirdly, European governments have projected CSR as a business strategy to increase competitive opportunity for companies both domestically and internally (Albareda et al., 2008; Breitbarth, Harris, & Aitken, 2009). They argue CSR contributes to business competitiveness with improved company reputation and stimulate competitors to work in the same area (Albareda et al., 2008). Lastly, European companies are inclined to introduce CSR as a response to stakeholders' scrutiny and pressures (Lo et al., 2008; Maignan &

Ralston, 2002; Silberhorn & Warren, 2007). European CSR initiatives are driven by NGOs, trade unions, and wider industry associations such as the UK Business in the Community, the German Econsense, and the pan-European CSR Europe (Brohier, 2010; Matten & Moon, 2008). In addition, most CSR policies emphasise stakeholder issues. For example, the UK companies focus on education, human rights, animal welfare and employee wellbeing (equal opportunity and health and safety in particular), whereas German companies focus on cultural diversity (arts and culture in particular) and employee wellbeing (specifically employee care issues) (Silberhorn & Warren, 2007). Also, Norwegian companies emphasise human rights, promotion of peace and employee wellbeing (work-life balance in particular) (Albareda et al., 2008). To sum up, the key differences of CSR practices between North American and European countries are illustrated in Table 2.

Table 2. North American and European approaches to CSR

	North America	Europe
Key actors in CSR	The corporation	Government, trade unions, corporate associations, not-for-profit organisations
Key guidelines for CSR	Corporate codes of ethics	Negotiated legal framework of business
Key issues in CSR practices	Focus on shareholder value and philanthropic responsibility (community involvement programs and volunteerism)	Focus on multiple stakeholders interests and sustainable development (protection of environment and employees)

(Adapted from Crane and Matten, 2004)

From the discussion of CSR differences between different countries, it can be seen clearly that the main issue of CSR focuses on the interaction between companies and their stakeholder groups. There is a need to examine the concept of CSR and its practices from a stakeholder perspective. The next section investigates understanding of CSR from a stakeholder perspective.

2.3 Understanding of CSR from a stakeholder perspective

The stakeholder approach to CSR, in fact has been found in analysis of the extensive body of research on ethics and social responsibility issues (see, for example, Branco & Rodrigues, 2007; Jamali, 2008; Matten & Moon, 2004; Silberhorn & Warren, 2007). Stakeholder theory is considered as "a necessary process in the operationalisation of corporate social responsibility, as a complementary rather than conflicting body of literature" (Matten, Crane & Chapple, 2003, p. 111). This theory is used as a basis to analyse those groups to whom the organisation should be responsible (Moir, 2001). According to Freeman (1984), the classic definition of stakeholder is "any group or individual who can affect or is affected by the achievement of the organisation's objectives" (p. 46). This brings about the problem of negotiating between the interests of different stakeholder groups. CSR is developed upon the concept of stakeholder democracy which focuses on the notion that organisations are made up of a number of different stakeholders who should have an influence over the organisation's activities (Role, 2005). Stakeholder democracy takes into account all the equally relevant interests and ensures that the ethical rights of all the stakeholders are respected and balanced (Clarkson, 1995).

2.3.1 Review of CSR concept from a stakeholder perspective

Many scholars have devoted themselves to study the concept of CSR by drawing on stakeholder theory. Carroll (1979, 1991) developed a pyramid of CSR which provides a linkage to stakeholder theory by emphasising four features of CSR: philanthropic responsibilities relative to the community relations; ethical responsibilities regarding human rights commitment; legal responsibilities in relation to government law; and economic responsibilities concerning shareholder value. Carroll's four-part definition of CSR is embedded into a conceptual model of corporate social performance (CSP) which extends corporate responsibilities to include multiple stakeholders such as workers, the community and environment beyond the traditional base of shareholder. As Jamali (2008) indicated, Carroll's model is useful and timely, and represents a significant advance in CSR study by identifying the different dimensions of responsibilities. However, this model only focuses on conceptualised CSP and lacks details and guidelines regarding process

and measurement of CSP (Jamali, 2008). Wood (1991) extended and modified Carroll's model by placing CSR into a broader context than the conceptual definitions. Wood identified three main kinds of processes to bring principles of CSP (legitimacy, public responsibility, and managerial discretion) into practice: environmental assessment, issues management, and stakeholder management. Wood also presented the outcomes of bringing principles into practice by categorising them in terms of social impacts of corporate behaviour, social programs used to implement responsibility, and social policies developed to solve social issues and stakeholder interests. Based on Wood's (1991) study of CSP as principles, processes and outcomes, Wood and Jones (1995) developed a stakeholder framework to analyse and evaluate CSP in relation to both internal and external stakeholder effects. They argued that stakeholders serve three roles with respect to CSP:

- Stakeholders are the source of expectations about what constitutes desirable and undesirable firm performance;
- Stakeholders experience the effects of corporate behaviour; that is, they are the recipients of corporate actions and output; and,
- Stakeholders evaluate how well firms have met expectations and how firms' behaviours have affected the groups and organisations in their environment. (Wood, 1999, p. 231)

From their point of view, it is clear that CSP is closely linked to the concept of stakeholder theory. This theory becomes a key concept in the development of CSR concepts and evaluation of CSP. In recent years, there is a growing number of scholars who use a stakeholder approach when qualitatively examining the corporate understanding and practice of CSR. They have focused on the study of CSR in relation to stakeholder management and the variations between companies or countries. Maignan and Ralston (2002), for example, conceptualised CSR in terms of principles motivating CSR, processes and stakeholder issues. Their research found differences and choice of means in CSR reporting across four countries: France, Netherlands, UK, and USA. They also found differences in CSR practices in relation to different stakeholder groups. Lo, Egri and Ralston (2008) also conducted a cross-national study to examine the influence of CSR practices on stakeholders and the natural environment in the contrasting contexts of China and USA. Their research results are consistent with Maignan and

Ralston's (2002) findings, which show very different priorities in CSR practices regarding different stakeholder groups' interests.

In addition, when positioning stakeholder theory within the study of CSR, many scholars have become involved in the normative or instrumental CSR debate, the stakeholder or shareholder debate in particular (Branco & Rodrigues, 2007; Crane & Matten, 2004; Mintzberg, 1983; Garriga, & Melé, 2004; Smith, 2003; Smith & Nystad, 2006). They identified motivations for CSR and tended to divide CSR practices into two types: the instrumental CSR (the shareholder perspective) which aims to achieve an economic goal for shareholders and the normative CSR (the stakeholder perspective) which asks for social good for everyone. On the one hand, the instrumental view is justified mainly on the basis of neoclassical economic theory arguments using notions such as the free market, economic efficiency, and profit maximisation (Branco & Rodrigues, 2007). This view is based on the theory of shareholder primacy, endorsed by Adolf Berle who claims that a corporation is primarily responsible to its shareholders (Grossman, 2005). This theory has been endorsed by free market economist Milton Friedman who states that the social responsibility of business is to increase its profits (Friedman, 1970). The idea which underlies the shareholder perspective is that the only responsibility of managers is to maximise the interests of shareholders in the best possible way. CSR is seen as a strategic tool adopted by businesses to maximise the shareholder value.

On the other hand, the normative CSR is associated with Immanuel Kant's moral philosophical concept of categorical imperative which involves the idea of duty and good will (Crane & Matten, 2004). It also derives from John Rawls' theory of justice which generates principles of justice for assigning basic rights and duties and determining the division of social benefits in a society (Crane & Matten, 2004). The normative approach to CSR defines moral obligations towards stakeholders and focuses on ethical requirements that strengthen the relationship between business and society (Garriga & Melé, 2004). This approach suggests that companies have a social responsibility that requires them to consider the interests of all stakeholder groups (such as employees, customers, suppliers, government and the local community) affected by their actions. So, management

should not only consider its shareholder value in the decision making process, but also consider all groups who are affected by business decisions (Branco & Rodrigues, 2007).

In addition, some scholars suggested a hybrid approach which argues that CSR should be capable of addressing both its instrumental and normative aspects (Branco & Rodrigues, 2007; Smith & Nystad, 2006). They argued that "a discussion about whether companies care about CSR only for duty, or for utility is not possible" and "it is impossible to judge companies' actions from either one ethical motive or another" (Smith & Nystad, 2006, p. 21). They further asserted that the motivation for CSR is neither economic nor ethical, but these perspectives are mutually connected. More specifically, businesses have a fundamental role to make a profit and also have a duty to consider social concerns and solve social issues. Management should identify strategies that are beneficial both for the company and for society.

From the previous discussion, it can be seen clearly that the central issue of CSR is whether stakeholder management is part of the motivation for business to be responsible and to which stakeholders consideration is due. Green Paper of the European Commission (2001) described CSR as having both internal and external dimensions. With regard to the internal dimension, the paper stated that:

> Within the company, socially responsible practices primarily involve employees and relate to issues such as investing in human capital, health and safety, and managing change, while environmentally responsible practices relate mainly to the management of natural resources used in the production. They open a way of managing change and reconciling social development with improved competitiveness. (p. 8)

With regard to the external dimension of CSR, the paper claimed that:

> 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. (p. 11)

Accordingly, the stakeholder view of CSR requires a constant dialogue between corporate decision-makers and the company's various stakeholders. Implementing CSR practices into a corporation's strategy is a holistic process and requires several steps, starting with adopting a mission statement and code of conduct or credo, both of which describe the company's purpose, values, and responsibilities to its stakeholders (Herrmann, 2004).

2.3.2 CSR and stakeholder management: A way to enhance employee wellbeing

One of the most important aspects of CSR is interaction of the company with the stakeholders (Turker, 2009). Management may address many CSR issues towards their internal and external stakeholders. But, it is not the focus of this thesis to examine the concept of CSR and its practices towards all stakeholder groups. This thesis mainly focuses on examining the internal stakeholder issues, employee wellbeing in particular. Employees are considered as a primary stakeholder group who have high power and legitimacy to influence the company's CSR practices (Greenwood, 2007).The issue of CSR has raised questions about how the companies' responsible behaviour will affect employee wellbeing. The direct link between CSR and employee wellbeing has not been investigated in both academic and business context, but there are some studies which have investigated an indirect relationship between CSR and employee wellbeing (see, for example, Gillis & Spring, 2001; Tamm, Eamets, & Mõtsmees, 2010; Turker, 2009). They found significant associations between the degree to which an organisation fulfils its CSR and the extent to which employees are satisfied with their job. For example, Turker (2009) conducted a sample study of 269 business professionals working in Turkey and found that "employees prefer to work in socially responsible organisations and their organisational commitment level is positively affected by CSR to society" (p. 201). A similar study was conducted by Gillis and Spring (2001) and their research results showed that "job seekers with high levels of job choice judged potential employers by their CSP and used this factor in selecting employment opportunities" (n. p.). Accordingly, developing socially responsible practices can be seen as a means to attract job seekers, and enhance organisational commitment, employee morale and job satisfaction in the workplace.

The most useful conceptual framework for employee management (improvement of employee wellbeing) is developed by Grawitch, Gottschalk, and Munz (2006). Their study specifically defined the concept of employee wellbeing as a comprehensive view regarding the health of the employees within the organisation, including being an "area in which physical, mental, and emotional health come together to have a complex effect on the individual" (p.12). They also categorised eight specific types of employee wellbeing: physical health (includes health problems such as physical tension and chronic illness); mental health (represents the psychological health issues such as anxiety and depression); job satisfaction (is concerned with employee's individual attitude or feeling about his or her work and used as a general indicator of employment-related well-being); job stress (is concerned with the impact of job conditions on employee's health and well-being); employee morale (refers to the general positive atmosphere of the workplace); employee motivation (represents employee's willingness to perform assigned tasks); organisational commitment (refers to the employees' psychological attachment with their job, such as self-identification and involvement within their organisation); and organisational climate (refers to employees' perceptions about the way in which their workplace functions, such as leadership and managerial practices).

They developed five categories of organisational practices in order to improve employee wellbeing in the workplace: work-life balance, employee growth and development, health and safety, recognition, and employee involvement. In terms of work-life balance programs, employees may get help to balance the multiple demands of their lives. As there is intensification of conflict between work and family in the lives of many employees, family members, and organisations, research on work-family practices has become increasingly popular (Chinchilla, & Torres, 2006; Harr & Spell, 2004; Poelmans & Sahibzada, 2004). The idea of a family-responsible company enforces business strategies (such as policies that pursue employee wellbeing), which consider the employee's family as another stakeholder of the company (Chinchilla, & Torres, 2006). Family friendly policies such as "allowing family leave; good health and pension benefits; a safe workplace; training and advancement opportunities; and policies that avoid layoffs" become the major concern for organisational practices (Carroll, 2000,

p.1). A model of a family responsible employer (FRE) is developed by Chinchilla and Torres (2006) and provides detailed criteria for practices of work-family policies. The model has four vital dimensions: policies offer job flexibility, professional support, family services and non-salary benefits; facilitators focus on leadership, communication, responsibility and strategy; culture supports the development and implementation of policies and facilitators; and results measure the impact of the other three elements in order to make overall improvement. According to their research outcome of 500 Spanish companies who use the FRE model, they found that successful implementation of the model contributes to higher productivity as well as to a more healthy balance between work and family/personal life.

The second practice for improving employee wellbeing involves employee growth and development programs (Grawitch et al., 2006). Those programs emphasise employees training and career development (such as job design and job future). Similarly, the concept of employee empowerment is widely developed to enhance high levels of employee performance. According to Claydon and Doyle (1996), employee empowerment connects with organisational learning and offers more open communication, shared problem-solving geared to continuous improvement, and the rights of individuals to self-determination and personal growth at work.

The third and fourth practices for improving employee wellbeing encourage health and safety and recognition programs (Grawitch et al., 2006). Grawitch et al. suggested that employee stress may be directly controlled through worksite stress management programs. Their research indicated that stress management programs encourage employees to participate in extra role behaviours and improve employee emotional wellbeing, decreasing work stress in particular. This outcome is supported by O'Driscoll and Randall's (1999) research which found that intrinsic satisfaction contributed more than extrinsic satisfaction as "interventions based on job enrichment (increasing variety, challenge, and decision latitude) may have a more beneficial influence, on job involvement especially, than increasing material rewards, such as pay and fringe benefits" (p. 206). Furthermore, the enforcement of employee assistance programs such as alcohol or drug abuse counselling help a reduction in employee absences and accidents. In addition, they

suggested that besides monetary rewards, "there are other recognition practices that can motivate employees, such as award ceremonies, recognition plaques, and celebrations for personal and professional milestones" (Grawitch et al., 2006, p. 22). Briefly, those programs will increase employees' wellbeing in terms of their enhanced work satisfaction, morale, and self-esteem.

The last practice for employee wellbeing improvement entails employee involvement programs that encourage employees to participate in and devote themselves to the larger society through community programs and employee volunteerism (Grawitch et al., 2006). This approach has been broadly discussed with corporate citizenship involving corporate community involvement (CCI). As Zappala (2004) stated, there is increasing evidence that companies see their employees as key and genuine stakeholders in their corporate citizenship programs. Therefore, employee management becomes a vital element to fulfil CSR by supporting CCI programs. According to Zappala (2004), CCI create:

> The structures and policies companies have in place to provide financial and in-kind assistance as well as contributions of time and expertise to the wider community – focuses on the social dimension and places particular emphasis on engaging employees in community programs. (p.198)

There are examples in which businesses have engaged their employees in CCI programs and have given back to communities. For example, British Gas has encouraged employees to get involved in the community through a combination of volunteering (such as clearing household rubbish) and fundraising (such as raising funds for charity) (Tuffrey, 2003). Both the company and employees benefit from the involvement with local community with improved corporate reputation, organisational commitment, employees morale and skills (Tuffrey, 2003).

It can be argued that corporate citizenship and CCI programs demonstrate organisational efforts on looking after other stakeholders (such as individual employees and community) besides owners and shareholders. In return, companies who undertake those programs will gain both external benefits (such as

improved image and reputation) and internal benefits (such as human resources and financial return). As Zappala (2004) indicates, CCI policies can have "a positive effect on a range of employee processes and outcomes that go to the heart of human resource management, such as employee motivation, morale, commitment, development and teamwork" (p.198). More specifically, CCI programs increase levels of employees' positive emotion (such as self-esteem and satisfaction) regarding their jobs because CCI programs foster a sense that they are making a difference to their local community. This sense will eventually boost employees' motivation and loyalty towards their companies. Also, through participation in CCI programs, employees learn to work together as self-managed work teams and create a shared sense of purpose and trustworthiness among themselves. This will improve individual employee development, skills, and teamwork in the long run. As Zappala (2004) states, certain CCI practices such as employee volunteering, "defined as a commitment by a commercial organisation to encourage staff to volunteer in the not-for-profit sector," will create "a shared sense of purpose and loyalty among employees, helping foster employee teamwork, cohesion and improve employee skills such as leadership" (p.191).

In addition, open and continuous communication is a key success factor in the implementation of employee management programs (Grawitch et al., 2006). Communication helps the development of all five organizational practices to achieve the desired outcomes for the employee and the organisation through three functions:

1. Create specific programs to meet the needs of the employees for which they are designed through bottom-up communication processes directed from employees to management;

2. Become the vehicle within which organisation program is carried out, such as helping information flow freely through two-way communication between employees and management; and,

3. Serve to increase the effectiveness of specific organisational programs designed to improve employee wellbeing, such as increased employee accessibility to services and their engagement with those programs (Grawitch et al., 2006).

Accordingly, communication plays a major role in the implementation of employee management programs by ensuring effective information exchange within an organisation. It also helps evaluate the effectiveness of these programs as a way of providing instant feedback from management and employees.

To sum up, the concept of CSR has been discussed in the theory of stakeholder management and stakeholder relationships, employee relationships in particular, become the key concept in the development and implementation processes of CSR. The companies' responsible behaviour affects employee wellbeing through its influence on organisational commitment, job satisfaction and employee morale. In addition, the improvement of employee wellbeing in the workplace requires a system of programs which involve aspects of work-life balance, employee growth and development, health and safety, recognition, employee involvement, and communication.

2.4 Theoretical gaps

Through the study of the existing literature, there are some gaps in the literature currently available on CSR and its practices. Firstly, and probably most significant, the lack of research on non-western CSR in the academic literature and organisational context is striking. Most of the CSR studies focus on the North American and European contexts. Western CSR standards are designed based on standards and laws that apply in developed countries and do not necessarily account for developing countries' current situations, China in particular. For example, on the topic of human rights, some international organisations promote standards or systems that run counter to existing Chinese law (Chen, 2006). Secondly, there is little discussion on links between CSR and employee management, employee wellbeing in particular. As Rodrigo and Arenas (2008) indicate, the employee as one of the key stakeholders has received relatively little attention in CSR literature when compared to other groups .This is very surprising because the attraction of loyalty to a company and motivation have been used to explain why CSR is a source of competitive opportunity to a company (Rodrigo & Arenas, 2008). There is a need to see employee management as part of CSR practices with the increased demand and discussion of employee wellbeing and

organisational improvement. This chapter has made a contribution to knowledge on the topic of CSR by investigating how the practice of CSR impacts corporate social performance, employee wellbeing in particular.

2.5 Conclusion

This chapter reviews literature on the topic of CSR. Firstly, it introduces the concept of CSR by examining the previous authors' work, Grarriga and Melé's (2004) four approaches to CSR framework in particular. Secondly, it investigates the current development of the CSR concept and its practices in North American and European countries. In particular, it identifies the distinctive underpinnings of CSR and different practices of CSR in these countries. Thirdly, it develops a stakeholder approach to the study of the CSR concept. This section also investigates a close relationship between CSR and stakeholder management, employee management in particular. Lastly, the chapter indicates gaps in current CSR literature and indicates the ways in which this study aims to make a contribution to knowledge on the topic.

Chapter Three

Methodology and Method

This chapter introduces the theoretical framework that guides the approach to my study and outlines the methods and techniques of my research. The chapter also explains the rationale for my methods of data collection and analysis. It is divided into six main sections. In section 3.1, I explain the social constructionist epistemology that underpins the study. In Section 3.2, I draw on social constructionists' assumptions to adopt a discourse approach as a particular kind of social constructionist practice for guiding my study. In Section 3.3, the work of Teun Van Dijk and Norman Fairclough are applied to discuss the importance of the construction of discourse in organisational life as their work is most appropriate for guiding my study. The discussion stresses culture and context in understanding what occurs in organisational life and shaping the relationship between organisational discourse and society. This discussion further draws on Fairclough's three-step approach to discourse analysis and emphasises concepts of metaphor, articulation, ideology and hegemony. In section 3.4, I explain my methods of data collection. I discuss the interview method and detail the ways in which data were collected using this method. In Section 3.5, I explain the methods of data analysis which were applied to both thematic analysis and critical discourse analysis (CDA) into my study. In the final section 3.6, I briefly reflect on the limitations of the methods applied in my study.

3.1 Social constructionism

The assumptions that guide my thinking as a researcher are based on a social constructionist epistemology. This way of understanding the world argues that there is no such thing as objective fact; all knowledge is derived from our own perceptions of the world and interaction with others. To be more specific, social constructionists believe that social phenomena are the products of ongoing sense making, interpretation and reproduction in which individuals and groups engage with others to produce social reality (Berger & Luckmann, 1966; Burr, 1995; Gergen, 1999; Schwandt, 2000). That is to say, reality is socially constructed and is produced and reproduced by people acting on their interpretations and their knowledge of it. I use this epistemology guideline because it is the most

appropriate for my study in the following ways. Firstly, social constructionists take a critical stance towards our "taken-for-granted" ways of understanding of the world by challenging "the view that conventional knowledge is based upon objective, unbiased observations of the world" (Burr, 1995, p. 4). Followed by this critical stance, I choose my research topic and set out research questions by taking a critical approach to challenge current interpretations and constructions over an increasingly important issue for corporate development, namely corporate social responsibility (CSR). My research on Chinese CSR constructs a different way of understanding this social issue by looking at corporate social performance within a large Chinese state-owned organisation, FHTG.

Secondly, social constructionism emphasises the importance of cultural and historical contexts in understanding what occurs in society and constructing knowledge based on this understanding (Derry, 1999). That is to say, the ways in which people commonly understand the world, the categories and concepts they use, are historically and culturally specific (Burr, 1995). This is particularly significant in my study as understanding of my research organisation (FHTG) in terms of its business performance and employee behaviours needs to consider the Chinese historical, cultural and political context that this organisation operates in. The particular forms of knowledge (such as FHTG's understandings of CSR) are drawn from and developed within a Chinese social and cultural context of which individual employees are a part, and in relation to which they learn to participate, and thus they can been seen as products of that culture.

Thirdly, to social constructionists, knowledge is sustained by social process (Burr, 1995). This implies that our current accepted ways of understanding the world are a result of the social processes and interactions in which people are constantly engaged with each other. My research of FHTG comes from my personal experience with this organisation. For example, I examine organisational activity by interviewing individual employees in order to discover how certain organisational phenomena (e.g., FHTG's social performance) or forms of knowledge (e.g., understandings of CSR) are achieved by individual employees in interaction with each other.

Fourthly, social constructionists believe that knowledge brings about social action (Burr, 1995). How people think about something shapes how they act towards it. This belief allows me to conduct a more in-depth investigation of FHTG by not only looking at individual employee's shared stories of this organisation but more importantly examining how these stories shape their actions (e.g., how their understandings of CSR shape FHTG's practices of CSR). Moreover, these shared stories talk of how the numerous possible constructions of FHTG's CSR also bring different kinds of CSR practices from individual employees. So my research on CSR takes a wide variety of different forms of understanding and introduces the possibility of change and shift in FHTG's business behaviour.

Lastly, the heart of what is referred to as social constructionism is the uses and effects of language. From this perspective, knowledge is constructed and sustained through social processes and practices, and particularly through language (Schwandt, 2000). In order to examine FHTG's organisational phenomena, I delve deeper into an examination of language uses (such as documents and conversations) in this organisation. Moreover, the way that language is structured determines the way that experience, perception, and reality are structured (Burr, 1995). From this point of view, my study primarily focuses on how FHTG uses organisational language (e.g., FHTG's official website) to structure and shape individual employees' perception towards the organisation (its social performance in particular). Also, I discover how individual employees create meaning (such as their sense making of CSR) through their interaction, particularly through language, with each other and with the environment they work in.

In brief, social constructionists believe in multiple versions of the world and the self-construction of knowledge inspires me to take a critical stand towards the current understanding of a particular organisational phenomenon (CSR and its practice in particular) by examining the organisational activities through my daily interaction with individual employees in the course of organisational life. Also, the focus on language as social practice helps me to research on a wider social, political and cultural context of organisational behaviours and this also creates my

characteristics of CSR study, which is a Chinese political and cultural approach to CSR.

3.2 Discourse and discourse analysis

Burr (1995) indicates that one way of examining how language is structured has been widely studied by many researchers who believe that language is structured into a number of discourses. From a social constructionist point of view which emphasises the role of language in constructing social life; the cultural aspect of subject knowledge; and the often forgotten or suppressed role of power and institutions in forming that knowledge ("the epistemological lifeboat", 2005), discourse is approached as a way of signifying a particular domain of social practices which contributes to the construction of social identities, social relationships, and system knowledge and belief (Fairclough, 1992). This implies that discourse is not merely a reproduction of social and organisational reality, but reflects "the social processes and structure which give rise to the production of a text, and of the social structures and processes within which individuals or groups as social historical subjects create meaning in their interaction with texts" (Wodak & Meyer, 2001, p. 3). In this view, discourse analysts prefer to approach social phenomena in terms of how they are talked-into-being and in relation to their social and interactional functions of language use. In practice, a discourse analyst looks for pattern and order in how texts are organised and for how subjective understanding, social life and a variety of institutional practices are achieved, constructed and reproduced in the social process (Holstein & Gubrium, 2007). For example, I examine how organisational social performance is discursively formed and maintained through texts (website documents and interview transcriptions). The focus is on how versions of FHTG's CSR discourse are achieved in and through texts.

However, there are some criticisms of discourse analysis. As Sherrard (1991) claims, discourse researchers generally fail to examine their own contribution to the discourse when they interact with research participants and also their role in the production of the discourse they are analysing. This problem implies that discourse analysis needs to consider the equal status of participants and

researchers by opening research opportunities for participants to comment upon their own explanation and those of the researcher (Sherrard, 1991). Also, since the nature of the discourse analysis itself is subjective, the general problem with discourse researchers is the lack of attention to the methodological process of data gathering and procedure of data analysis (Burr, 1995). This problem requires discourse researchers to provide very detailed information about the analytic process that should include the production of text itself, its context and intended audience in the analysis (Burr 1995). Based on these criticisms, critical discourse analysis (CDA) (Chouliaraki & Fairclough, 1999; van Dijk, 1997, in particular) has raised these issues from two distinctive perspectives. Firstly, CDA takes into consideration the role of audiences and their interpretations of discourse, possibly different from those of the discourse analyst. Secondly, CDA has called for broadening the scope of analysis beyond the textual, extending it to intertextual analysis of discursive and social practice. In the next section, I will present a general overview of Fairclough's work in CDA, and a more detailed account of his three-step approach to discourse analysis (Fairclough, 1992), because this provides the basis for the framework that I use in this study.

3.3 Critical discourse analysis

As Wodak and Meyer (2001) indicate, there is no one way to carry out a discourse analysis and there are a number of researchers who have their own perspective on how to operationalize such a project depending on their backgrounds and their research emphases. My study particularly employs Fairclough's three-dimensional framework to conduct discourse analysis. Norman Fairclough is one of the key figures in the realm of CDA and his work has profoundly contributed to its development. Fairclough's version of CDA is based upon a view of language as a form of social practice and an essential element of social processes (Wodak & Meyer, 2001). Clearly, this view is strongly influenced by a social constructionist epistemology which also guides my study.

3.3.1 What is CDA?

Fairclough's approach to CDA draws upon a number of critical social theorists, such as Michael Halliday (i.e., concept of systemic linguistics), Michel Foucault

(i.e., concept of orders of discourse), and Antonio Gramsci (concept of hegemony) (Fairclough, 1989, 1992, 1993, 1995). He defines CDA as follows:

> Discourse analysis aims to systematically explore often opaque relationships of causality and determination between (a) discursive practices, events and texts, and (b) wider social and cultural structures, relations and processes; to investigate how such practices, events and texts arise out of and are ideologically shaped by relations of power and struggles over power; and to explore how the opacity of these relationships between discourse and society is itself a factor securing power and hegemony. (Fairclough 1993, p. 135)

In his view, the concepts of ideology and power relations become central to the study of discourse analysis. As claimed by Fairclough (2003), ideologies are representations of aspects of the world (social identities, social relationships, and systems of knowledge and belief) which contribute to establishing and maintaining relations of power, domination and exploitation. The ideologies embedded in discourse practices are most effective when they become naturalised and achieve the status of common sense (Fairclough, 1992). The relationship between common sense and ideology was introduced by Antonio Gramsci (1971) who is interested in social change with the concept of hegemony- the leadership used by certain groups to exercise cultural and ideological power over other groups (Gramsci, 1971). Through consent rather than coercion, the dominant group's ideologies (such as ideas, beliefs, interests and interpretations) may become justified and internalised by other social groups as part of common sense (Gramsci, 1971). The acceptance of this prevailing common sense enables the dominant groups to exercise and legitimise their social and political control in society. The common sense ideas mediated through the dominant group's elites become the popular beliefs for policy reform (Gramsci, 1971). In the case of my study, the CSR discourse is examined to discover ideological struggles and power domination within the research organisation, FHTG. To be more specific, my study examines how the dominant group within FHTG practices its organisational ideologies through discursive practices. My study focuses on how FHTG as a major social actor involved in reshaping its interest in the context of CSR.

To sum up, Fairclough's approach to CDA gives particular attention to power relations through examining the relationships between the micro-level of texts and

the macro-level social and cultural structures within which discourses form and operate. CDA makes ideologies and power relations more visible by questioning the taken-for-granted assumptions about social institutions and the society.

3.3.2 Why use CDA?

I used CDA as both a theory and method to guide my study because it is distinguishable from and advantageous for conventional discourse analysis in the following ways. CDA is firstly problem-based, and attempts to study the roots of fundamental social problems "which people are confronted with by particular forms of social life, and to contributing resources which people may be able to draw upon in tackling and overcoming these problems" (Chuliaraki & Fairclough, 1999, p. 125). To be more specific, CDA is particularly concerned with the radical changes that occur in contemporary social life and focuses on studying social phenomena (including social activity, representations of social actors and the performances of particular positions) within processes of change (Wodak & Meyer, 2001). Accordingly, CDA is the most appropriate for my study because it particularly fits with the specific topic of my study, specifically CSR which is primarily interested and motivated by pressing or emerging social, political and cultural issues that threaten people's lives.

Furthermore, Fairclough's (1992) approach to CDA is not merely interpretive, descriptive or even explanatory; rather it focuses on the macro-structure (e.g., cultural and political structure) of the society which implies wider social practices that institutions or other social groups undertake to (re)construct society (Fairclough, 1992). It provides a framework to explore the relationships between text and context, and between discourse and society. This is particularly vital to my study as my research examines a popular Western organisational phenomenon (CSR) in an Eastern Chinese socio-political and cultural context. CDA helps me to gain better understanding of the Chinese organisational phenomenon (e.g., organisational social performance) by conducting a broader contextual analysis including social, political and cultural factors within the course of organisational life. More specifically, it draws my research focus, which looks more closely at the role of political and cultural context in shaping FHTG's understanding and

practice of CSR. So, my use of CDA adopts an explicitly socio-political and cultural stance toward data and analysis.

3.3.3 How to use CDA?

Fairclough (1992) has extensively outlined procedures for carrying out a comprehensive CDA which embraces three analytical focuses in analysing a discourse. They are text analysis, discursive practice (the process of text production, distribution, and consumption) and social practice.

3.3.3.1 Text analysis

Fairclough (1992) points out that analysis of texts involves examining their form and meaning which begins at the linguistic levels of analysis including such as "vocabulary, grammar, cohesion, and text structure" (p. 75). He further indicates two aspects of linguistic analysis: lexical-grammatical and semantic properties. The text analysis is not only the interpretation of a particular meaning, but also examination of semiotic structure (such as signifier-signified relationship) in order to discover the hidden social reasons for combining particular signifiers with particular signifieds (Fairclough, 1992). So the analysis is concerned with presences as well as absences to examine how lexico-grammatical processes relate to the presence of ideology in texts.

Moreover, there are different ways and focuses for text analysis. Although a close textual analysis of lexico-grammar is important as it provides evidence of macro analysis (Fairclough, 1992), it does not suit analysis of a large quantity of data being involved. This is the case of my study as my research data embraces many website documents as well as interview transcriptions. Fairclough (1992) suggests developing a coding system that helps researchers to identify and focus on topics or themes that can be valid for text analysis when dealing with large data sets. The use of thematic analysis is appropriate for my study as the focus of this analysis helps researchers to identify, analyse, and report patterns (themes) within data. The discussion of thematic analysis is further developed in the method of data analysis section.

3.3.3.2 Discursive practice

For Fairclough, analysis and interpretation are all but indistinguishable (Widdowson, 1995). That is to say, the division between "text analysis" and "analysis of discursive practice is not a sharp one" (Fairclough, 1992, p.74). The text analysis seeks to show connections between both properties of texts and practices of interpretation in order to investigate how different practices of interpretation are socially, culturally and ideologically shaped (Fairclough, 1995). Fairclough's discursive approach to discourse analysis shows a strong social constructionist epistemology based on the belief that language is much more than the phenomena out-there but a mode of action and discourse is of central importance in constructing the ideas, social processes, and phenomena that make up our social world (Holstein, & Gubrium, 2007). One of the purposes of this study is to try to understand how FHTG's reality is socially constructed within the discursive processes of organisational discourse practices. This discursive practice forms the second level of Fairclough's discourse analysis and involves process of text production, distribution, and consumption.

The production and consumption (interpretation) of the text is based on the social contexts and resources that apply to the interpreter. In the case of my study, my analysis of FHTG's organisational discourses tries to examine how participants produce and interpret text on the basis of their members' resources in order to discover organisational reality with competing interests, struggles, and contradictions. As Van Dijk (1997) states, CDA sees organisations not simply as social collectives where shared meaning is produced, but rather as sites of struggle as different groups (such as management, employees, government) compete to shape the social reality of organisations in ways that serve management's own interests.

Moreover, Fairclough stresses that discourses are open and hybrid and not closed systems, so analysis of discursive practice draws attention to particular types of interaction that articulate with different discourses and styles (Wodak & Meyer, 2001). The analysis of rhetorical devices such as metaphor, discourse articulation and interdiscursivity are central to the study of discursive practice. Fairclough (1992) states that metaphor "structures the way we think and the way we act, our

systems of knowledge and belief, in a pervasive and fundamental way" (Fairclough, 1992, p. 194). This implies that rhetoric focusing on the special meanings makes discourse more memorable and hence more persuasive. Another form of discursive practice is articulation, "the form of connection that can make a unity of two different elements, under certain conditions" (Hall, 1996, p. 116). To be more specific, articulation "links this practice to that effect, this text to that meaning, this meaning to that reality, this experience to those politics. And these links are themselves articulated into larger structures, etc." (Grossberg, 1992, p. 54). For example, my study of FHTG organisational discourse examines how FHTG combines different elements in order to create a unity of organisational reality and enforce its management ideologies. In this sense, discourses are constantly being hybridised through articulation of different discourse elements. The interdiscursivity occurs when text production draws on other orders of discourses. The interdiscursivity of a text is "a part of its intertextutality, a question of which genres, discourses and styles it draws upon, and how it works them into particular articulation" (Wodak & Meyer, 2001, p. 126). This implies a historicity of discourse which shows already existing and identifiable discourses that are available to be drawn on. So the growth of discourse strands has a history, a present and a future (Wodak & Meyer, 2001). It would be necessary to analyse longer timeframes of discursive processes in order to reveal their strength, the density of the entanglement of discourse strands with others, changes and re-emergence (Wodak & Meyer, 2001). For example, the study of FHTG's CSR discourse looks at the historical Chinese business discourses (such as discourse of Confucian entrepreneurship) and examines how that discourse has been drawn on by current organisations to position themselves in society.

Wodak (2001) takes a historical approach to discourse analysis which "attempts to integrate a large quantity of knowledge about the historical sources and the background of the social and political fields in which discursive events are embedded" (p. 65). Accordingly, all discourses are historical and can, therefore, only be understood with reference to their context. Also, Fairclough (1992) emphasises the strong influence of contexts and resources in shaping the discursive practices. For my study, it is useful to examine the introduction and development of the concept of CSR within a Chinese historical, social, cultural

and political context, which is of central importance to my study. Fairclough (1992) considers this examination as the last step of discourse analysis, namely, social practices.

3.3.3.3 Social practice

Discourses take place within society, and can only be understood in the interaction of social context, action, actor and societal structures (Fairclough, 1992, 1995; Van Dijk, 1997). The motivation for focusing on social practice is to discover what the structures of context are and how they are able to affect discourse in the first place. Fairclough's analysis of social practice concerns three aspects of the sociocultural context of a communicative event: economic, political (i.e., power and ideology), and cultural (i.e., issues of values) (Fairclough, 1995). These aspects are also explained by Van Dijk (1997) as the macro context (referring to historical, political, cultural and social structure) in which a communicative event occurs. The context plays a fundamental role in the description and explanation of text or talk. This is crucial to my study as my research examines a Western organisational reality (CSR) in an Eastern Chinese socio-political and cultural context. So for the purpose of my study, knowledge of Chinese socio-political, and cultural context, and history that underpins the different understandings of FHTG helps me to better interpret the organisational texts.

Furthermore, Fairclough believes that the study of ideology and power is central to analysis of social practice. Ideology is often used by social constructionists to discuss the way in which discourses obscure power relations (Fairclough, 1992). To be more specific, ideology serves to coordinate the social practice of dominant group members so as to maintain their dominant position as a group. It also coordinates social interaction with members of other groups (Van Dijk, 1997). The study of ideology is not only the examination of the ways in which meaning is created and conveyed by texts but also examines the ways that meaning is constructed in society in the interests of powerful groups (Thompson, 1990). In the case of FHTG, my study examines how government and FHTG constructed cultural (Confucianism), political and economic (the socialist market economy system) ideologies in their attempt to continue their dominant position in society.

On the other hand, ideologies have cognitive functions of belief systems in a way of telling people what their position is, and what to think about social issues (Van Dijk, 1997). The discourse position is "the result of the involvement in, of being knitted into, various discourses to which the individual has been subjected and which it has processed into a certain ideological position during the course of its life" (Wodak & Meyer, 2001, p. 49). That is to say, differently positioned social actors view and represent social life in different ways and with different discourses. Opportunities for grasping power occur as people position themselves and others within different discourses in the shifting flow of social interaction (Burr, 1995). The political concept of hegemony can be usefully employed in analysing discourse positions. A particular social structuring of ideological difference may become hegemonic and become part of the legitimising common sense which sustains the position of domination (Wodak & Meyer, 2001). For instance, my study examines how FHTG promotes its organisational ideology for business practices and how they define themselves, identify their position within society, and differentiate themselves to other social groups.

To sum up, I use Fairclough's three-step approach to CDA in order to question the nature of organisational action by dealing with how actions and/or meanings are constructed in and through text and talk. This approach to discourse and discourse analysis is especially valid for my study where social, political and cultural structures become the predominant influence on individuals' and organisations' constructions of knowledge and belief. More importantly, it allows a detailed analysis of the macro-structure of the society and the role that it plays in the line of changing organisational reality. In the next section, methods of data collection and analysis are discussed in detail.

3.4 Methods of data collection

This research studies a large Chinese state-owned organisation, FHTG. I chose FHTG as my research case firstly because I could gain access to this organisation. I have an acquaintance who works in the organisation and could help me to set up my interviews easily. Secondly, this organisation is the leading telecommunication and technological enterprise based in mainland China and has

developed within a Chinese cultural and political context. More importantly, this organisation has played a prominent industrial role in both domestic and international markets and has demonstrated successful business practices under the government's economic reforms. Also, it has provided evidence of applying CSR to their business practices.

3.4.1 Collection of website documents

Website documents were chosen and produced by the research organisations from 2006 to 2008. There were specific procedures for collecting the documents. Firstly, FHTG headquarters' homepage was chosen as a source for documents because this provides extensive information about this group including all subsidiary companies throughout the country (the homepage: http://www.wri.com.cn). Secondly, the documents were downloaded from specific threads: "about us", "news centre", and "human resource". These threads were chosen as they covered topics that are relevant to my research questions. For example, the thread of "about us" included the topics the general introduction of organisation, organisational structure, organisational leadership, organisational culture, future development, and investor relations. The thread of "news centre" comprised organisational development, organisational announcement and media events. The thread of "human resource" covered management philosophy and recruitment information and programs. Finally, I used the search engine provided by the homepage under key words "corporate social responsibility", "donation", "charity or philanthropic program", "foundation" or "corporate giving", and "partnership projects".

3.4.2 Interview method

The data collected from qualitative research are rich, deep and valid with feelings, behaviours, thoughts and actions as experienced or witnessed, and "capture the individual's point of view" (Denzin & Lincoln, 2000, p. 10). So the interview method fits with the qualitative research paradigm because, through face-to-face interviewing, detailed observation, and self-reflection, the investigator can get closer to the participant's perspective and is thus able to explore in great depth the inside world of those being studied. Thus, the interview technique was applied to

this study to explore in greater depth the managers' and employees' thoughts of FHTG organisational behaviours.

In qualitative research, the relationships between researchers and participants are close, interactive and inseparable and the setting is often "natural" through in-depth interviews and observations (Oakley, 2000). This close relationship helps the researcher collect more detailed material. For instance, I met the interviewees face to face, asked prompting questions when necessary, which was likely to capture some important themes. In addition, by talking to participants face to face, I was able to capture the meanings of the stories described by the participants in a more vivid picture with the body language, such as the change of the tone showing emphasis, and gestures of nodding or shaking heads showing agreement or disagreement. This was very useful to me in terms of asking prompting questions. For example, I could identify whether the interviewees were interested in the topic through their facial expression. If they were interested, I asked more prompting questions to gather more information. In brief, by applying interviewing techniques, this research is able to capture in depth perspectives from participants so as to gain more insight into the research topic.

3.4.2.1 Sampling criteria and technique

Boyatzis (1998) points out that "sound research design is imperative for good qualitative research" (p. 15). This study investigated participants' experiences within a particular Chinese organisation, so the interview participants need to be chosen within certain criteria. The research design for interviews included setting up criteria for participants and using some techniques in finding participants.

The criteria for selection of interviewees were set prior to the interviews. The interview participants were chosen from both the senior management members and employees of this organisation. Also the participants should have worked at least one year in the organisation as they were more familiar with the organisational business performance. On the other hand, as the initial challenge I faced with the interview was how and where to find the participants, a snowball sampling method was used to help find the participants. Goodman (1961) defines snowball sampling as "a random sample of individuals [which] is drawn from a

given finite population" (p. 148). This method involves first identifying the key acquaintance who gives the names of another study subject and who in turn provides the name of third and so on (Goodman, 1961). Snowball sampling depends on referrals from initial acquaintances to generate additional study subjects. This is a useful technique within a Chinese context because Chinese culture fosters a strong network of relationships, *Guanxi*, including family, school, community, commercial relationships (Dunfee & Warren, 2001). A snowball sampling approach meant that I could use my personal network as a medium to gain access to those participants. I contacted my friends, relatives and acquaintances who had direct contact with the research organisation. Then they in turn introduced or recommended their friends, relatives and acquaintances to me. The interviewees first were contacted via email or telephone.

3.4.2.2 Final samples

I conducted 33 interviews all together (see figure 1).

Figure 1. Interviews

The interviewees were chosen from the company's five headquarters and six subsidiary companies of this group as the research focuses on a social/human capital approach to CSR from a range of perspectives. This includes both the higher level of management viewpoints and lower level of employees' interpretations. In detail, I interviewed five department directors (who have worked for FHTG before its reform) and three employees from FHTG's headquarters. One employee has worked for FHTG before its reform. The other two joined FHTG after its reform. These headquarters' departments include the departments of human resources, marketing, development planning, finance and corporate culture promotion. Also, I interviewed eleven managers of subsidiary companies and fourteen employees in these companies. Five managers and three employees have worked for FHTG before its reform. The other six managers and eleven employees joined FHTG after its reform.

3.4.2.3 Construction of interview questions

According to Flick (1998), research questions are like "a door to the research field under study" (p. 53). The interview questions were checked and tested many times in order to gather as much information as possible regarding the three expected outcomes of the research.

The interviews were semi-structured. Most of the questions were open-ended, and a few questions were closed-ended. Each participant was asked the same questions in order to gather themes on the same topic, which eventually helped me to compare the similarities and differences among the interviewees. However, prompting questions were asked to gather detailed information from the participants. When interviewed, the respondents elaborated on their opinions as they wished, which enabled the data collection to be more reflective. According to Fontana and Frey (2000), given its qualitative nature, semi-structured interviewing can provide a greater breadth of data. As the questions involved recall of the past or present experience, they were arranged in a natural flow of time so that the interviewees would find it easy to think back right from the beginning of their work. In addition, the questions were piloted with two subsidiary companies' managers. Both of them were interested in this topic and were willing to share

their opinions and experiences with me, which was enriching and helped with completing and polishing the interview questions.

The interview questions were structured in the following way (see Appendix A). The first interview question was designed to elicit in general the interviewee's personal background information. It is useful to set up a background question as the starting interview question. According to Dupuis (1999), "introducing background information can be a very useful way of providing concrete contexts or reference points on which respondents can contemplate and explore their own situations and experiences" (p. 57). Interview questions 2-6 were based on the research topic. These questions focused on discovering the participants' views of FHTG's business practices. The last question was aimed at gaining more insights from the interviews.

3.4.2.4 Interview procedures

The interviews with managers and employees started at the beginning of 2007, at a time when participants were not busy working so it was easy to find them and they were more willing to share their time with me. The interviews with participants took place in different sites, prioritising the wishes of participants. Interviews with managers were conducted within their own private offices and interviews with employees were conducted in participants' homes, or companies' private meeting rooms in order to provide a quiet place for recording and a comfortable environment for participants. The interviews were conducted in mandarin and took 45 to 60 minutes. The interviews were digitally recorded for further data analysis.

At the beginning of each interview, I briefly explained the nature and purpose of this study, and showed them the information sheet and consent form for interview participants (see Appendices B, and C). After the participants agreed to take part and signed their names, I then asked their permission for the interview to be recorded. I explained the purpose of recording and they all showed their understanding and were willing to be recorded. When I interviewed the participants, I told them that they could refuse to answer my questions if they wanted to. Most of them felt relaxed, and were willing to talk. However, an

employee participant from a subsidiary company did not find it easy to answer some of my questions. Occasionally, he asked me to pass to the next question. Therefore, the interview with this participant only took about 20 minutes.

In order to fulfill the role of moderator during the interview, I reminded myself to remain neutral and not to show my feelings which might impact on the interviewees. If this had happened, they might have only talked about the things that interested me. I tried not to nod my head too often or too hard as this might suggest to the interviewees that I was agreeing or disagreeing. I paid particular attention to the things they mentioned repeatedly, especially those things that they said in an emphatic tone, and gestures. Nevertheless, throughout each interview I showed interest in anything that the interviewee mentioned as that might have been something he or she really meant. Finally, a vital aspect of the interview process concerns the issue of cross-cultural translation. It is worth mentioning that the interviews were conducted in Chinese, which is the mother tongue of the participants and myself. I then translated the transcripts into English for academic purposes.

3.5 Method of data analysis

Thematic analysis and CDA (Fairclough, 1992) were used to analyse the texts of website documents and the interview transcripts in this project. Procedures of data analysis include three levels of analysis based on Fairclough's three-step approach to discourse analysis.

3.5.1 Textual analysis: The use of thematic analysis

To begin with the first level of textual analysis, an inductive or data driven approach to thematic analysis (Boyatzis, 1998; Braun, & Clarke, 2006) was first employed as my data organising tool. Boyatzis (1998) defines thematic analysis as "a process for encoding qualitative information" (p. 4). It is a method for "identifying, analysing and reporting patterns (themes) within data" (Braun, & Clarke, 2006, p. 79). As Boyatzis (1998) indicates, a theme "is a pattern found in the information that at minimum describes and organises the possible observations and at maximum interprets aspects of the phenomenon" (p. 4). The concept of

theme is used to capture and represent some level of patterned response or core meanings within the data set in relation to the research question (Braun & Clarke, 2006). These core meanings then can be coded, classified and categorised in patterns, themes and categories in the data to achieve convergence (Patton, 1990). Accordingly, thematic analysis relies on the discovery and identification of the multiples relations between different themes.

The primary purpose of the inductive approach to thematic analysis is to allow research findings to emerge from the frequent, dominant or significant themes inherent in raw data (Thomas, 2003). In this approach, to start with, it is vital to familiarise myself with my data. Transcribing my data became an excellent way to develop a far more thorough understanding of data (Riessman, 1993). After repeatedly reading through the entire data set, I started looking for initial codes of the data such as repetitive words, phrases or ideas and list them. Then, I tried to find relationships between and among those codes and sort them into categories. For example, I used coloured pens to highlight the potential patterns and meanings and analyse how different codes combined to form a theme. Diagrams were used to focus on what was emerging in my data that were important and notable and captured the essence of the phenomenon. To be specific, within each category, I searched for subtopics, including contradictory points of view and new insights. Then, I selected appropriate quotes that suggest the core theme of a category. The categories were combined or linked under a main theme when the meanings were similar. Towards the end of the coding, there were no new themes emerging, which suggested that my major themes had been identified. There were three main themes that emerged and developed from the findings and they are presented in Chapter Six (Confucian cultural approach to FHTG's CSR practices), Chapter Seven (political influence on FHTG's CSR performance) and chapter Eight (FHTG's CSR practices through its identity management).

After identifying these meta-themes, I further analysed these themes by using critical discourse analytic techniques, paying special attention to rhetoric devices including the use of pronoun and metaphor. For instance, the analysis includes an examination of the subject position of FHTG by looking at the use of pronouns such as "we", "our", "you", "your". The use of pronouns has a special function in

producing a social and political space in which the speaker, the audience, and others are positioned (Chilton & Schaffner, 1997). Also, the analysis examined FHTG's use of metaphor which is in an attempt to make the discourse of CSR more memorable and hence more persuasive. After the textual analysis, I went on the second level of Fairclough's discourse analysis.

3.5.2 Discursive practice: Discourse articulation

This level of analysis went beyond the semantic content of the data, and started to identify or examine the underlying assumptions and ideologies that are theorized as shaping or informing the semantic content of the data. The analysis further focused on the text production and distribution which is the way in which an organisation represents itself. I paid special attention to articulations used in the text in the attempt to shift FHTG's business role in society. The analysis examined how multiple different people are involved in the production of organisational stories and point out how the concept of text production and consumption has contributed to forming the organisational reality. On the one hand, I investigated how FHTG tried to construct a discourse of CSR to shape employees understanding of what is good and bad for both FHTG and themselves. On the other hand, my study looked at how the individual employee interprets the management CSR discourse and involves themselves in discursive practices of this discourse. To be more specific, the study of CSR discourse investigated how organisational members gained status and specific identities within the discourse and how they re-enacted a dominant set of power relations. For example, it may be in the interests of FHTG's management to articulate a social reality for employees that emphasises commitment to organisation, hard work and productivity. Employees, on the other hand, may want better welfare such as better working conditions and other benefits. These two sets of interests may conflict with each other. So, the study particularly examined how the different parties were involved in reshaping their interests in the context of CSR. In addition, text with a strategic purpose through particular structuring of the relationships between words and the relationships between the meanings of a word can shape people's ideology and form one domain of hegemony (Van Dijk, 1997). Therefore, text provides evidence of ongoing processes of the reconstitution of knowledge and ideology that may only favour the organisations'

interests (Van Dijk, 1997). This process of ideological struggles implies a shared framework of social beliefs that functions as a means of regulating social practice constructed as discourse (Van Dijik, 1997). So, the analysis finally studied FHTG's CSR discourse within a Chinese social, cultural or political context.

3.5.3 Social practice

The last level of analysis considers a broader perspective of practices and examines the political and cultural functions of CSR discourse within FHTG and society at large. For my study, the notion of context is crucial, since this explicitly includes social, political, and ideological components. The study of the Chinese socio-political, economic and cultural context (in the following Chapters Four and Five) becomes part of analysis of social practice of FHTG's CSR discourse. To be more specific, the context underpinning the different understandings of FHTG helps me to better interpret the organisational texts by investigating the particular economic, political and organisational settings within which discourse of CSR is generated and finding connections between ways in which texts are produced, distributed and consumed in a wider sense. On one hand, it is necessary to consider the dominant position of Chinese government politics (e.g., economic reform) and traditional culture (e.g., the promotion of harmony ideology) and how that is affected by, or impacts on, the construction of FHTG's organisational reality. On the other hand, critical analysis of FHTG's organisational discourse examines the process of ideology struggle in which different and competing groups attempt to shape and influence the way in which social reality is constructed. So the analysis studied how FHTG's business practices (specifically social performances) are represented through different discourses (such as economic reform, government politics, Confucian ethics, employee wellbeing, and Western CSR) struggling over competing interests and shaping the ways in which the social reality of Chinese CSR is constructed. In brief, this level of analysis focused mainly on the examination of FHTG's contribution to the production and reproduction or challenge of social structure, the role of business in society.

3.6 Limitations and ethical considerations

There are limitations in both the method of data collection and analysis in this project. The use of snowball sampling technique may create the potential for response bias as this technique depends on referrals from initial friends to generate additional research participants. There is a possibility that participants will give favourable answers to any questions in order to please the interviewer. However, I tried to solve this problem by only using my personal network as a means to get entrance to the research organisation. To start with, the key acquaintance is one subsidiary company's director who introduced me to managers of other subsidiary companies and the headquarters' directors. After I gained entrance to these companies, I found other participants by myself. I didn't know these participants personally as they were not my friends and were from all different levels across the group's companies. Also, all interviews are conducted anonymously which may allow participants to feel free and comfortable in answering any questions.

On the other hand, the use of the interview method has its own problems particularly considering the research ethics such as issues of confidentiality. To deal with the research ethics, the interview gained the ethical approval from the University of Waikato. The interview procedure was based on "the code of ethics" (Davidson & Tolich, 1999) which including the voluntary participation, the use of information sheet and consent form, the avoidance of deceit and the protection of confidentiality. For instance, the real names of participants were not used in research reports or publications unless explicit consent has been given. All the interviews were recorded on the digital recorder with the participants' permission. After the analysis, the notes were destroyed and recordings were erased. As I mentioned before, the data collected from the qualitative research are rich, deep and valid with feelings, behaviours, thoughts and actions. So, the interview method is the most appropriate fit with the qualitative research paradigm.

In terms of data analysis procedure, there are limitations in managing the data as my study involves cross cultural translation. The cultural attachment that I have to the use of Chinese language has an inevitable effect on the way I managed the

data. For example, there are certain words and sayings that can be only used in a Chinese context (e.g., the use of Chinese terminologies and sayings). This may affect the coding process in the way of categorising and combining subthemes which emerged from the data. To solve this issue, Sperber, Devellis, and Boehlecke (1994) indicate two main methods to improve the reliability and validity of translation and they are "back translation" (which requires translating back into source language in order to compare and revise either by individual translators or by a committee of specialists) and "bilingual subjects" (which asks bilingual persons to alternate language order and make an assessment) (p. 503). However, considering the timeframe and resources I have, I used the direct translation method.

In addition, as the research scope focuses on the study of SOEs, the research results are valid for SOEs and may not be generalised to other types of Chinese businesses such as private-owned enterprises.

Chapter Four

Influence of Chinese Confucian Culture on Business-Society Relations

This chapter sets the cultural context that informs the research analysis by exploring the Chinese traditional culture and virtues, specifically Confucian culture and ethics, and their influence on business behaviours. This cultural context provides an alternative understanding of the study of business ethics (specifically CSR) and helps fill gaps within the existing CSR literature. It also provides a theoretical anchor for the analysis of research data. The cultural context is crucial to a critical understanding of CSR in China because the practice of CSR in the country is deeply influenced by Confucian cultural values. These values are a focus for the discussion in this chapter.

The discussion of cultural the context is organised into five sections. The first section explains the revival of Confucian culture in modern societies. The second section provides a general understanding of Confucian culture which includes an understanding of Classical Confucianism, neo-Confucianism and New Confucianism. The next section investigates Confucian culture affecting the role of business in society with the introduction of Confucian ethics, Confucian business ethics and Confucian entrepreneurship. The fourth section examines the effect of Confucian business ethics on business management behaviours. The final section identifies limitations to the argument for the case for an alternative approach to the study of business ethics – one that adds significantly to the richness of understanding and knowledge on this topic.

4.1 Rise of Confucianism in modern societies

Throughout the history of China, four main influential ideologies have been developed: Confucianism, Daoism (or Taoism), Mohism and Legalism (Fung, 1966). Among them, Confucianism has been the most durable philosophy. It affects other religious practices and has become the basis for Chinese and much of south East Asian countries' social structure and ethical behaviour (Singham, 2007). In modern society, Confucianism was and continues to be a major

influence in Chinese culture, politics, economic life, and the surrounding areas of Southeast Asia (Holliday, 2007; Wang, 2008).

In response to the economic success of East Asian countries (including countries such as Japan, Korea, Singapore and China) which have shared Confucian culture, there has been a revival of Confucian teaching as "family values, political ideology, intellectual discourse, and merchant ethics" since the 1980s (Tu, 2001, n. p.). The Government has incorporated Confucianism into the school curriculum in modern Hong Kong, Taiwan, and Mainland China. The emergence of a modern version of New Confucianism can be seen in the works of Chinese scholars writing in the English language such as Wing Tsit-chan, Tu Wei-ming, Liu Shu Hsien and Cua Antonio (Berthrong, 2003). They have made a great contribution to understanding Confucianism influences on social, political and economic aspects of modern societies. Although Confucianism has not been regarded as Chinese official state ideology, the Confucian code of conduct is embedded in the Chinese Communist Party system. This is supported by the words of former leader Jiang Zemin who has stated that "Confucius was one of China's great thinkers.., we must thoroughly study his fine ideals and carry them into the future" (Bejing Review, 1989) and current leader Hu Jintao, who has asserted in 17th National Congress of Communist Party of China (17th NCCPC) that, "Since the Sixteenth Congress…we have worked hard to promote an advanced socialist culture and a harmonious socialist society, and make China a prosperous, strong, democratic, culturally advanced and harmonious modern socialist country" (Report to 17th NCCPC, 2007). Moreover, as Cheung, Chan, Chan, King, Chiu, and Yang (2006) point out, "normative and behavioural orientations derived from Confucianism may still guide Chinese behaviours as a consequence of processes of social reproduction across generations" (p. 158). Accordingly, Confucian culture as an invisible force penetrates all levels of social life, determining standards for political behaviours in China. The emergence of the global village intensifies inequalities in wealth, power, and accessibility to goods and information. As the conflict between globalization "(trade, finance, information, migration, and tourism) and localism rooted in ethnicity, language, land class, and religious faith" becomes fierce and irresolvable (Tu, 2000, p. 195), Confucian

values can be considered as an alternative or a revision to modern societies in order to solve or reduce those social problems through its ethical rule of conduct.

On the other hand, the possibility that Confucian culture constituted an explanation for East Asian countries' economic development has attracted wide interest from both academia and business. Many scholars argue that culture norms and values have made a great contribution to economic development and that the economy of a country cannot be understood without an understanding of that country's culture (Hofstede & Bond, 1988; McClelland, 1961; Tu, 1991; Weber, 1950). Today, Confucian culture norms and values are widely regarded as the basic motivating force of East Asian economic and industrial success (Han, 1992; Laurence, Gao, & Paul, 1995; Rozman, 1991). Strong leadership with its emphasis on individual autonomy, morality, and good judgement; collective orientations demand on consensus and cooperation; and an on-going endeavour for education have all laid the foundations for economic growth to occur (Lee, 2000; Lufrano, 1997). In fact, East Asian countries project their shared Confucian virtues to define themselves in the global market and demonstrate their intent on creating an East Asian identity in order to promote regionalism rather than integrating with the outside world. As Miles (2008) indicates, intense global competition provides "economically pragmatic [and] advantages to build national and regional identities" and give "countries in East Asia strong reasons to construct and protect their separate and shared Confucian identities" (n. p.). As China continues to dominate global markets, many Chinese are taking pride in Confucianism as an expression of their values, traditions, and culture (Cheung et al., 2006; Jacobs, Guopei, & Herby, 1995). Nowadays, it is hard to do business in China without experiencing the strong influence of Confucian values. So, an understanding of the role of the concept of responsible business in Chinese society must be traced back to its roots in Confucian culture.

4.2 Understanding Confucian philosophy

4.2.1 Who is Confucius?

Confucius, a Chinese man named Kong Fuzi, is the most famous ancient Chinese philosopher and educationist who lived from 551 to 479 BCE during the Zhou

dynasty (1122-249 BCE). He is the founder and central figure of Confucianism which is a philosophy or theory of social relations and provides a set of guidelines for proper behaviours (Fung, 1966; Hofstede, 1991; Tu, 1998). *The Analects*, one of Confucius' great works, is commonly considered the main and most reliable source of his teachings. The main concern of his teachings was to establish a society, tying together diverse aspects of civilization and culture into one coherent body that functions under the ideals of order and harmony. Also, his teaching covers a wide range of topics which were meant to govern all aspects of people's lives. Confucius regards three things: the people (who strive for self-esteem, personal status, reputation through self-cultivation); wealth (that is built upon the base of a harmonious society as a result of finding similarity and common benefits); and education (that historically becomes the key factor for determining people's social and economic position and is still counted as the major initiative for state development) (Zhang, 1999).

Indeed, Confucianism plays a major role in the formation and maintenance of Chinese culture and social traditions, and has great influence on education and government institutions through its concern for individual morality, the roles of family members, the roles of an individual in society, as well as the way in which government should perform. Also, it has been regarded as a social and ethical philosophy which focuses on "personal and governmental morality, correctness of social relationships, and justice and sincerity" (Hsu, 2007, p. 416). Accordingly, Confucius created a system of human relationships and good government. Also, his appeals for self-respect, social responsibility, filial piety, and observation of rituals and historical events give the Chinese civilization continuity and durability. It seems hard to believe that a philosophy that began 2000 years ago is still the prevailing influence on a modern society. But that is the role that Confucianism has played in Chinese society.

4.2.2 Traditional Confucian thought

Classical Confucianism is centred around the intellectual figures of Confucius, and Mencius (*Mengzi*) (371-289BCE) who advocate the idea of "inner sage, outer king" (*Neisheng, Waiwang*), the doctrine of the Mean or the golden rule of the Mean, the five virtuous practices (*Wuchang*) and the five cardinal rules (*Wulun*).

4.2.2.1 Inner sage, outer king

The ideal of Inner Sage emphasises individual moral self-cultivation, the pursuit of the perfect personality (*Junzi* or gentleman) and Outer King asks for the ideal of benevolent government that seeks to bring benefits to the common people (*Renzheng Aimin*). This is an ideal principle which may be seen as the core elements of the Confucian social ethical theory that consists of the constant strengthening of one's character through learning and moral self-cultivation, along with the provision of guidance for those around oneself in a spirit of humanity and love (Lai, 2008; Song, 2002). Confucianism believes the goal of individuals is to become the "ideal" or "superior" person, namely *Junzi* who is devoted to doing what is morally right and is commonly contrasted to the term *Xiaoren*, a title for those only interested in benefiting themselves (Lufrano, 1997). Confucianism used the term *Junzi* to refer to both a social status, and more often some ethical standards. As Cheung et al., (2006) exemplifies, *Junzi* comprises five ethical components: the intrinsic motivation for ethical achievement; the belief in moral perfectibility for all human beings and the desirability of striving towards personal cultivation; a reflexive consciousness, meaning that one must constantly exercise moral vigilance; the moral considerations over material pursuits and personal gains; and a consciousness of social responsibility as a quest for personal improvement to serve the wider society. Accordingly, *Junzi* sets a powerful example and brings into play a moral influence on both individual life and social sphere through "a lifetime of constant self-examination and effort of will, [which] informed every act and decision, and ensured appropriate behaviour in all situations" (Tu, 1979, p. 33).

However, Confucianism considers political ideology as not power but ethics (Hsu, 2007; Zhang, 1999). The good government is the one with kindness and serves for common people's benefit, such as loving people; taxing properly; and operating sustainably. To be benevolent, the government must bring the moral influence of *Junzi* to society as a whole through the power of moral example and education. According to Confucius, the government, leading by example of virtue and good manners could influence the people to become good citizens. Therefore, the government's ability depending on its ruler's virtues and self-cultivation becomes vital for good citizenship (Zhang, 1999). To be sustainable, Confucius believes

that good government management should be based on both its ability to make proper long-term plans and its good leadership in making people willing to accept some short-term pain in order to increase the long-term benefit. As Confucius said, "Don't intend to have things hastily done; don't consider small profit. More haste, less speed. Considering small profit, you leave great work undone" (*Analects*, book 13: chapter 17).

In brief, through a dynamic process of ethical and intellectual self-cultivation, the *Junzi* becomes authoritative in embodying moral principles in his judgments and actions, and also exercises the ability to create a benevolent government. Since self-cultivation becomes the key aspect of the state's governance, the quality of life of a particular society depends on the level of self-cultivation of its members. As Tu (2000) says, "a society that encourages self-cultivation as a necessary condition for human flourishing is a society that cherishes virtue-centred political leadership, mutual exhortation as a communal way of self-realization, civility as the normal pattern of human interaction, and education as character building" (n. p.). The key character of Confucianism, therefore, is based on the needs of human society – through self-cultivation as a process of humanisation – to be human (*Wei ren*) and to act humanly (*Zuo ren*) (Tu, 2000).

4.2.2.2 The doctrine of the Mean (Zhongyong): The Confucian ideal of harmony

In Chinese, the term *Zhongyong* is made up by two words, namely *zhong*, meaning the middle, and *yong*, meaning commonplace (Cheung et al., 2006). The term displays a balance between heaven, earth, and man and shows a mid-point to avoid being excessive in any direction. As clearly stated in *The Doctrine of the Mean*:

> Only those who are absolutely sincere can fully develop their nature. If they can fully develop their nature, they can then fully develop the nature of others. If they can fully develop the nature of others, they can then fully develop the nature of things. If they can fully develop the nature of things, they can then assist in the transformation and nourishing process of Heaven and Earth. If they can assist in the transforming and nourishing process of Heaven and Earth, they can thus form a trinity with Heaven and Earth. (Chan, 1973, p. 108)

Accordingly, for Confucianism, human beings are situated between heaven and earth and they have a moral commitment to harmonize the world through a formed trinity of heaven, earth, and man. This trinity not only describes an ethical structure of the universe, but also suggests a moral duty (to be equal to heaven and earth) to human beings (Liu, 2007). Harmony becomes the ultimate ideal in *Zhongyong* and it occurs at various levels. *Zhongyong* primarily places great emphasis on the harmony between human society and the natural world. It indicates that the human ideal is to achieve harmony not only among the members of the human society but with the rest of the cosmos as well (Li, 2006). But at the same time, *Zhongyong* seeking for the middle ground requires individual actions taking into account not only one's own point of view but also the situation and orientation of others. So, *Zhongyong* highlights interpersonal harmony and this harmony in the presence of interpersonal difference is the desired Confucian vision of human relationships.

Zhongyong calls for governors and leaders to bring about a state of harmony (equilibrium), a balance between human beings and the environment, and among people in society. The underlying force that drives such a doctrine is social ethics that calls for social responsibility. In line with this concept, the Chinese government now has undertaken different levels of reforms (including economic and social reforms) as a way to achieve a moderately prosperous, sustainable and harmonious society. This discussion is further developed in Chapter Five in detail.

In deliberating upon the most appropriate course of action in a given situation, the individual with a *zhongyong* doctrine of orientation pays particular attention to interpersonal dynamics, balances the possible consequences of different actions, and strives to maintain harmony in the social world (Cheung, et al., 2006). Social hierarchy is regarded as necessary to achieve a harmonious state and social harmony is pursued by suggesting hierarchical relationships (Yang, Zheng, & Li 2006). Those hierarchical relationships are conceived by Confucianists as five cardinal rules.

4.2.2.3 Five cardinal rules: Wulun

Classical Confucianism states that human relationships are the essence of society and there are five major interrelationships in Chinese society are characterised by the Five Cardinal Rules developed by Mencius:

> There is affection between father and son; there is righteousness between ruler and subject; there is distinction between husband and wife [and between man and woman]; there is proper order between elder brother and younger [and between old and young]; and there is trust between friends. (Hwang, 1999; Lu, 2001)

It is evident that, except for the relationship between friends, the other relationships are all constructed in a hierarchical order between male and female, older and younger people, and between different classes and ranks. Differences in age, sex, role or status are emphasised (Miles, 2008). Accordingly, the younger members within a group (family, community or society) are expected to respect their elders. At the same time, senior members exercise authority over, and are responsible for looking after, younger members (Miles, 2008). This also implies a hierarchical and respectful system of reciprocal duties. From the view of Confucianism, this reciprocal relationship among superiors and inferiors provides stability and harmony to society.

Three of these rules (father-son, husband-wife, older brother-younger brother) are based on blood relations and designed for regulating interpersonal relationships within the family, and the other two are extended to larger society. Clearly, maintaining proper family relationships therefore becomes the basis of developing all social relations. So, family becomes the central social unit to maintain the entire social order. As highlighted in the Great Learning, the rules seek to "cultivate one's personal lives (*Xiushen*), regulate one's families (*Qijia*), bring order to one's country (*Zhiguo*), and finally, restore peace throughout the world (*Ping Tianxia*)" (Chan, 1973, p. 87). They recommend integrating the lives of people with their family, their country, and the entire world. Here, Confucianism is arguing that the way of managing a family is similar to that of managing a country. Good government begins with proper familial relationships. Family relationships influence and shape social relationships as well as cultural and

political conditions. Family harmony and love in creating a good family environment contribute to maintaining social stability and harmony. So, Confucianism emphasises the importance of the family's contribution to society. Harmonious family relationships will help maintain a harmonious state, and ultimately, the whole world will be managed well. From the Confucian point of view, the individual's social responsibility is first manifested in family responsibility (Wang, Zhang, & Wang, 2008). This family responsibility follows the principle of filial piety (*Xiaoshun*) – the virtue of obedience, respect and devotion for family. In the family, the children learn to respect and love others, first parents, then brothers and sisters, and relatives, and finally this love is to be extended to people outside of one's close family members. So, one will learn not only respect for one's own family members, but also respect for other members of society as well. This Confucian view of family relationships has exhibited a valuable ethical virtue and has become the standard of Chinese ethical behaviour, exerting a long-term impact on Chinese society. In brief, these five rules guide social interaction between members of each pair according to the order of hierarchy and the way of filial piety. Accordingly, the practice of the five cardinal rules follows the code of conduct of the five cardinal virtues (*Wuchang*), such as virtues of hierarchy/propriety (*Li*) and filial piety/love (*Ren*).

4.2.2.4 Five cardinal virtues (Wuchang)

For classical Confucians, human beings are born with five cardinal virtues: Benevolence or Humanity (*Ren*), Rightness or Righteousness (*Yi*), Propriety or Politeness (*Li*), Wisdom or Knowledge (*Zhi*) and Faithfulness or Sincerity (*Xin*). Confucius first developed virtues of *Ren*, *Yi*, *Li*, and Mencius added the virtue of *Zhi*, and finally *Dong Zhongshu* (179–104 B.C.E.) added *Xin* to the Confucian value system.

As discussed previously, Confucius advised that social interaction should begin with an assessment of the role relationship between oneself and others. The ideal relationship between individuals is based on benevolence which revolves around the concept of *Ren* – benevolence, charity, humanity, love, or kindness. *Ren* forms the fundamental virtue of Confucianism. The essence of *Ren* is loving others or treating others in the same way as loving oneself, which corresponds to the

concept of reciprocity that implores people to be diligent, courteous, unselfish, and sympathetic in their dealings with others (Chuang, 2005; Hill, 2007). Accordingly, the Confucian virtue of *Ren* becomes the foundation for all other Confucian virtues. Also, it has a very strong collective orientation and "encourages self-sacrifice for the good of others and community, self-restraints in pursuing one's personal interests, and self-effacement when interacting with the other people" (Yan & Sorenson, 2004, p. 9).

In line with the concept of *Ren*, Confucius further encouraged man to be honest and right. The concept of *Yi* means honesty and righteousness. "*Yi* may be broken down into *Zhong*, doing one's best, conscientiousness, loyalty; and *Shu*, reciprocity, altruism, consideration for others", and Confucius' Golden Rule of, "what you don't want yourself, don't do to others" (Lau, 1979, p. 15, p. 23). Also, *Yi* requires people's sympathy and assistance when other people are having difficulty. So, the essence of *Yi* seems to be the limitation of self-interest, in fact, it emphasizes mutual profitableness. That is, the idea of *Ren* – love for others, respect, right conduct and mutual obligations, builds a society with people who help each other willingly (Hsu, 2007).

Furthermore, the goal of Confucius' ethical philosophy is to construct a moral structure for society, which follows the concept of *Li*. The origin of *Li* is the human mind or heart with consideration of human relationships. One becomes a cultivated person of *Ren* through constant practice of *Li* ritual forms (Lai, 2008). To be specific, *Li* focuses on the ritual code which "is essentially a set of rules of proper conduct pertaining to the manner and style of performances" (Cua, 2003, p. 76). In broad terms, *Li* provides a basis for social moral structure within which is a person's proper social role that defines his or her moral proprieties. *Li* focuses on its function in limiting human excesses by regulating behaviour. In this case, *Li* provides regulated norms of behaviour that help to maintain hierarchy and rank in relational interactions, both at the individual level and the wider public domains as discussed previously in the practices of the five cardinal rules. But it is only when everyone fulfils his or her moral duty in accordance with this ethical structure, that the human society can function properly and then an orderly and harmonious world can be achieved.

For Mencius, human nature is also a seed of Wisdom (*Zhi*) (Lau, 1979, p. 73). The Mencius meaning of the word, *Zhi* refers to wisdom to distinguish between right and wrong, knowledge to define good and evil, and ability to know oneself and others. The Confucian view of *Zhi* refers to implying and entailing action. The virtue of *Zhi* comes "from reflection on one's nature of heaven and earth so that one sees the function and powers as well as how one embodies these functions and powers for a creative transformation of the self toward other virtues" (Cua 2003, p. 867). It is performative because it "does something; it changes the world," and in this case "can also be translated as 'realizing' in order to highlight this sense of 'making something real'—that is, bring a particular world into being" (Cua 2003, p. 875). It is "perlocutionary" because it "has a direct and significant effect on the feelings, beliefs, mood of those who come to know. It literally changes their minds" (Cua 2003, p. 875). Accordingly, the virtue of *Zhi* always has ethical and historical implications. "Knowing and knowledge involve not the cognition of objects independent of us, but people and affairs or history—which are related to us and with which we can interact" (Cua, 2003, p. 563).

In addition, the virtue of *Zhi* sees a very close link between moral commitment (knowledge) and practice, that is, one's moral commitment is realised in and through one's interactions with others (Lai, 2008). A key concept here is *Xin*, often translated as sincerity or faithfulness. The definition of *Xin* implies the idea of maintaining a morally right relationship between oneself and one's words which generates the moral code for person–word relations (Lu, 2001). In this sense, the Confucian tradition has treated *Xin* as a moral criterion of what it is to be a faithful person. It is not merely a code of conduct in human friendship, but has been construed and advocated as a general ethical standard. The heart of the virtue of *Xin* expresses a deep sense of moral truth that consists of moral consistency, coherence and completeness (Lu, 2001). It creates a mutually trusting system between both individual and public sphere, such as between the government and the people. As Lu (2001) comments, a *Xin* person is one who is truthful "in the sense of being sincere, faithful, reliable and creditable" and "a *Xin* government, as a special structure of the *Xin* society, is one in which the cohesiveness of political structure and the authority and power of the government

depend on *Xin* relationships established and well-maintained between the government and the people" (p. 95).

To sum up, the Confucian tradition focuses on self-cultivation as the common root of regulation of the family, and the governance of state. Classical Confucianism states the quality of life of a particular society depends on the level of self-cultivation of its members (Tu, 2000). Also, classical Confucianism conceives self as a social being whose life is deeply integrated with the lives of others, which follows the five cardinal rules that are guided by the practices of five cardinal virtues. They teach not only what human nature is, but how it is manifested in the lives of individuals in society. Understanding the commitment to benevolence (*Ren*) within the wider society, respecting those for whom respect is required by the relationship of righteousness (*Yi*); appreciating ritual forms (*Li*) of a particular place and time, and knowing how properly to express oneself in interactions with others; obtaining wisdom of knowing what is right and wrong (*Zhi*); and being faithful (*Xin*) to others are integral and intertwined aspects of the classical Confucian vision.

4.2.3 Neo-Confucianism

The first great wave of the Confucian movement started in the Song Dynasty (960-1279) and developed through Ming (1368-1644) and Qing (1644-1912) Dynasties. The leading Neo-Confucian philosopher, Zhu Xi (1130-1200) saw Confucian action as a reflection of his sincerity and developed the idea of responsibility from ritual form to ethical sensitivity and from a ethical idealism based on a simple view of nature to a sophisticated ethical system (Chan, 2000; Song, 2002). This is the time that words and actions of social ethics or morality are captured in Confucian vocabulary. Zhu wrote widely on the importance of Confucian ethical values reaching every household and school (Lufrano, 1997).

Zhu presented an organic picture of lives in the universe. He viewed that the overall framework for the separation of roles for each human, animate and inanimate thing benefits the final goal of the universe (Song, 2002). This view is inherited from the traditional Confucian view of perfect order for both man and the universe. At the same time, Zhu also called for the intellectual to become a

man who faithfully follows the rule concerning the social division of labour between "superior" and "inferior" men, "in making the lower masses renew their faithfulness to their respective stations in life, and ends in the bringing about of an ideal harmony among the higher and lower strata in society" (Song, 2002, p. 112). His view focuses on the need for a higher moral standard among the ruling class of scholar-officials who are expected to promote the public good and to suppress concern for private interests by their moral principles (Song, 2002). Thus, neo-Confucians develop a powerful ethical system by honestly seeking the ideal principles for the governance of humans and the universe, and enacting them in their daily lives. In addition, another influential Neo-Confucian, Wang Yangming (1472-1529), who was born in the Ming dynasty, advised that the extension of native knowledge is not only thought but translated into action. In his theory, knowledge is the will, the beginning; conduct is the effort, the achievement. This principle becomes the foundation of the philosophy of the unity of knowledge and conduct.

4.2.4 Modern Neo-Confucianism (New Confucianism)

After the civil wars in China, with the development of the economy and the effect of globalization, the Confucian revival began in 1960s and continued to gain strength and develop into new strains and currents of the New Confucian movement. The term "New Confucianism" was given by Confucian scholars to the renewal of the Confucian Way in the contemporary world (John, 2003).

New Confucianists such as Tuweiming, Liu Shuxian, and Chen Zhongyin attempt to demonstrate that Confucian traditions are still useful in modern society from certain aspects through a new method of distinguishing between the objects and methodology of science (Cha, 2003). They argue that "Western scientific methodology can only be applied to the world of facts and nature, whereas the philosophical methods of neo-Confucianism, seeking ethical virtue rather than science, should be applied to the world of meaning and what should be" (Cha, 2003, p. 486). In this sense, Confucianism not only has the philosophical significance of harmonising the existence of all creation in the universe, but also becomes the foundation of ethics creation, which can be used for governance in modern societies.

According to Yao (2001), there are three tasks for New Confucianism to fulfil: to unify the inner virtue and the external merits; to return to the original teaching of Confucian masters and to develop the new from the tradition; and to unify the ethical order and the cosmic order. Yao argues that completion of the three tasks provides not only the basis on which the strength and future of New Confucianism can be established, but also the ethical system by which the harmony of the world can be achieved. In addition, many modern scholars have seen the close relations between Confucian culture norms and values, and their influence on economic development in East Asian countries as discussed previously. The notion of Confucian ethics and its effect on business society, or the words of Confucian business ethics become the main concern for New Confucianism. They argue Confucian virtues or ethics have made a positive contribution to the modernisation of East Asian business societies and can be regarded as an alternative or a revision to the modern West in order to reduce tensions believed to be inherent in Western society, such as the increasing tension between individual pursuit of interests and common social good, and between the liberal economic system and the universal environment (Cha, 2003; Chan, 2008; Han, 1992; Lam, 2003; Laurence et al., 1995; Rozman, 1991; Song, 2002; Tu, 1986, 1996; Yao, 2001).

In short, New Confucianists have made a great effort to understand the effect of culture on social and economic growth in modern societies. They believe Confucian ethics "is rooted in the personal cultivation of emotional and ethical maturity and relies on the moral influence of a charismatic character for social and political progress" (Yao, 2001, p. 322). In addition, they have tried to adapt the core values of traditional Confucianism to modern life and strive to establish a healthy interaction between Confucianism and Western culture (Yao, 2001). In answering questions raised by democracy and science, "these scholars perceive the challenge to be the formulation of a Confucian approach to the perennial human problems of the world: the creation of a new philosophical anthropology, a common creed for humanity as a whole" (Tu, 1986, p. 20). The movement of New Confucianism, therefore, has opened up Confucian philosophy and has made Confucian virtues or ethics relevant to modern life.

4.3 Confucian ethics and their influence in Chinese business society

As discussed above, historically, Confucian principles have guided family and commercial life in China for 2500 years. Their dominance in business dates from the time of the late Ming Dynasty when scholars increasingly sought careers in business (Cheung & King, 2004). Education (specifically, self-cultivation) was always considered the foundation of successful business by Confucius. He believed it was education that helped to develop a "properly cultivated personality which helped the merchants to avoid the pitfalls of their economic environment and to conduct their trade profitably without compromising their standing as respectable gentlemen" (Lufrano, 1997, p. 2).

Clearly, Confucianism is mainly an ethical philosophy rooted in a world view in which the individual is defined in terms of his/her roles and responsibilities within a particular contextual relationship to other beings in the universe (Liu, 2007; Song, 2002). To be more specific, Confucian ethics entail the good life involving close family relations and faithful relations among friends. Confucian ethics develops from the virtue of filial piety, and that individuals should be devoted to the well-being of society and the world at large. In this sense, harmony and welfare is to be achieved by the superior person (*Junzi*) engaging in continuous learning and self-examination or self-cultivation through earnest devotion to their respective roles in family, state, and world, where they are considered to belong in an ethical way (Bell, 2008). Thus the Confucian ethics concern individuals with moral efforts by primarily resolving the conflict within the individual between the will to promote public good and the desire to pursue private interests, and then further creating and maintaining the harmony of humans with nature in the universe. In addition, Confucian ethics is an action-based ethics in which "one learns by participating in different rituals and fulfilling different responsibilities in different roles and the wider the life experience, the greater the possibility that one has developed the capacity for good moral judgment in a particular situation" (Bell, 2008, p. 117).

In the context of business, Confucian ethics is often introduced as a teaching tool for the development of human nature in interpersonal and social relations, namely, the five cardinal rules and virtues. However, Confucian ethics are not limited to these micro-considerations. The study of Confucian business ethics should not only rely on the Confucian classics of *The Analects* or Mencius, but also examine the dynamics of the Confucian movement from Classical Confucianism to Neo-Confucianism (New Confucianism). The following section examines Confucian ethics in relation to the business context, the so-called Confucian business ethics.

4.3.1 Confucian business ethics

4.3.1.1 Classical Confucian business ethics

Classical Confucianism takes a holistic approach to ethics from a micro-level of developing individual human virtues and to a macro-level of examining the moral role of the government. With respect to commercial activities, classical Confucianism seeks for moral self-cultivation and the development of human virtues (such as being *Junzi*) rather than focusing on profit making. In *The Analects*, there are descriptions indicating the relationships between profit and the superior man (*Junzi*), which highlight the virtues of benevolence (*Ren*) and righteousness (*Yi*) over profit. It is stated that "a man of humanity develops his personality by means of his wealth, while the inhumane person develops wealth at the sacrifice of his personality" and "financial profit is not considered real profit whereas righteousness is considered the real profit" (Chan, 1973, p. 94). Thus, for classical Confucianists, commercial activities are not necessarily behaviours which seek for economic benefit through the exploitation of human virtues.

For the role of government, Confucianists consider the government as a body of organisation with the purpose of serving the people by providing welfare and educating them in ethical principles through power of moral example (Zhang, 1999). Although in ancient China, people lived on a basically agrarian economy where commercial activities were on a relatively small scale, there is evidence of the attitude of Classical Confucians towards commercial activities for a benevolent person or government to do business (Lam, 2003). The main lessons to be learnt from Classical Confucian ethics are that business activities for profit seeking are only a part of human behaviour, so that individuals should endeavour

to maintain human virtues such as benevolence, righteousness, faithfulness and continue the process of self-cultivation rather than exploiting others.

4.3.1.2 Merchant ethics

With the growth in commercial activities and growing power of a merchant class in imperial China (especially in Song, Ming and Qing dynasties), Neo-Confucian philosophers such as Wang Yangming and Wu Zhongfu imported classical Confucian thought of cardinal virtues into the commercial field. They proved that Confucianism could have a great impact on merchants and commercial ethics. Wang even acknowledges the possibility of merchants becoming *Junzi* if they could harmonize morality with commercial behaviour (Lam, 2003). Also, there were appeared "Merchant Manuals" which recorded and guided merchant behaviour in society, such as books of *The Merchant Guide*, *Essentials for Tradesmen*, and *Essentials for Travellers* (Lufrano, 1997). Both in Wu Zhongfu's *The Merchant's Guide* and *Essentials for Tradesmen*, virtues of benevolence, righteousness, propriety, moral knowledge, filial piety, sincerity, caution, moderation, and diligence were mentioned in order to conduct proper commercial activities (Lufrano, 1997). Those values have formed the foundation of the Confucian business ethics, work values in particular in relationship to modern society.

4.3.1.3 New Confucian business ethics

With the economic expansion in East Asia, leading New Confucian philosophers such as Tu Weiming and Juliet Tao argue that the Confucian family-based human relationships serve as an important institution for capital formation and networking that are instrumental to business and economic growth, but perhaps take on a different approach and special significance in a global knowledge economy (Lam, 2003).They view Confucianism as more than a system of ethics which still has important value in the modern times. For instance, it is important to protect the natural environment and keep harmony of modern societies (Tao, 2004; Tu, 2001). They particularly indicate that Confucian business ethics have much in common with their Western counterpart. Values like sincerity, respect for others, trust, and righteousness in the sense of treating each and every man in an

equal way are honoured by both Confucians and Western thinkers, and are vital for a healthy business environment (Lam, 2003).

On the one hand, Confucianism can promote an idea of ecological civilization by offering a kind of wisdom/understanding of human beings' relationship to nature (the Doctrine of the Mean/*Zhongyong*). Confucian environmental ethics is based on a vision of "relational resonance" with nature which endorses nature and humankind as being able to form a harmonious triad without fear of competition, or mutual displacement (Tao, 2004). This vision emphasizes interconnectedness, rather than unfriendliness, between the human world and the world of Nature. In this sense, human behaviour of economic activities should be used to assist the work of nature, but not to destroy or replace it. It aims at maintaining a balance between respecting the nature and making use of human intervention. On the other hand, Confucian ethics advocates a harmonious society which provides solutions for reducing gaps between the rich and poor, by relying on the institutional guarantees for the rights of individuals or the pursuit of utilitarian ends for material gain advocated by modern society of liberalism (Song, 2002). In this case, business practices of profit maximisation or utility maximisation should be under the constraints of justice.

In sum, New Confucian business ethics provides an alternative version of harmonising relations between business and society, an escape from ecological disaster and social crisis arising from economic expansion. This version has clearly made the point that business has an obligation to society and the practice of economic activities should follow the principle of *Zhongyong* (the unity/harmony of heaven, earth and human being). That is to say, human beings should respect for the autonomy and the life of nature itself, and extending love to others including not just human beings alone, but nature as well (Song, 2002).

4.3.2 The Confucian entrepreneur

4.3.2.1 Confucian entrepreneurship (Merchant culture)

The successful combination of strong Confucian virtues and commercial activities dates well back in Chinese history (Cheung & King, 2004). There is one distinctive business model of this combination, Confucian entrepreneurship,

which incorporates the self-cultivation approach or humanistic approach to business and can be traced back to as far back as the Song dynasty. This was developed through the late Ming dynasty and then was refined and recorded by the authors of merchant manuals during the early and mid-Qing dynasty (Lufrano, 1997). The establishment of Confucian entrepreneurship was a process of education, namely self-cultivation, which taught apprentices or merchants not only the commercial skills required for business but also the way of being a man (*Weiren*) and behaving as a man (*Zuoren*). To be precise, merchants were taught to achieve "an inner mental attentiveness, subdue selfish desires, distinguish good from evil, and practice reciprocity" and that "their status as gentlemen enhanced their commercial success (become both prosperous businessmen and respectable gentlemen)" (Lufrano, 1997, p. 2). Also, the development of Confucian entrepreneurship in the later imperial period provides the intellectual resource of understanding and development of East Asian business ethics and work values, in particular in modern times.

4.3.2.2 Modern Confucian entrepreneur

Cheung and King (2004) conducted an empirical study on the influence of Confucian virtues and ethics on modern business societies, specifically Mainland China, Taiwan, Hong Kong, Singapore, and Kuala Lumpur. Their study examined how modern Confucian entrepreneurs engage in a struggle between instrumental rationality (profit making) and moral concerns (business ethics) by putting moral precepts into action in the business world. Modern Confucian entrepreneurs are defined "as the owners of manufacturing or business firms who harbour Confucian moral values and give primacy to moral principles over material gains" (Cheung & King, 2004, p. 245). Their study found that "entrepreneurs can find themselves in a disadvantageous market position if they insist on upholding their moral principles" because tensions exist between "the moral force to be righteous" and "the material force to make profit" (Cheung, & King, 2004, p. 246). Some entrepreneurs even admitted honestly that they had practiced some business behaviour that violated their moral principles. These entrepreneurs try to control their profit-making activities within the boundaries of their moral beliefs. They generally try their best to "resist the domination of instrumental rationality,

preferring instead to pursue a life course that they felt was meaningful and righteous" (Cheung, & King, 2004, p. 258).

In the context of Chinese society, the Chinese cultural and political development incorporates a Chinese way of doing businesses which is currently developing and is thought of as Chinese Confucian Entrepreneurship. This form of entrepreneurship is regarded as using Confucian thoughts as a guide in business activities. This entrepreneurship highlights an idea that a good business is one which requires business leaders to be able to inspire and care for the people working under him/her, and to make the able and the less able serve each other like a family. Accordingly, the Modern Chinese Confucian Entrepreneur thinks of modern humanity and adopts social responsibility to conduct business.

As discussed previously, the core value of Confucianism is in regard to proper human relationships involving protection of reputation, honour, and prestige as the basis of society. The Chinese business leader respects people's value through implementing people-oriented management (*Chinakongzi.com*, 2005). This people-oriented management addresses the nature of organisations as being shaped by the people in the organisation. Therefore, "the starting point for designing, developing and transforming an organisation lies in the understanding of the people in the organisation and the relationships between these individuals and stakeholders external to the organisation" (Roper & Hu, 2005, p. 6). This people-based organisation has played an important part in the development of human capital in China, which reflects on the key values of Confucianism such as collectivism, hierarchy, harmony, loyalty and strategic thinking (Roper, & Hu, 2005). In brief, Confucius requires a great effort on business ethics and morality. This effort provides a humanistic approach to business management, namely people-oriented management, which also leads the discussion to the following section.

4.4 Confucian business ethics and business management in modern societies

There are many empirical studies on Confucian ethics and their positive influence on business management and behaviours in Confucian societies of Japan, South

Korea, and China (specifically, Hong Kong and Taiwan) (Chen & Lan, 2008; Cheung & Chan, 2005; Dollinger, 1988; Eng & Kim, 2006; Hwang, Staley, Miles, 2008; Ornatowski, 1996). These studies have examined the connection between Confucian value orientation and business management style, leadership and employee relations in particular in relation to the five cardinal virtues and the idea of *Zhongyong* (Harmony). The study of mainland Chinese business behaviours has focused mainly on Confucian thought of personal relations (*Guanxi*) (see, for example, Bian, & Ang, 1997; Fan, 2001;Luo, 1997; Park & Luo, 2001; Peng & Luo, 2000; Provis, 2008; Su, Mitchell & Sirgy, 2007; Tan & Snell, 2002; Yeung & Tung, 1996; Zhang & Zhang, 2006).

4.4.1 Leadership/decision making: Rule by man

The business management style in Confucian societies is developed from the Confucian virtues which are known as the principle of rule by man. The preferred leadership style requires that leaders do not rely on rules and laws to lead, but instead trusts the shared virtues of propriety and benevolence of rulers to enable the people to accomplish their tasks (Dollinger, 2008; Miles, 2008; Ornatowski, 1996). Cheung and Chan (2005) conducted an investigation on Confucian business ethics in shaping Hong Kong Chinese Leadership. Their study found that good leaders must primarily act with sympathy (benevolence) by taking care of their subordinates and their business partners because leaders had responsibility for keeping the workers in their jobs and friendliness was a significant attribute of leadership. Also, their study advised that learning was the second core practice of being a good leader and keeping harmony (resulting in integrity) was the third Confucian doctrine identified to summarize the CEOs' good practice (Cheung & Chan, 2005). Finally, their study discovered that the idea of social responsibility was another practice matching the virtue of righteousness, which demonstrated leaders' philanthropic practices in making the corporation contribute to social wellbeing.

In addition, the leadership style in Confucian societies fosters a paternal management style which requires leaders to act like parents of their subordinates and demonstrate concern for their employees by looking after their subordinate wellbeing, such as family housing, healthcare, education and pension; whereas

subordinates should be highly committed to their organization and be faithful to their leaders (Cheung & Chan, 2005; Hill, 2007). The decision-making is also often centralised and subordinates show considerable respect to the decision made by leaders whose authority is accepted. So leaders should act with wisdom and use subordinates' strengths, appointing them to the right positions, and providing them with appropriate education (Cheung & Chan, 2005; Hill, 2007). This implies a hierarchical order through a clear division in roles and positions in terms of titles and seniority. Also, seniority is respected and is often the basis for promotions in organisations (Hill, 2007).

4.4.2 Employee relations: People-oriented management

In Confucian societies, employee management is based on an idea of people-oriented management which emphasises the important role of people in the organisation. As Confucian ethics considers each man has his own reciprocal position in society, one's duty is to act toward others with reciprocity; the others in society should be able to act correspondingly. So "be rational loyal to one's own consciousness and obey the rule of rational reciprocity are central features of Confucian ethics" and reciprocity becomes the key to maintaining harmonious relationships (Zhang, 1999, p. 31). The underlying business principle was ethical and not economic, and the solution was harmony and reciprocity between employee and management by each of them carrying out their respective roles in society (Miles, 2008).

Many studies have examined this people-oriented management practice in South Korean and Japanese businesses. In South Korea, companies provided a sense of solidarity among employees through the promotion of a harmonious family culture: "in-group harmony, identity with the company logo and loyalty to their employer are characteristics typical of employees in Korean firms" (Miles, 2008, p. 35). For example, Korean firms organised celebrations and weekends away for employees in order to build trust and understanding between themselves and their workforce so that employees are encouraged to work hard, and often exceed the goals set for them (Miles, 2008). Also, in Japan, Ornatowski (1996) examined relationships between Japanese employees and their companies and found that Japanese companies care about the employee's overall welfare and life outside the

company and not just the value of their work inside the company. Also, employees' identities are formed by a kind of solidarity through a collective rather than self-orientations being attached to their companies. In addition, Ornatowski identified a seniority-based wage and promotion system which is "a system that is more consistent with a model in which rewards (regular salary and bonuses) depend not only upon individual achievements but upon how long and loyally the individual has served the company" (n. p.). Finally, he found that recruitment practices in Japan had an emphasis on "diffuse" rather than specific values, such as an emphasis on "the strong concern for the recruit's personal qualities, family background and general character as much or more than their levels of knowledge or specific abilities" (n. p.). All of these practices reflect a concept of people-oriented management style which is based on Confucian business ethics' belief in benevolence, righteousness, filial piety, loyalty and harmony in the extended family.

4.4.3 *Guanxi*: The principle of Reciprocity

The investigation of Confucian ethics' effect on Chinese mainland business behaviours has mainly focused on personal relations/network, namely *Guanxi*. In China, *Guanxi* is especially important because of the Confucian norm of reciprocity to maintain harmony. As Martinsons and Westwood (1997) argue, harmony at all levels (individual, organizational and social) is created and maintained by complex relationship networks which in turn are sustained by status hierarchies, loyalty or trustworthiness to people, and norms of conformity, mutual obligation and reciprocity. So *Guanxi* works on a basic principle which indicates that people who share a *Guanxi* relationship are bound to each other by an unspoken rule of reciprocity and equity (Luo, 1997). Once *Guanxi* is recognized, the cultivating of *Renqing* (human feelings or human obligations) makes it significant because the longer the relationship, the better the *Renqing*, and the more effective the interaction (Lufrano, 1997). Once one is in the network of *Guanxi* (*Guanxiwang/Renqingwang*), one is locked into "an intricate relationship of interdependence with others" and one is, in this case, "socially obliged to respond to any request for help from others" (Lufrano, 1997, p. 93). So it is important for individuals to fulfill their responsibilities in the network of *Guanxi*. Failure to do so will result in serious damage to one's reputation, which

includes loss of prestige within the *Guanxi* network, such as loss of face (*Diu Mianzi*) and loss of trust among fellow members of the circle (Hwang, Staley, Chen & Lan, 2008). Face (*Mianzi*) can be defined as an individual's self-esteem, or an individual's cognitive response to social evaluation of their conduct in a particular situation (Hwang, 2006). There are two types of face: social face (gained either through the status achieved by one's talent, endeavours, or ability and one's blood relationship) and moral face (the social evaluation of an individual's moral character, which is the baseline of the integrity of personality) (Hwang, 2006). An individual may choose not to work for their social face, but must protect their moral face in all situations as this is vital to maintain a stable *Guanxi* network (Hwang, 2006).

In relation to business practices, there is a shared principle among Asian countries that to be successful in Confucian societies, *Guanxi* is more vital than product, price, place, etc (Lufrano, 1997). In this sense, *Guanxi* is considered as a powerful rationale for business success in China. At a micro-level, business people first strive to build interpersonal relationships/*Guanxi* with key stakeholders such as government officials, business partners, investors, or potential customers, a basis for competitive advantage (Hwang, Staley, Chen, & Lan 2008; Zhang & Zhang, 2006). This establishment of personal *Guanxi* offers competitive resources including soft resource (such as policy preference and important information) and hard resources (such as material resources and financial loans) for business development (Zhang & Zhang, 2006, p. 387). For example, when an individual works for the company, he or she will bring his or her *Guanxi* (for instance, relationships with key stakeholders such as government officials or investors) to the company. So it is crucial for a company to keep hold of this key individual to maintain the important *Guanxi* with key stakeholders. At a macro-level, *Guanxi* provides a transaction cost (associated with environmental uncertainties such as communicating, negotiating and coordinating transactions) advantage to the business (Peng & Heath, 1996; Standifird & Marshall, 2000; Zhang & Zhang, 2006). While *Guanxi* reduces the costs associated with the search for partners and negotiation of contracts because the establishment of previous interpersonal networks gives companies easier access to relevant information on the partners. It also reduces the costs related to succeeding "authentication" (Zhang and Zhang,

2006). To be more specific, the Chinese businesses generally get information on governmental policies or "the explanations to such policies through their obligatory and reciprocal *Guanxi* partners, who are considered to be reliable sources and far more trustworthy" (Zhang & Zhang, 2006, p. 388). Therefore, information passed through the *Guanxi* network saves or reduces search costs which are a major amount of transaction costs, and allow network members to make more informed decisions (Peng and Heath, 1996).

However, Fan (2001) argues that many business *Guanxi* in China are an "inevitable evil under the current political and socio-economic environment" because the negative effect of *Guanx*i results in corruption or bribery through personal gains at the cost of other members of society (p. 376). Fan's view reminds us that even Confucian business ethics focus not only on the principles guiding interpersonal relations in Chinese society but also highlight the cardinal virtues, such as benevolence, righteousness, and propriety and that ethical concerns should always be ahead of business interests (Chan, 2008).

4.5 Confucian business ethics: An alternative approach to the study of business ethics

The debate around business ethics, specifically CSR (a business-society approach to business ethics) today is largely western-oriented, which is also influenced by and is discussed mainly in relation to the capitalist framework (Chan, 2008). Confucian business ethics offers an alternative insight to that of the western business ethics literature. Confucian ethics requires keeping harmonious human relations and cultivating human virtues that give primacy to righteousness over expediency, which is significantly different from the powerful instrumental rationality that dominates people in western modern society with a strategic and liberal orientation (Song, 2002). In other words, the ideals a Confucian society seeks to establish are not "the institutional guarantees for the rights of individuals or the pursuit of utilitarian ends for material gain" advocated by western society of individual rights and liberalism, but rather "the high ethical standards required of those who would be in charge of inducing different classes of society to live in harmony" (Song, 2002, p. 115).

In modern capitalist societies, conduct of economic activities concentrates on the endless pursuit of material wealth and the unlimited accumulation of capital, and thus human relationships mainly deal with material, quantitative relationships of capital or the modes of production (Song, 2002). As a matter of fact, because of fierce competition for survival in the liberal economy, people have lost such human virtues as humanity, righteousness and trust in order to focus on self-interested goals (such as material gain) at the expense of the larger wellbeing of society or cosmos. This is responsible for the ecological crisis arising from the selfish rule over nature by human beings and also the social problems caused by the loss of loyalty of employees following downsizing of companies. Restoring human virtues and the human touch have become the major concern for modern business managers in those capitalist societies (Miles, 2008).

Regarding this concern, Chinese society is fortunate to have the cultural heritage of Confucianism and its belief in on-going self-cultivation of human virtues. Confucian business ethics is believed to offer an ethical solution to current social problems. Many studies have shown that Confucian Ethics has had a significant effect on businesses in the East Asian region. They provide business values that are characterised by benevolence, diligence, responsibility, thrift, trustworthiness, co-operation, and learning (Laurence et al., 1995). In addition, the empirical studies of modern Chinese entrepreneurs discovered a distinctive business model, namely Confucian entrepreneurship which refers to the successful combination of a strong Confucian tradition and commercial activities. This entrepreneurship combines the traditional cultural virtue of respecting employee's values with new business concepts bred by a market economy with innovative and sustainable consciousness ("chinakongzi.com", November, 2005). Accordingly, Modern Confucian Entrepreneurship develops a business model which combines Confucian ethics with economic activity and offers a solution for handling conflict between moral considerations and material gains.

In summary, Confucian business ethics plays an important ethical and practical role in affecting the direction of current business ethics in the English-speaking world (Chan, 2008). Incorporating the cultural context into CSR concepts will guide enterprises to a new way of improving their CSR performance (Wang &

Juslin, 2009). With the growing status of the Chinese economy and its entry into the WTO, it is likely that the influence will continue to be significant in the future. Within a Chinese context, it has played an important role in Chinese business society and is developing into a new, alternative ethical framework that not only guides business practices in a socialist market economy, but also leads Chinese central government political reform (a development of harmonious society). A deeper understanding of Confucian ethical philosophy (including Confucian Ethics) and its relevance to businesses forms the basis and the main focus of my research.

In the next chapter, the significant role of Central Chinese Government is explored with regard to its influence on business behaviours. The discussion focuses on the Chinese government's effect on the role of business in society, including the introduction of economic reform, the reform of state-owned organisations and CSR practices. The chapter also reviews the CSR movement in China.

Chapter Five

Influence of Chinese Economic and Political System on Business-society Relations

The previous chapter examined the Chinese cultural context (specifically Confucian culture) and its influence on business behaviours. In this chapter, the discussion focuses on the economic and political context for the study by examining the Chinese government influence on the role of business in Chinese society, specifically the adoption of CSR. This political background also provides a theoretical understanding for the analysis of research data. A study of Chinese CSR needs to particularly look into the Chinese political context as CSR implementation in China is dependent on state policy.

The chapter is organised into four major sections. The first section examines the general effect of Chinese economic reform on business enterprises and focuses on a discussion on on-going reforms of a socialist market economy and state-owned enterprises (SOEs). The second section looks at Chinese political influence on the development of CSR in China. The examination mainly investigates Chinese governments' (both CCG and other governmental bodies) adoption of CSR initiatives regarding business enterprises in China. The third section reviews the development of CSR in China, from early 1980s to the present. The final section identifies CSR with Chinese characteristics, which articulates the creation of a harmonious society that exhibits what is really traditional Confucian virtue (harmony) by creating a quality life for the public. This articulation is in line with the discussion of the effect of Chinese culture on business-society relations in the previous chapter.

5.1 Influence of economic reform on SOEs

5.1.1 Economic reform in China

There have been several stages of economic development in China. The Maoist era (1946 to 1978) was a period of economic isolation (Deng, 2002). Maoism was widely applied as the political and military guiding ideology of the CCP. The unyielding, aggressiveness that is indicative of the Maoist spirit helped to

transform China from a feudal agrarian society to a global power (McDonald, 2011). However, since the death of Mao, with the central focus shifting from class struggle to economic development, doing business has become a highly valued activity. This change of attitude toward business is fundamental for wealth creation and has been supported and encouraged by the political leadership since the second generation of leadership under Deng Xiaoping. Since 1979, China has experienced wide-ranging economic reforms under the influence of Deng Xiaoping's open door policy and his socialism theory with distinctive Chinese characteristics. This has further evolved into a socialist market economy: "the system would be characterized by increased competition and the elimination of mandatory planning but not necessarily by the replacement of state ownership with private ownership, as in a capitalist system" (Zapalska & Edwards, 2001, p. 2). Accordingly, the Chinese economy has gradually reformed from a planned socialist commodity economy (1979-1991) to a socialist market economy (from 1992 to present) by promoting decentralisation, gradual deregulation, and improvement of trade and investment environment with China's entry into the World Trade Organisation (WTO) (Kim, 2002; McGunagle, 2006).

The first phase of reform aimed to accelerate development, unbalanced development, and advocated "some people get rich first" (by Deng Xiaoping) (Zheng & Chen, 2007). The purpose of reform is to release and develop productive forces. This has created huge inequalities such as social and economic imbalances between urban and rural areas (McGunagle, 2006). However, Chinese leaders are indeed aware of these serious domestic problems and the second phase of reform has focused on responsibility and stability (Kuhn, 2010). Since the 16th National Congress of the Communist Party of China (16th NCCPC), China has worked towards building a moderately prosperous society by thoroughly applying "the scientific outlook on development," persisting in "reform and opening up," pursuing "development in a scientific way" and promoting "social harmony" (Report to 17th NCCPC, 2007). That is to say, the mission of building a moderately prosperous society stresses "democracy and the rule of law, equity and justice, honesty and fraternity, vigour and vitality, stability and order, and harmony between man and nature" (Report to 17th NCCPC, 2007, III). The scientific outlook on development is the strategy for achieving this mission and it

implies a vision that entails a strong emphasis on the principle of putting people first, sustainable development and overall consideration (Report to 17th NCCPC, 2007, III).

The philosophy of putting people first (serving for people) is the fundamental purpose of the Chinese Communist Party (CCP) which strives for the well-being of the people by ensuring that "development is for the people, by the people, and with the people sharing in its fruits" (Report to 17th NCCPC, 2007, III). This requires CCP's effort to protect and develop the fundamental interests of the overwhelming majority of the people; respect the major position of the people in the country's political life; develop their creativity; and protect their rights and interests (Report to 17th NCCPC, 2007, III). This effort demonstrates a strong influence of the Confucian virtue of benevolence (*Ren*) on CCP's policy enforcement, which revolves around the concept of charity, humanity, and love or kindness.

Furthermore, "building a resource-conserving and environment-friendly society" (Report to 17th NCCPC, 2007, III) entails CCG's effort in promoting balanced and sustainable development. More specifically, CCG has adopted a scientific approach to development that is caused by expanded production and worked towards a better social wellbeing and sound ecological and environmental wellbeing. This approach aims to coordinate growth speed with the economic structure, quality and efficiency, and harmonises economic development with the population, resources and the environment (Report to 17th NCCPC, 2007, III). So CCG has drawn great attention to all areas of development: economic, political, cultural and social development. Sustainable development is the key to achieve this all-round development with a particular interest in building a sound ecological and environmental state.

In addition, persisting in "overall consideration" demonstrates CCG's attempt to solve current domestic problems resulting from the previous economic reforms. This overall consideration emphasises a balance between urban and rural development, economic and social development, relations between man and nature, and domestic development and internal cooperation (Report to 17th

NCCPC, 2007, III). Also it needs to take into overall consideration "the relationships between the central and local authorities, between personal and collective interests, between interests of the part and those of the whole, and between immediate and long-term interests" (Report to 17th NCCPC, 2007, III).

In brief, CCG now is working towards a vision that stresses economic, social and political reform and responsibility with Chinese characteristics, "a scientific outlook on development" which is, in essence, a vision that seeks to create a harmonious society by always keeping economic development as the primary driver and managing economic imbalances and promoting sustainable development and environmental protection (Kuhn, 2008). This vision clearly demonstrates that the core feature of Confucian ethics (keeping in harmony) is the invisible force that drives CCG's policy reform.

Today, the Chinese economic system is based on public ownership that is supplemented by collectively-owned and privately-owned businesses, including state-owned companies (SOEs), share-holding companies, private companies and companies partly owned by foreigners (Goetzmann & Koll, 2004).This transition has been a gradual evolution from central planning to a system of management responsibility and accountability (Zapalska & Edwards, 2001). Accordingly, Chinese entrepreneurs now see long-term profitability as an important goal of their entrepreneurial activity.

5.1.2 Reform of SOEs

5.1.2.1 Two changes: Ownership and management

Since SOEs are the backbone of the national economy of China which "comprises over one-third of the country's GDP and [are] the source of livelihood and social welfare for over 200 million employees, pensioners and their families" (Blumental, 1999, p. 122), restructuring SOEs is a core sector of China's economic reform. Establishing "a modern enterprise and group company system" is the direction in the SOEs reform with the aim of SOEs' transition from a "society in miniature" or "company town" (*Xiao Shehui*) providing "cradle to grave" social welfare and benefits to all its members, to a purely economic or corporate entity (Blumental, 1999; Chiu, 2005; Goodall & Warner, 1999; Hassard, Morris, Sheehan & Xiao,

2006; Koppell, 2007; Lee, 2001). This modern enterprise system introduces the corporatization (*Gongsihua*) and privatization (*Siyouhua*) processes via shareholding/stockholding (*Shangshi*) programs which are designed for the separation of government and enterprises (*Zhengqifenli*) through two changes – ownership (property rights) and scientific management (the introduction of contract responsibility) (Chiu, Hui & Lai, 2007; Hassard et. al., 2006; Hussain & Jian, 1999; Keppell, 2007; Leung, Liu, Shen, Taback & Wang, 2002). According to China's previous CCP leader Jiang Zeming who announced a policy called "releasing the small and retaining the large enterprises" (*Zhuadafangxiao*), the process of privatization notably weakened state ownership in small and medium-sized SOEs, especially through listing (the state-share sell down) (Hussain & Jian, 1999; Leung et al., 2002). So the majority control of shares was in private hands since the middle of 1990s. This primary incentive for selling state shares was to raise cash to fund social obligations (i.e., a national system for providing social welfare to replace the SOEs' central system) and government budgets in order to release the heavy social burden undertaken by SOEs (Leung et al., 2002). The state, however, still maintained controlling ownership of the very large SOEs (key enterprises that have been labelled as pillar industries) with strategic considerations (Hussain & Jian, 1999; Leung et al., 2002). Since 1992, the enforcement of corporatization program has been a process to reduce state intervention and improve corporate governance of SOEs without full privatization. The government has attempted to gradually transform SOEs into modern corporate entities with "the clarification of property rights; clearer definition of rights and responsibilities; the separation of government and management functions; and the development of scientific enterprise management" (*Chan quan min gxi*;*Quan ze ming que*; *Zheng qi fen kai*; *Ke xue guan li*) (Hassard, Morris, Sheehan & Xiao, 2006, p. 1442). So enterprises have gradually turned into corporate entities which participated in competitive marketing events. However, these key enterprises are still under the control and supervision of CCG, a government body called the State-owned Assets Supervision and Administration Commission of the State Council (SASAC).

5.1.2.2 Responsible role of SASAC

SASAC has been set up and has undertaken "the responsibility as the investor on

behalf of the state; supervising and managing the state-owned assets of enterprises according to the Company Law of China; guiding and pushing forward the reform and restructuring of SOEs" (SASAC, 2008, n. p.). To be more specific, SASAC "appoints and removes top executives of the enterprises under the supervision of the Central Government (excluding financial enterprises), evaluates their performances, and grants them rewards or inflicts punishments" (SASAC, 2008). Also, it directs and supervises the management work of local state-owned assets Accordingly, SASAC is an institution of CCG, which maintains both ownership and control of largest key enterprises in China in order to secure the maintenance and appreciation of the state assets value and prevent the loss of state assets.

5.1.2.3 Current situation of SOEs

Currently, the largest SOEs have not been completely relieved of burdens that are considered public sector responsibilities in the West (Gu 2001; Keppell, 2007). For example, SOEs remain systems to address issues of housing (and its rapidly increasing cost), education, health care, and pensions even as reforms are under way to relieve SOEs from nonmarket responsibilities (Keppell, 2007). This is changing slowly as the government builds its capacity for welfare responsibility (Gu 2001; Keppell, 2007). Furthermore, SOEs now face higher expectations for financial performance as enterprises are responsible for their own profit and loss, and are regulated by the market.

However, the changing experiences of workers (specifically employee welfare) in reformed SOEs have become a significant issue in China, but not many studies have drawn attention to this issue. Rather they focus more on the corporate governance, the financial sector and human resource management in particular (see CFA Institute Centre for Financial Market Integrity, 2007; Chiu, et al., 2007; Goodall & Warner, 1999; Lee, 2001; Leung, et al., 2002). However, Chiu (2005) conducted an in-depth study of seven reformed SOEs regarding the effects of SOEs' reform on workers, especially worker reactions to enterprise reforms. The study examined worker reactions on issues of management control, welfare entitlement and sense of security, and overall job satisfaction. The result indicated that improved job security and increased mental labour are key predictors of increased job satisfaction. More specifically, management reform (stricter

management control) had improved enterprise productivity with workers' improvements in income, welfare entitlements and sense of security. For example, some workers in financially weaker enterprises showed their understanding of the importance of sustainability of the enterprises hinged on the marketability of their products. They realized they had to improve skills to survive and compete. "The workers had broken their dependence mentality, to an extent" (Chiu, 2005, p. 694). In addition, the study indicated two implications: the reform is accepted by workers with improved management control resulting in great material benefits; and also "workers in reformed SOEs welcome means of upgrading their skills, unleashing their potential and adding to the intrinsic values of their jobs" (Chiu, 2005, p. 694). Accordingly, the effective management control becomes the key factor that affects worker responses to SOEs' reform. In summary, SOEs have played a significant role in helping CCG's creation of a moderately prosperous society. In return, CCG's economic reform has helped SOEs make a successful transition into the global market. Also, CCG now is working towards building a harmonious socialist society with a great emphasis on economic, social and political reform and responsibility.

5.2 Political influence on CSR and its practice in China

As discussed above, CCG's economic reform has moved into a new era that focuses on responsibility and stability, and the adoption of CSR in China needs to be consistent with Chinese social and economic conditions. This consideration demonstrates CCG's dominance in promoting CSR initiatives in China. In January 2007, the National People's Congress Standing Committee Vice-Chair Cheng Siwei claimed that anyone who holds the theory and practice that "money overrides morality can no longer be tolerated in China" and Chinese business enterprises must pursue profit with consideration of social responsibilities (Levine, 2008). Clearly, the adoption of CSR has been taken seriously by CCG. Different Chinese government bodies have formulated several sets of CSR guidelines that highlight CSR principles and standards adopted by business enterprises in China. These guidelines are listed as follows:

- Guidelines on CSR for companies listed on Shenzhen Stock Exchange (SZSE)

- Guidelines on Shanghai Stock Exchange (SSE) listed companies'
  environmental information disclosure and notice on strengthening listed
  companies' assumption of social responsibility
- Guidelines on CSR compliance for foreign invested enterprises draft by
  the Ministry of Commerce (MOFCOM)
- Guidelines to State-owned enterprises directly under the central
  government on fulfilling CSR issued by the SASAC (KPMG, 2009)

More specifically, SZSE and SSE Guidelines require listed companies fulfil CSR
by addressing interests of stakeholders, commit themselves to promote social
development and protect the natural environment and other resources. Failure to
abide by some CSR standards may result in fines and punishments (Levine, 2008).
Furthermore, Guidelines for Foreign Invested Enterprises require companies to
take economic, social and environmental responsibility by implementing their
CSR obligations including: "abide by laws, regulations and business ethics to
meet operational needs"; balance the interests of business stakeholders while
enhancing competitiveness and pursuing organic and sustainable growth; and
voluntarily practice acts that are in "the interest of social progress, economic
growth and environmental protection" (DlA PIPER, 2008). Accordingly, these
guidelines require businesses in China to implement CSR programs as part of an
effort to contribute to social wellbeing, economic vitality, social development and
a healthy environment.

In addition, the most significant development of CSR in China is through SOEs'
adoption of CSR initiatives under the control of SASAC. Since SOEs have been
viewed as the backbone of the Chinese economy and their operation involves all
aspects of industry, society and people's livelihood, adoption of CSR is not only
the mission of SOEs, but a public expectation and requirement (SASAC, 2008).
Also, in response to the crisis in China's dairy industry, more and more attention
has drawn to the importance of implementing CSR initiatives and compliance
programs throughout an industry (Levine, 2008). To prevent the recurrence of
such events, in December, 2008, SASAC issued Guidelines to SOEs directly
under the central government on fulfilling CSR (SASAC, 2008). SASAC stressed

the importance of guidelines as a strong indication that CSR is being considered with increasing seriousness by CCG.

According to SASAC (2008), there are four major driving forces for fulfilling CSR by SOEs. Firstly, SASAC articulated SOEs' adoption of CSR with the application of China's "scientific outlook on development" and achievement of "the socialist harmonious society". SASAC believes SOEs make great contribution to country's economy through their engagement in backbone activities such as, "power supply and generation, telecommunications, natural resource extraction and processing, automobile production" (Lam, 2009). Secondly, SASAC regards fulfilling CSR as an effective way to develop SOEs into modern corporate entities because of the increased competitive advantages offered by effective CSR programs. More specifically, SASAC believes that SOEs' implementation of CSR can "inject vitality and creativity into the enterprises, add value to their brand and image, improve their staff qualification" and enhance corporate solidity (SASAC, 2008). SASAC, therefore, stresses the importance of fulfilling CSR in SOEs by considering domestic incentives. The last incentive for SOEs' adoption of CSR is the need for SOEs to participate in international economic cooperation. SASAC (2008) argues that fulfilling CSR helps in establishing not only "a responsible public image" by Chinese enterprises but, more importantly, "a responsible nation" at large. Thus, SASAC holds that CSR is imperative not only for the performance of business enterprises, but for government "soft power" as well (Sutherland & Whelan, 2009).

With regard to these incentives, SASAC's guidelines underline some key components for fulfilling CSR: complying with regulations and laws; making a sustainable business profitable; improving product quality and service; saving energy and protecting the environment; promoting innovation, creativity and technological advancement; ensuring production safety; protecting labour rights; and participating in social public welfare activities (SASAC, 2008). Furthermore, to address the issue of CSR monitoring and evaluation, SASAC (2008) asks SOEs to build "a statistical index and assessment system" for CSR performance through building "the CSR information releasing system" which provides regular updates and information about their CSR and sustainable development programs and plans

for stakeholders and society in general. In addition, SASAC believes the enforcement of inter-enterprise communication and international cooperation may strengthen CSR in China and other countries because companies can use each other's ideas as standards to make assessment of their own CSR efforts. Accordingly, SASAC seems to believe that incorporating a strong CSR approach into SOE operations helps promote environmental protection, economic development, and social progress. In brief, the Chinese government is dedicated to establishing competitive business environments by endorsing social solidity, and promoting collective responsibility for building a harmonious society; business enterprises, SOEs in particular are pushed to engage in more social and economic changes through implementation of CSR initiatives.

5.3 Review of CSR movement in China

5.3.1 Early development of business ethics in China

Chinese research on business social responsibility has become increasingly important and the concept of CSR in China has evolved within a complex framework of political, economic and cultural changes. The early research on Chinese business behaviour focused on the term business ethics. According to Lu (1997), business ethics in China emerged from the last century and developed mainly in three stages: 1) 1978-1984: the emergence of the term "business ethics" under the government economic reform; 2)1984-1994: ethics in economic and business activities; and 3) 1994 to 1996: ethics in economic policies. With the enforcement of economic reforms in 1978 which combine the idea of efficiency and fairness, the idea of business ethics firstly emerged within the agricultural areas. The government economic reform allowed peasants to obtain decision-making power in management and built up a contracted responsibility system with payment linked to output, so there was an increasing concern for business justice in production (Lu, 1997). In 1979, ethical ideology was further embedded within the university curricula. The Department of Education mandated that ethics be taught as a formal course by the departments of philosophy at the universities and the National Society for Ethics Study was founded (Lu, 1997). The government also enforced public policy in terms of ethical considerations, namely "Five Emphases and Four Points of Beauty" which emphasise "decorum, manners,

hygiene, discipline, and morality; and beautification of mind, language, behaviour, and environment" (Lu, 1997, p. 1510). However, the establishment of moral norms were mainly discussed or developed within political and academic contexts. As for the business world, ethics needed to develop towards economic activities and business management.

In 1984, economic reform expanded from rural areas to towns and cities; from agriculture to industry, commerce, and other trades (Lu, 1997). As a result of this economic expansion, the issue of business ethics moved to a second stage. Under the government construction of socialist spiritual civilisation aiming at moral development with modernisation, material and spiritual civilisation, the development of business and ethics moved to a comprehensive approach including all business, management and economic activities (Lu, 1997). Authors such as Weng (1988), Zhang (1989), and Liu (1994) are major contributors to Chinese business ethics literature at that time. The main topics of their works covered labour and morality, management and ethics, economic regulation and moral regulation, and fairness of social distribution.

Moving into the year of 1994, economic reform entered into "a socialist market economy" (Zapalska & Edwards, 2001). The importance of this change led to a de-centralised economic system with diversified ownership and separation of management; so the enterprises became legal entities and able to stand in their own right. The government legislation on economic activities and business behaviour has become the major force to encourage the practice of business ethics. For example, the first Labour Law was enforced in 1995 covering labour contracts, working hours, wages, worker safety, child labour and labour disputes among other subjects (Lu, 1997). Despite the government regulation, economists, academics, entrepreneurs, lawyers and media people have participated in the discussion on economic reform and its impact on society (Lu, 1997). Media publication at that period focused on issues such as the quality of the products and concerns over the pollution of the environment. Therefore, there has been a growing public interest in business ethics since 1994.

5.3.2 Emergence of CSR and its development from mid 1990s to early 2000s

The term CSR emerged from the mid-1990s when multinational corporations expanded their suppliers into mainland China (Wang & Juslin, 2009; Zhou, 2006). Zhou's research indicated that the development of CSR in China has experienced three stages: the introduction of CSR concept (at the beginning of 1990s); the reactive CSR approach (from 2000 to 2004) and the proactive CSR engagement (since 2004). During the mid-1990s, multinational corporations operating their factories in mainland China started auditing these factories mainly in the consumer goods and retail sectors (Zhou, 2006). This trend was pushed by the rising power of civil society and social movement activists in most developing countries. For example, "religious organisations, labour unions, and some pension fund investors are becoming increasingly keen to find ethical investment portfolios that search for a morally palatable return on capital" (Young, 2002, n. p.). Also, western consumers are more likely to choose to consume goods that are not either destroying the environment or hurting other people. As a result, Chinese enterprises started passively accepting some of these foreign CSR requirements. However, at that time, many Chinese enterprises regarded CSR as a trade barrier restricting competitiveness and believed CSR was difficult to manage because of different CSR standards and management systems established by multinationals and NGOs that did not accord with Chinese reality (Wang & Juslin, 2009). CSR was a completely new idea to the government, public, media and domestic Chinese enterprises (Zhou, 2006). Discussion of CSR was seldom seen in business and public sectors.

With its entry into the WTO in 2001, China has been actively involved in the world economic globalisation process and now stands closer to the international community of nations than at any point in its history. This change has had a strong influence on the world's economy, environment and social culture. An emerging sense of CSR should eventually result in significant changes. For example, Chinese exposure to CSR has become more evident since Chinese suppliers were monitored through the duplicative auditing system required by multinational corporations. Several government departments have increased their concern for the issue of CSR, in particular the area of labour conditions as some multinational corporations sought to link trade or investment with labour conditions. The

Ministry of Labour, the Ministry of Commerce and the Chinese Enterprise Confederation all created CSR investigation committees to introduce CSR concepts into business practices (Zhou, 2006). However, some government departments were specifically concerned about the likely increasing costs of CSR adoption. So, the government attitude towards CSR takes "a wait-and-see approach" (Zhou, 2006). In addition, Chinese enterprises have accumulated their capital under an imperfect legal system, which is simultaneously contributing to serious negative impacts that include the gap between the rich and the poor; issues of business corruption and work safety; practices of sweatshop labour associated with the structural problems of a large rural-urban migrant population without full urban residency rights or access to basic services; and widespread environment pollution (Li, 2005; Xi, 2006; Young, 2002). There is much work for Chinese enterprises to do to balance their economic pursuits and the benefits of this with social benefits that will promote the social progress and harmony. Wang and Juslin (2009) clearly identify various drivers that push the adoption and development of CSR in China. These drivers include natural drivers (the need for environment protection and efficient consumption of natural resources); labour drivers (the pressure for protecting labour rights and improving workers' welfare); legal drivers (the enforcement of legislation on CSR); and market drivers (the requirement for market entry to foreign markets).

5.3.3 Current situation of Chinese CSR development

From 2005, in response to a remarkable reform in CCP's policy focusing on responsibility and stability, there has been a joint effort of government, civil society, media and businesses to create a more sound society that both fosters and is fostered by a culture of CSR. More and more Chinese government departments, business associations, nongovernmental organizations (NGOs) and academics have conducted research on CSR, and they are making more efforts to explore and promote the concept of CSR.

5.3.3.1 Government: A major player in shaping Chinese CSR

The Chinese government now considers CSR as a way to not only improve Chinese corporate competitiveness but ultimately to achieve a sustainable and prosperous society. The government believes that businesses play a vital role in

the process of building a harmonious society and the enforcement of CSR will act as a catalyst to help promote a successful harmonious relationship between business and society. Zhou (2006) indicates that the government attitude towards CSR has shifted from a passive approach (i.e., fearing economic sanctions and trade barriers) to an active and participatory approach. Xi (2006) further argues that this shift exhibits what is really a traditional Chinese virtue (Confucian ideology of harmony) by creating better wellbeing for everyone and being a good corporate citizen. This will only occur by aligning an enterprise's culture with the values of mainstream society (Xi, 2006). Clearly, both scholars believe that a strong sense of Chinese culture seems to play a great role impinging on the development of Chinese CSR. In addition, in 2006, an online English-Chinese CSR database (http://www.chinacsrmap.org/E_Default.asp) was launched by the WTO department of MOFCOM with the German Federal Ministry for Economic Cooperation and Development. Currently, China's CSR Map contains around 300 profiles of relevant organisations and over 100 profiles of CSR practitioners, and has become the important source of information for those, globally and locally, interested in the development of CSR in China. In 2008, the Circular Economy Promotion Law which aims to relieve environmental degradation and resource scarcity issues by improving the resource utilization efficiency was passed in the 11th NCCPC (http://www.lawinfochina.com/display.aspx?lib=law&id=7025). The law was officially enacted as legislation and has been in the effect since January, 2009 (Sarkis, Ni & Zhu, 2011).

5.3.3.2 Civil society: A driving force toward Chinese CSR development

The most important development or driving force toward CSR in China is the emergence of a civil society embracing both NGOs (e.g., China Business Council for Sustainable Development (CBCSD) (http://english.cbcsd.org.cn/); Corporate Social Responsibility Research Association of China Enterprise Reform & Development Society (CSRRA)(http://www.cerds.org/csr/article.asp?id=128); and academia (i.e., Hohai University; CSR Research Centre at the Peking University Law School) in the efforts to push the corporate and public sectors' increasing awareness about business practices of social responsibility.

In 2003, CBCSD was founded and has served as a platform for exchange and

cooperation among Chinese and foreign enterprises, government and social communities, and sharing information, experiences and best practices in the field of sustainable development. CBCSD aims to help companies to improve understanding and performance in environment health safety, CSR, climate change, and other related areas, and to push forward the course of sustainable development in the world by common hard efforts (CBCSD, 2003).

In 2005, through the Chinese government's support, CERDS set up the Chinese Enterprise Social Responsibility Research Association (http://www.cerds.org/csr/index.asp) which is an organization that aims to promote basic understanding of the idea of CSR. CERDS conducts foundational research that seeks to create a Chinese CSR standard to assess the CSR performance of Chinese enterprises (Xi, 2006).

By 2010, there were more than 425, 000 NGOs in China which have grown and become actively involved in various social domains (Sarkis, Ni & Zhu, 2011). NGOs have currently become a major institutional force that promotes CSR in China (Lin, 2010). They are currently more inclined to promote human rights, labour rights, consumer rights and environmental protection by using non-confrontational tactics such as public education, information dissemination, and field trips (Lin, 2010).

In the academic field, Chinese universities have also engaged with CSR issues. Hohai University is cooperating with the World Bank and the ADB to promote socially responsible assessment of Chinese engineering projects (WWF, 2005). Also, the CSR Research Centre at the Peking University Law School was established in 2006 in order to research Chinese CSR issues and to provide user-friendly information on CSR issues facing Chinese companies, NGOs, and the general public. Their research and training on CSR issues include employment discrimination in China: A Human Rights Perspective; the Current Status of CSR in Mainland China; CSR and Corporate Governance; The Relationship between International Trade and Labour Rights Protection; and The Legal Liability of Multinational Textile Companies for Indirect Civil Wrongs (Chinassrmap, 2006). In 2008, Peking University and Business Environment Council (BEC) jointly

staged the International Corporate Social Responsibility (CSR) Experts Forum, which was a gathering of senior executives at the forefront of the transformational trends, challenges and opportunities related to CSR in both the global and local China context (International CSR experts forum, 2008).

Since 2008, there has been a growing body of literature on CSR in China. More and more scholars have devoted themselves to the study of CSR issues within a Chinese social, cultural and political context (e.g., Brohier, 2010; Dahlsrud, 2008; Lam, 2009; Levine, 2008; Li & Zhang, 2010; Lin, 2010;Lo, Egri, & Ralston, 2008; Sarkis, Ni & Zhu, 2011; Sutherland, & Whelan, 2009; Wang & Juslin, 2009; Zu & Song, 2009). Gao (2009) studied 81CSR reports of listed companies in domestic security markets of China, released from January, 2008 to October, 2008 to analyse the characteristics of Chinese CSR. The results showed that most companies hold a positive attitude toward CSR and they take account of the interests of stakeholders including, shareholders, creditors, employees, suppliers, customers, environment and charities. The research also found that Chinese CSR focuses on social issues and that the "scientific development view, sustainable development of economy and society, social stability and harmony, anti-commercial bribery, energy saving and pollution reduction are frequently addressed by Chinese companies" (Gao, 2009, p.285).

In 2010, a few Scholars have conducted empirical studies to examine Chinese business enterprises' perceptions of CSR concept and its performance. Cooke & He (2010) used both survey designs and interview methods to explore how private enterprises, specifically textile and apparel enterprises' managers perceive CSR issues. They found that private enterprises are currently adopting an economic approach to CSR which focuses on the market activities rather than their employees. Two similar studies have been found in Tsoi's (2010) and Xu and Yang's (2010) research. These researchers used the same methods to investigate Chinese business CEOs' and other stakeholders' perceptions of CSR. Their research result indicated that the development of CSR is lagging behind Western developing countries, but there has been some positive process made compare with the situations in the past 5 to 10 years. They suggested that there is a need to build a CSR conceptual framework tailored to China's unique situations.

Government, NGOs and businesses should work together to boost CSR awareness and encourage entrepreneurs to adopt CSR initiatives guide their business behaviour. In the meantime, Lin (2010) developed an analysis of CSR development in China from historical, instrumental, and institutional perspectives. The research demonstrated that "Chinese CSR initiatives include laws and regulations, governmental instructions and guidelines, non-governmental standards and organisations" (Lin, 2010, p.99).

More recently, some Chinese scholars have focused on examining impacts of CSR on stakeholders, customers and investors in particular and on financial performance (e.g., Chen & Wang, 2011; Tian, Wang & Yang, 2011; Wang, Qiu & Kong, 2011; Ye & Zhang, 2011). Their research results indicated that customers and institutional investors currently play a critical role in encouraging and promoting CSR activities. The results also showed that companies' CSR activities can improve their financial performances with the improvement of relationships between companies and stakeholders.

5.3.3.3 Media: A key facilitator of Chinese CSR practices

CSR is also of ever greater interest to the Chinese media. Southern Weekend, an influential Guangzhou-based Chinese news agent, set up China CSR Research Center (http://csr.infzm.com/) in 2008. This is an influential institute that promotes CSR in China by sponsoring the China Annual Magnate Ranking with a CSR criterion, such as creating the Overall Ranking of Listed SOEs by CSR. It is the first institute in China to research and assess the capital scale and CSR of companies on the basis of scientific and measurable third-party data, which is based on authoritative data from the government and an assessment system including indices of "operation", "social contribution", "CSR" and "public image" (Chinacsrmap, 2006). Other major Chinese print media sources such as China Economic Weekly, China Daily, and China WTO Tribune also often publish special issues on CSR and regularly hold CSR forums and announce CSR awards (Lin, 2010). Also, several environmental journalists are closely engaged with CSR issues, specifically environment protection through the China Forum of Environmental Journalists (http://www.cfej.net/). In addition, Liu, Jia and Li (2011) specifically conducted thematic analysis to examine the Chinese print

media (including 19 newspapers) depictions of CSR. Their research results confirmed the significant role of media in determining public opinion of CSR and shaping CSR development in China.

5.3.3.4 Business enterprise: A significant Chinese CSR practitioner

It is evident that implementation of and engagement with CSR is becoming increasingly important to business enterprises in China. WWF China (www.panda.org/trade) in 2005 conducted a CSR survey with 182 Chinese enterprises. The results showed that a significant number of Chinese enterprises are willing to lead the way and go beyond the current CSR discussion. Also, Syntao.com has conducted annual research regarding CSR reporting of businesses in China since 2004. Their study found that there is a large increase in the number of CSR reports released in China, from number of 4 to 121 between 2004 and 2008 (Syntao.com, 2008). Their study particularly pointed out that SOEs take the leading role in CSR reporting when compared to foreign and private enterprises. Since 2006, over half of the reporting enterprises are SOEs, including both Chinese central government enterprises (SASAC's SOEs) and non-central government enterprises. In 2008, there were 50 non-central SOEs released CSR reports, 20 of SASAC's central SOEs, 22 foreign enterprises or joint ventures and 29 private Chinese enterprises (Syntao, 2008). By December 2010, a total of 703 reports were released by 702 companies in China, marking a 30% increase over the last two years (Syntao, 2010). So, more and more business enterprises in China are actively taking part in the practice of CSR reporting.

Furthermore, Sutherland and Whelan (2009) carried out an in-depth investigation on 40 largest SOEs (TNCs, transnational companies owned by SASAC) listed by MOFCOM. Their research examined the nature and motivation of CSR reporting released by SOEs. Their findings were consistent with Syntao.com's statistics on CSR reporting, which demonstrated that CSR reporting in SOEs is increasing rapidly and 11 of those SOEs already have formal CSR policies. Firstly, their research indicated that Chinese CSR reporting SOEs were keen to publicise philanthropic activities. Further investigation showed that SOEs are committed to implementing government policy on CSR. This is most commonly captured in language that strongly repeats that of central policy makers, in particular

promotion of a "harmonious society" and contributions to "scientific development" but the detailed explanation of what these slogans means in practice is not discussed in the CSR reports (Sutherland & Whelan, 2009). Finally, their research result stated that the types of international CSR initiatives/programs adopted tend "be more technical in nature and not so closely related to issues of politics (and/or security, and/or human rights)" (Sutherland & Whelan, 2009, p. 19). That is to say, the adoption of international CSR programs tends to be those that are developed by institutions in which Chinese central government, as a major player, have significant input. This further indicates the close relationship between CSR and "state sovereignty" in China (Sutherland and Whelan, 2009), and the very strong influence of Chinese central government policy making in formulating Chinese CSR. Those studies are consistent with previous discussion of the clear and continuous emphasis that the CCP places on both state sovereignty and the central role of the state in governing social concerns, primarily through SOEs' CSR practices controlled by SASAC.

On the other hand, currently, many multinational companies that operate in China, including IBM, British Petroleum (BP), Ford Motor Company (FM), Hewlett-Packard Development Company (HP) and Motorola, have begun to take social and environmental responsibilities seriously (Li, 2005). For example, in China, BP's practices of CSR focus not only on environmental protection but community contribution through hope school and employee engagement (http://www.bp.com/genericsection.do?categoryId=4736&contentId=7026710); whereas, Ford Motor has taken CSR in a variety of fields including sponsorship for the Ford-China Research and Development Fund, donations for educational aid, disaster relief, and environmental protection (http://media.ford.com/article_print.cfm?article_id=22736). HP and Motorola have taken CSR initiatives through their partnerships with NGOs (HP Cartridges for Dragon Recycling program) and government officials (Motorola University) (Darigan & Post, 2009; Sarkis, Ni & Zhu, 2011). Moreover, 13 Chinese and foreign-owned enterprises, including China Merchants Bank, IBM, Ping An Insurance, China Vanke Company, Nokia, HP, TCL and Junyao Group, launched the Chinese Federation for Corporate Social Responsibility (CFCSR) in 2006. This federation aims to support the sustainable development in underprivileged

areas of China and undertake more social responsibility. They have organised public welfare activities such as the Educational Support and Poverty Alleviation Initiative, the Sweet Dew Plan on-line education for the rural areas (Chinacsrmap, 2006). Also, they have also paid attention to the localization of CSR in China, and have already conducted related research studies and trials (Chinacsrmap, 2006).

In addition, private-owned enterprises, textile and apparel enterprises in particular are beginning to realise the importance of adopting CSR, but their types of CSR activities focuses on marketplace activities including improving customer satisfaction and reduce operating cost, and takes account of customers and suppliers' interests (Cooke & He, 2010). In brief, there is a joint effort of CSR engagement among Chinese government, civil society and business enterprises. They have worked hand in hand to undertake wide-ranging social and economic reforms aimed at building a harmonious society, which is also an articulation of CSR with the Chinese characteristics by Chinese central government.

5.4 Basis of CSR with Chinese characteristics

As China is at a different phase of its economic and cultural development than developed Western nations, its practice of CSR must be consistent with Chinese conditions (Xi, 2006). Currently, China is drawing up its next five-year plan for national economic and social development. For the next few years, the Chinese government policy will adhere to the principles of promoting a scientific outlook on development:

> pursuing proprietary innovations, improving systems and [mechanisms] and enhancing social harmony, [sticking] to a people-based approach and [striving] for a comprehensive balanced sustainable development, in order to lay a solid foundation for the building of a well-off society in a comprehensive manner. (Zeng, 2005, n. p.)

In doing so, the government is formulating CSR standards in line with China's reality. This reality highlights that the fulfilment of social responsibility is not only the enterprises' obligation but also their needs for self-development. The government encourages enterprises in China to abide by Chinese laws and regulations, "adopt substantial measures to protect all legitimate rights and

interests of labourers, strengthen workers' safety protection, assure employees' remuneration and welfare, fulfil social security obligations in building a harmonious society and improving people's welfare" (Zeng, 2005, n. p.).

Apparently, in China, CSR has been initiated by the government with the purpose of creating a harmonious society, which places a great emphasis on the development of social responsibility, organisational bureaucracy and employee relations in particular. This emphasis forms the basis of CSR with Chinese characteristics. The Chinese government and enterprises have always believed that the reform, evolution and success of business practices all rely on strong employee support of the enterprises (Chen, 2006). In promoting a management philosophy that "puts people first" and is a "people-oriented organisation", Chinese enterprises try to build a culture that allows employees and employers better collaboration and a system that encourages mutual accountability, which eventually achieves a sustainable organisation that is responsible for an entire society's wellbeing (Chen, 2006; Waner & Zhu, 2002). Qingdao Haier Corporation, a state-owned organisation, has demonstrated an excellent example of CSR practice with Chinese characteristics. Haier's management philosophy has based on Confucian ethics addressing the nature of organisations which is shaped by the people in the organisations (Paine, 2001). This entails that organisations must look after their employees' interests and employees must, in return, be highly committed to their organisations (Waner & Zhu, 2002). Haier also promotes itself as socially responsible by donating to schools, advocating environmentalism, and looking after the elderly but never demanding anything in return. As the company CEO states, Haier will "exist forever" and "be part of the whole society" if it is "always making contributions to mankind" (as cited by Roper, & Hu, 2005, p. 15). Accordingly, CSR in China places a great emphasis on raising the quality of employees and developing human resources as a core strategy for growth. This humanistic approach to CSR will be the basis and the main focus of my study. Clearly, a strong sense of Chinese culture seems to play an important role in shaping the development of Chinese CSR and this influence of culture leads the discussion in the following chapter.

In summary, this chapter examines Chinese political influence on the development of CSR in China. It also reviews the development of CSR in China, from the early 1980s to the present. The chapter finally identifies CSR with Chinese characteristics, which is based on a harmonious approach. The political creation of a harmonious society exhibits what is really traditional Confucian virtue (harmony) in helping government create better wellbeing for the public. The following three chapters delve into the organisational context and develop a detailed analysis of how Chinese cultural, economic and political context affects FHTG's construction of the discourse of CSR.

Chapter Six

Confucian Culture in Shaping FHTG's CSR Discourse: The Practice of Confucian Entrepreneurship

This chapter delves into the organisational context and provides a detailed analysis of how the macro context (the Chinese culture context) impacts on the discursive construction of FHTG's organisational reality. The chapter examines how Confucian cultural values affect FHTG's organisational management behaviours and employees' work performance. Also, it studies how the influence of Confucian culture forms the basis of FHTG's CSR discourse with Chinese characteristics, which demonstrates a Confucian entrepreneurship in business management.

The chapter is organised in the following way: section 6.1 presents the findings of Confucian cultural influence on FHTG's social performance (employee management in particular). This section further develops into four main parts. These parts are the analysis of a collective orientation and its influence on employees' work and life; the significance of a harmonious workplace; a hierarchical structure within the organisation; and a humanistic/people-oriented management philosophy. In section 6.2, discussion and conclusion are made with a summary of the findings presented in the chapter.

6.1 FHTG's CSR discourse: Confucian entrepreneurship in practice

Chinese traditional culture, specifically Confucianism, has acted as an invisible force that penetrates all levels of FHTG's business practices through the power of Confucian ethics. Chapter Four has given a detailed review of Confucian culture and its strong influence on economic life in China. This chapter further examines how Confucian value orientation (including values of collectivism, harmony, hierarchy and benevolence) affect FHTG's business management (corporate social performance, employee relations, in particular). The participants' descriptions of FHTG's social performance show a discourse of Confucian entrepreneurship which includes four main characteristics: a collective orientation

at work; an idea of harmony and its influence at work; a hierarchical structure within the workplace; and a people-oriented approach to employee relations.

6.1.1 Collective orientation towards work

The participant response to FHTG's business performance showed a collective orientation which reveals the Confucian traditional value of collectivism. This value focuses on family norms (love and respect) and social relations (*Guanxi*) (Hofstede, 1991; Park, Rehg, & Lee 2005). Both managers and employees answered that they are focused more on the needs of groups around them such as family and work groups than individual interest. As Ford (1997) states, people believing in collectivism cannot distance themselves from the groups they belong to and are more likely to be influenced by norms of these groups. Most participants showed their strong concern for family norms and collective interests with a team focus in FHTG.

6.1.1.1 Concern for family

When being asked what made them decide to work for or leave this company, most participants (managers and employees) demonstrated a strong concern for family members. Most of them took the family as their priority for taking or leaving the job. As some participants explained, if someone left the job, the main reason would be family. For example, they lived away from the family and wanted to reunite the family and live with their wives or parents. Also, most participants indicated that they came to work for FHTG because their family was here or their family members used to work here. From the Confucian point of view, the family is the representation of all social organisations so that the basic unit of society is not the individual, but the family (Hofstede, 1991; Ho, 1997). For FHTG's employees, the individual is situated at the centre of social relations and surrounded by dominant relationships with family members. Accordingly, the will of the individual employee is subordinated to that of their family relations.

Another point highlighted by most participants is that employees regard FHTG as a family at large and they work together as family members. The sense of care, dedication, trust and sharing is very strong among employees. Below are vivid descriptions of some participants' views on FHTG's management:

<u>Managers</u>

> To unify the group, we regard the company as our home…the company as this big family's parent solves problems for us and looks after our family members also. So we will do our best to work for the company in return. The relationship between the company and employees is like relations between parent and children. (Interview, 3)

> All SOEs…have one common character that is…we work as a family. We manage the company in the similar way of managing a family...we create, share and win together. The benefit doesn't belong to any single person but the family at large. Individuals can get better development under the precondition of fulfilling their tasks. If the company grows, the employees will grow as well. (Interview, 7)

<u>Employees</u>

> I feel I have merged into the group as an organic whole. The group is like a family to me. When I wake up every morning, the first thing to pop in my mind is to go to work… I will work overtime voluntarily. I always try my best to do a better job and help the management level to release their pressure. (Interview, 5)

> The company is like a larger family that needs employees' support for its development. Employees regard the company as their home and they live together. The employees believe that they will get better development with the progress of company itself. (Interview, 16)

There is a particular construction of FHTG's ideology of love and trust through using the device of metaphor, because this device "structures the way we think and the way we act, our systems of knowledge and belief, in a pervasive and fundamental way" (Fairclough, 1992, p. 194). On one hand, a metaphor of FHTG as a family's parent is used. This metaphor articulates FHTG with an idea of care to position FHTG as a responsible business practitioner through taking care of its employees. This metaphor forms and communicates the organisation's ideology in an effective way and reshapes the reality of FHTG's business performance as a responsible company. On the other hand, FHTG's managers and employees perceived the company as their family members. This description vividly reconstructs the image of FHTG as a love creator and reinforces the ideology of responsibility in an effective way by showing a strong family tie between the company and employees. Given that the basic social unit is the family, FHTG's managers and employees develop their social relationships by extending the family virtue of love and respect to people outside of their close family members,

to their colleagues. So they are not only looking after their own family members but also taking care of others' family as well. An employee of a subsidiary company provides an example of family love within FHTG: "once there was an employee whose daughter got an incurable disease, all employees showed their mercy and lent a hand to this family. We treated our colleague and his child as our own family members" (Interview, 30). In loving and respecting each other, each employee enhanced the emotional cohesion of FHTG which in turn enhanced employees' trust and loyalty to the company.

Moreover, there is a repetitive emphasis on organisational ideology of responsibility again through the device of metaphor. FHTG's managers and employees believe in a mutual benefit between the company and themselves through the practice of the family principle of reciprocity. From the view of participants, FHTG and their colleagues are an extension of the family: the employee is a trustworthy and valued member of the family. This is just like a child knows that they have to give up a personal pleasure for the sake of the family through cooperation rather than confrontation. In return, the company knows that as a parent it has to take responsibility for taking care of its employees (O'Dwyer, 2003). As a result, a reciprocal relationship between FHTG and the employees is easily achieved by the practice of family virtues of love and respect. In doing so, family values of love and respect for others in a hierarchy extends beyond family to the point of becoming a social value which leads to organisational harmony or wellbeing. Thus, the wellbeing of the individual is firmly linked to the wellbeing of the organisation.

6.1.1.2 Appreciation for collective interests

Besides their concern for family, some participants demonstrated a strong sense of collective honour and showed their appreciation for collective interests. They highlighted the importance of group merit through achieved common goals. Both managers and employees give some explanation of collective interests as follows:

<u>Managers</u>
Keep working towards a same goal. For all employees, only the company gets development, they can get a stable position and better payment…No one will go against to the company's growth. All achievements we have made didn't belong to any individual employee but the company as group interests. (Interview, 9)

Some private-owned enterprises give employees millions as monetary rewards for their work achievements. Our company only give 8 to 10 thousands because we believe the rewards cannot be only offered to one person but to a group. (Interview, 11)

<u>Employee</u>
Group interests are highly valued in our company. Compared with the interest of the entire collective group, the interest of an individual is negligible. The group makes progress together. Sometimes it is necessary to sacrifice a single person's interest to ensure the progress of the whole group. (Interview, 25)

It is evident that FHTG promotes a collective spirit that helps endorse the interest of the whole company above the individual. This spirit enables the company's growth through individual sacrifice on the part of employees (Schwartz, 1999). In Confucian society, people believe that the identity defined by the boundary of one's physical self is the small self, while the social identity defined by one's family and extended social groups is called the great self (Hwang, 1999). Confucians encourage the great self-sacrifice of the small self for the benefit of social groups such as the work groups. Accordingly, in FHTG, the company is more important than an employee, who is required to make his or her personal needs and desires fit with company goals. The prosperity and growth of the company is considered above that of the individual. Company goals have priority over personal goals and the company must in turn pay back its employees' loyalty by providing a certain amount of welfare and a sense of security (Park, Rehg, & Lee, 2005). Here, both managers and employees defined their meaning of work and life via their colleagues and their company as they believed that the individual is insignificant without the company. As a result, the interests of the collective such as the work group and the company always precede the interests of any individual. Also the Confucian value of collectivism has urged individual employees to adapt to collectivity, control personal desires and emotions, restrain self-interest for the benefit of the company at large (Kirkbride and Tang,

1992;Yan & Soreson, 2004; Wright, 1962). The focus on collective interests asks for an effort of team work which is another point stressed by most participants.

6.1.1.3 Praise for team work

Most participants indicated that FHTG encourages individual employees to rely on and support each other in order to win together. This is also in line with FHTG's promotion of a group-oriented identity. As a manager of a subsidiary company said, "We were growing up as a group and develop as a group. This is FHTG's culture which ties every company together to share, create and win together" (Interview, 1). When being asked why FHTG values a team spirit, a subsidiary company's manager explained, "We believe in the principle of having good intentions towards people. This helps others do good to yourselves as well. If I help you do well, you will help me do well. We work together towards the common interests" (Interview, 8). This implies a golden rule of Confucian ethics, which is that "in order to establish ourselves, we must help others to establish themselves; in order to enlarge ourselves, we must help others to enlarge themselves" (Yan & Soreson, 2004, p. 10). There is a strong collective orientation that emphasises the values of cooperation, co-existence and mutual support. Some interview participants explained the importance and benefit of building a team spirit in FHTG. For example, one subsidiary company's manager stated that "if the company wants to maintain the employees' long-term productivity and enthusiasm to serve for the company, the leadership needs to make it clear to all staff. Everybody joins production and works together to create the wealth so that everybody can get reasonable welfare in return" (Interview, 3). This again entails a principle of collectivism and reciprocity among employees. An employee is not viewed as being independent, but an integral part of a larger network of the workplace that survives and succeeds together.

When being asked how a team was defined, most participants stated that the team requires collaboration both within the company and among other subsidiary companies. In FHTG, team work is by way of cooperation among companies and departments, and among individual employees. On one hand, some subsidiary companies make a joint effort on R & D and production for mutual benefits. As one subsidiary company's manager explained, "we receive support from other

subsidiary companies of FHTG by employing their R & D personnel. We supply equipment and labour to those companies in return. We are quite often working and living on the same project" (Interview, 4). On the other hand, each department and individual employees work closely towards a same company goal. Below are two examples of team work described by managers and employees:

<u>Manager</u>

>We regard team-building as the basis of the company's development. Team-building nurtures an idea of collective culture…it needs strong team support in particular in relation to the scientific research projects. For example, the research and development department needs a team effort to make transmission system programs. These programs require good capabilities of collaboration and communication with other departments such as finance and production department with their supporting roles (including thorough management arrangement and strict assessment). (Interview, 15)

<u>Employee</u>

>Team work is the key to success in our company because every task and project is a system integration activity which requires strong team work together. For example, the company's project needs support from science and research team, technician team, engineering team and finance team. Also, the company needs support from the outsiders such as suppliers and manufacturers. (Interview, 24)

Both participants meant that a team focus is highly regarded in the company. In a Confucian society, an individual is not viewed as being independent, but as being an integral part of a larger network of social groups of people that survives and succeeds together (Yan & Soreson, 2004). In FHTG, each department represents a team where everyone takes a different role but supports each other. When being asked how to build up a team or maintain a team focus, words such as "uniformity", "coordination", "trust", "planning", "participation", and "communication" were frequently mentioned by most of the participants. Two participants provided detailed descriptions of setting up a team as follows:

<u>Manager</u>

>Team work requires uniformity and coordination among all members. We will firstly set up a goal that involves every member's participation. Then, we will divide the tasks and make a personal plan to help fulfil those tasks. During the fulfilment, communication among all members is highly stressed. We hold a department meeting every Monday morning to discuss the weekly working process or problems while

fulfilling those tasks. Everyone will report their weekly work performance and propose the next week's work plan. As a result, we are all working in the same direction. (Interview, 6)

Employee
Team work requires effort from two aspects. Firstly, keep a modest and prudent attitude and take others interests into account by respecting and trusting others effort. Secondly, set up a system of rules that guides employees' work behaviours. For example, set up a weekly work plan; hold regular meetings every Monday morning to discuss work progress and issues; and teach conflict management. (Interview, 24)

Clearly, the team work requires both the company's good management control and employees' participation based on interdependent and trustworthy relations. On the one hand, the company sets up the system to provide guidance and support for employees fulfilling their tasks. On the other hand, the employees work in different roles but help each other within an open and continuous communication environment. In addition, FHTG not only strengthens team relationships at work, but also encourages its employees to maintain that team spirit after work. Some participants indicated that there were activities and gatherings that were very casual and organised by themselves. Those activities help them get to know others' personalities in a relaxed environment and thus improve communication and harmonization among others. As an employee of headquarters' department illustrated, "We not only work as a team but live as a team. For example, if the work makes us feel overwhelmed, we'll get together and have a chat at dinner time. Sometimes we play sports together" (Interview, 5). From his point of view, employees regard each other not only as team mates but also friends in life. They may belong to different departments and take different work responsibilities, but they are encouraged to support and cooperate with each other in order to maximise the benefits of the company and themselves as well. Accordingly, team work provides a sense of solidarity among employees so that they felt like members of a family. As Miles (2008) notes, the employees' participation in casual activities also helps build trust and understanding between themselves and their workforce. In return, employees are motivated to work harder and often exceed the goals set for them.

To sum up, the participants' response to FHTG's management performance demonstrated a strong sense of collective culture which implies that employees are expected to act in the interests of the family or the company to which they belong. Most participants regard FHTG as a large family. There is an articulation between family care and FHTG's business performance. The use of this articulation demonstrates FHTG's attempt to position itself as a responsible business that treats its employees well. Also, the articulation shapes employees' perception towards FHTG by disarticulating its economic interests. Moreover, by the influence of the Confucian value of collectivism, most participants considered that collective interests always have priority over individual interests. Individual activities and behaviours that support collective interests always deserve appreciation (Yan & Sorenson, 2004). In addition, the collective value of Confucianism affects the way that FHTG manages its employees by means of a team spirit. The company believes that social and economic activities are not based on competition, but on the collective principles of cooperation, trustworthiness, and mutual support. As a subsidiary company's employee states, "if all employees can work in the same direction for a purpose of mutual benefits, harmony is achieved with a reciprocal relationship between the company and the employees" (Interview, 30). Team work plays a vital role in building this reciprocal relationship which brings a harmonious workplace. This also leads the discussion to the next section.

6.1.2 Significance of a harmonious workplace

Another main theme highlighted by the participants is the idea of harmony and its strong influence on employees' management. As discussed previously in Chapter Five, the idea of harmony has been promoted by Central Chinese Government (CCG) as a way to achieve a well off society. The participants' responses clearly showed the role of state-owned enterprises (SOEs) in assisting CCG to fulfil its current mission of building a harmonious society. Both managers and employees felt that FHTG provides a harmonious work environment for them. This feeling has penetrated into all aspects of their work performance and even affected their life style after work. Confucians believe that harmony is the highest good which represents the desired Confucian ethical standard of human relationships (Hsu, 2007; Wright, 1962; Yao, 2001). Without harmony, a family cannot stand, a

community or organisation will fall to pieces, and a society will fall down. So to maintain harmony, individual behaviours should not interrupt harmonious social relationships (Schwartz, 1999). For FHTG, most participants regarded a harmonious relationship as the most important criterion for job choice and employee promotion, and stabiliser for the company's sustainable development.

6.1.2.1 What is harmony?

Both managers and employees' explanations of the term harmony are centred around words such as "communication", "balance", friendly", "cohesion", and "trust". They indicated that the term "harmony" reflects the ideas of communication, cooperation and negotiation which keeps a balance among the employees, and the company. One headquarters manager gave a detailed description of the idea of harmony:

> Harmony keeps a balance between the company and employees. Employees need to be loyal to the company and the company needs to help employees maximise their own values with both material and mental satisfaction. This is a lower level expression of harmony. In a higher level, employees' values reflect company's values. Employees work for the company towards the same vision and strategy, and with higher work efficiency. The idea of harmony reflects a unification of the employees and the company. (Interview, 10)

It can be seen clearly that keeping harmony helps to enhance the company's solidity and increase employees' commitment to the company with reciprocal relationships. As Bond and Hwang (1986) explained, harmony is "sustained by loyalty to people (more than principles or ideas), and norms of conformance, mutual obligation and reciprocity" (p. 7). The manager's description identified the term harmony from the management perspective; whereas some employees define the idea of "harmony" in relation to their workforce. A subsidiary company's employee explained, "my belief of harmony aims at helping others, helping colleagues make progress together. In a harmonious world, everything has its own way of running. If everything can operate with its way consistent with others, harmony can be finally achieved" (Interview, 26). This employee's view of harmony clearly revealed the Confucian ideology of harmony which believes that human beings or nature have a certain favourable relationship towards each other and is the result of finding similarity and mutual accountability (Zhang, 1999).

There is an articulation between harmony and responsibility. FHTG tries to articulate the positive effects of keeping in harmony, in particular by helping the company to fulfil its responsibility of taking care of its employees. This articulation positioned FHTG as a responsible business with a caring ideology. In addition, when being asked how to picture the image of their relationships in the company, both managers and employees used the word, "circle" to describe their relationships. As a subsidiary company's manager described it, "a harmonious work environment works as a circle to connect all employees' work into the same direction" (Interview, 11). Also, according to a headquarters department's employee, "a harmonious relationship is like a round circle that ties everyone together. Every employee is interrelated and coordinates with the other. I feel everyone gets along very well" (Interview, 5). Their descriptions vividly depict a picture of harmony with a strong collective orientation which entails the influence of Confucian value on the employee relationships and provides a solid foundation for the company's development with enhanced organisational cohesion.

6.1.2.2 What is a harmonious workplace like? (A good Guanxi network)

In FHTG, most participants indicated that they dealt with both external and internal relationships around FHTG. Most managers mentioned the significance of keeping in harmony with external stakeholders such as the government and customers. Below are descriptions of some managers' responses:

> In China, every company keeps some close social network relations (*Guanxi*) with Business Affairs, Inland Revenue, or Customhouse. I needed to manage the employment of children whose parents work in those network systems. We have built up a strong trust *Guanxi* with our customers such as China telecom, China Unicom and China mobile communications…to maintain a good reputation in the industry domain. (Interview, 1)

> We need to maintain good *Guanxi* with the Trade and Industry Bureau (TIB). For example, if I do business with other companies, I need go to TIB to ask for some benefits. If I maintain a good *Guanxi* with this agent, the agent will help me and try to meet my requirements without any hindrance. (Interview, 2)

> *Guanxi* with the government is extremely important for our department which is the financial headquarters of FGHT, because we need to contact our supervisor SASAC frequently. (Interview, 7)

Obviously, most managers emphasised their relations (*Guanxi*) with external stakeholders, specifically the government agents and business customers as *Guanxi* is particularly important on account of the Confucian norm of reciprocity to maintain harmony. This is an unspoken rule that binds people who share a *Guanxi* relationship which is sustained by mutual obligation and reciprocity (Martinsons & Westwood, 1997). For Chinese business, *Guanxi* is priceless and more crucial than product, price and place (Lufrano, 1997). In this sense, *Guanxi* is considered as a powerful rationale for a company's success in China. For FHTG, the managers strived to build good *Guanxi* with key external stakeholders as a basis for competitive advantage. As they described, good *Guanxi* offers competitive resources that include both soft resources such as policy preference and hard resources such as financial loans for business development. In return, the company provides job opportunities for dependents involved in this *Guanxi* network. Failure to do so will cause serious damage to the company's reputation. So it is important for FHTG to fulfil its responsibility in the *Guanxi* network.

On the other hand, both managers and employees underlined the importance of maintaining harmonious relationships within the workplace. In their descriptions, a good interpersonal *Guanxi* largely fostered a harmonious workplace. Communication is the key to develop a successful personal *Guanxi*. Their responses illustrate this:

Managers
> We cultivate an open and harmonious environment. If there is a problem but no one would like to bring forward or even try to hide the problem, the problem will develop and result in a conflict. So communications among members is a key to company's healthy growth. (Interview, 1)

> The interpersonal *Guanxi* and communications between colleagues are easy to deal with because a harmonious atmosphere brings a good working environment. Frequently communication increases the familiarity between employees and consequently makes many things easier to handle. (Interview, 22)

Employees
> I keep a good *Guanxi* with the chief director. He trusts me and I respect his trust. I certainly do not violate the principles, I can use the director's

> reputation or *Guanxi* to help solve problems or complete tasks in an easy way. (Interview, 4)

> Personal *Guanxi* is necessary but just regarded as lubricant that makes communication easier. (Interview, 23)

It is evident that free communication is highly regarded in FHTG. It helps employees to keep a good personal *Guanxi* with other colleagues and superiors with increased trustworthiness. This eventually fosters a harmonious work environment. The use of the metaphor, lubricant, vividly depicts the way that *Guanxi* works in the company. As the participants described, it improves communication among employees and increases work efficiency as well, because the establishment of previous interpersonal *Guanxi* has made it easier to handle tasks or solve problems. In addition to *Guanxi*, some participants pointed out the issue of face (*Mianzi*) and its influence on *Guanxi*. The participants' descriptions of the idea of face are:

Manager
> Chinese people pay much more attention to their face and this will affect *Guanxi* between managers and employees. We try to avoid losing others face under the control of company's regulations. For example, I never criticize my subordinate in a public area but talk privately. No one would like to work for a company with no human sentiment (*Renqing*) (Interview, 33)

Employee
> Chinese people are strongly attached to the idea of face. Keeping face or losing face is the key to interpersonal *Guanxi*. For example, when dealing with some tasks, the person who takes charge of the work might feel loss of face because you interfered with his work without his notice. This might affect the work progress eventually because of a broken *Guanxi*. (Interview, 26)

According to the interview participants' responses, keeping face or face saving (*Liu Mianzi*) is the key to maintaining a harmonious *Guanxi* within the workplace. The concept of face saving is central among people in Confucian culture. *Guanxi* and *Mianzi* are part of the Confucian social rituals that have a persuasive influence on their interpersonal *Guanxi* through the cultivation of *Renqing* (human feelings or human obligations) (Chan, 2008; Eng & Kim, 2006; Lufrano, 1997). From the view of the participants, *Mianzi* has impact on employees' emotional state and urges them to take action to keep others' face as well as restore theirs.

However, some participants (managers and employees) pointed out the overemphasis on *Guanxi* and its practices could result in the company's rules being broken or violation of company principles. They identified that problems such as "two brothers have good Guanxi" (*GeLianghao*) and "things can get done easier with acquaintance" (*Shuren Hao Banshi*) do exist in the company (Interview, 15; Interview, 18). "Sometimes this type of Guanxi is more important and effective than policy itself. For example, if you keep good *Guanxi* with leaders or have some *Guanxi* with upper level of managers, you may get away with punishment to some extent" (Interview, 20). "Rumours can also spread quickly. For example, before the final decision being made to public, most employees already know the policy. This affects the seriousness of the decision-making" (Interview, 10). In order to solve this situation, a headquarters' department manager suggested "we need to control the balance between principles and *Renqing*" (Interview, 15). Another manager stated, "good *Guanxi* improves work efficiency to a certain extent. But we also need to improve the management system such as enforcing the performance appraisal system (i.e. key performance indicator) to avoid the negative effect of *Guanxi*" (Interview, 10). Chan (2008) points out that Confucian ethics not only focus on the rules guiding interpersonal *Guanxi* but also stress the cardinal virtues, such as benevolence and righteousness and that ethical concerns should always guide individual behaviours. The negative effect of *Guanxi* can be avoided by nurturing these virtues. These virtues have been identified by both managers and employees and are discussed later in this chapter.

6.1.2.3 Why is there a need to keep in harmony?

Both managers and employees pointed out the need for keeping harmony in helping people gain promotion. They emphasised that keeping harmonious interpersonal relationships with other employees strongly influences the result of an employee's promotion. As a subsidiary company's employee stated, "the most important criterion for an employee's promotion is good relationships with managers and other colleagues. I believe interpersonal relationships do really matter" (Interview, 14). A manager of a subsidiary company added, "you need to keep good relationships with everyone and make good work achievements…but relationships contribute 70%-80% to the success of promotion" (Interview, 20).

Both managers and employees highlighted the significance of managing a harmonious relationship in assisting employees' individual development.

Also, it is not hard to find that most participants emphasised the positive effect that a harmonious environment brings to the workplace by using the words, such as "more easily", "more quickly", "more stable", and "more efficient". The participants added "more" to stress these were FHTG's advantages which resulted from the cultivation of an ideology of harmony. Some participants gave detailed descriptions as follows:

Managers
> The harmonious group atmosphere helps new employees to get into the company more quickly and increases the cohesion of the company. (Interview, 10)
>
> Keeping in harmony is vital as it keeps stability and maintains sustainable development. Chinese people are satisfied with a peaceful lifestyle that can be easily achieved. This is a very good philosophy. (Interview, 11)
>
> It is very important to have a good mood when working in a company... It is easy to see that high pressure and negative emotions could significantly degrade my work performance. Compared with my previous company, the environment of FHGT is more harmonious and improves my work enthusiasm. (Interview, 12)

Employees
> Good *Guanxi* brings a happy work mood with good working conditions. (Interview, 4)
>
> If you can't handle your *Guanxi* with colleagues, you would feel very depressed working in such an environment. But good interpersonal *Guanxi* would make you work more easily (Interview, 23)
>
> We work in a harmonious environment which promotes a good mood and enhances work efficiency. (Interview, 26)
>
> Our company doesn't advocate that employees seek quick return or success but long-term benefit. To employees, they can't divide their work apart from their life. If you have a stable job, you have a stable lifestyle. (Interview, 31)

Both managers and employees argued that increased organisational cohesion and work efficiency with a good working mood and enthusiasm arise from a

harmonious working environment. And more importantly, a harmonious workplace not only ensures that the company maintains a healthy growth with a sustainable approach but also guarantees that the employees live a stable and peaceful lifestyle. This approach is strictly followed by the Confucian gentleman (*Junzi*) who hoped to achieve "the state of Great Harmony, a state of stability and harmony prevailing among all the people in society" (Song, 2002, p.118). Also, both managers and employees indicated that FHTG seeks long-term benefits which are also encouraged by Confucian virtues of perseverance and thrift. Confucianism encourages people to pursue long-term benefits (perseverance) while suffering short-term loss (thrift) (Miles, 2008). Therefore, it highlights the virtues of diligence and dedication in order to achieve long-term benefit, which in return, increases employees' positivity with enhanced work values of self-enhancement, rewards and stability and personal interest (Miles, 2008). Within these descriptions, there is an articulation between harmony, stability and sustainability. Both managers and employees suggest FHTG tries to position itself as being socially responsible by articulating its positive effect on both society and employees. They suggest that the company keeps sustainability to improve employees' way of life as stable and peaceful. This articulation communicates the company's ideology of harmony in an effective way.

However, a few employees pointed out some negative effects of being too harmonious within the workplace. They challenged the articulation between harmony, stability and responsibility. As one subsidiary company's employee indicated, "there is a balance between harmony and pressure. I think our company's environment is too relaxed to be more innovative. I think we need to focus more on the idea of innovation and development" (Interview, 26). This employee believes that the company's responsibility is to keep development in an innovative way. There is a dilemma in balancing a harmonious workplace and an innovative workforce. The employee suggested that an over-emphasis on harmony may constrain the company's development because of lack of innovation. His suggestion also may imply a hidden ideological intention. That is to say, the promotion of harmony ideology may also serve as a pretext for the dominant groups in the company to control individual employees challenging consensually-determined organisational goals and interest.

In addition, a headquarters' department manager pointed out that there is a problem of harmonization between the old employees and new comers. He said, "FHGT has a long history and is now under fast development. Therefore harmonizing employees who have served this company for long years and new comers is a big realistic problem in front of us" (Interview, 7). This manager's view exposes a hidden problem within FHTG. There might be a conflict of interests between the old and the young employees. The old employees enjoy the stable work situation, whereas, the new comers want a creative and innovative workplace. Again, there is a dilemma of keeping a balance between stability and development. There is a need to find a common ground for both old and young employees with shared values and goals in order to increase their feeling of solidarity in the company.

6.1.2.4 How to keep in harmony?

When being asked how they keep a harmonious *Guanxi* within FHTG, the participants' responses are mainly from three aspects: team work, culture promotion, and conflict management. Both managers and employees emphasised team building by endorsing a harmony ideology with a shared collective interest via constant communication and coordination, and socialisation. This has been discussed in the previous section. Below are some other examples of the participants' responses in relation to ways to keep in harmony: culture promotion and conflict management.

6.1.2.4.1 Culture promotion

Some participants pointed out that the cultivation of organisational culture fosters a harmonious working environment with shared values and beliefs. As a subsidiary company's department manager said:

> Our company made a great effort in fostering a harmonious environment through the emphasis of corporate culture (the culture stresses dedication, innovation, honesty and harmony) because we believe that culture promotion helps align the employees together with a shared value system. Firstly, the leaders promote this culture via being good role models. Secondly, the company's policy nurtures and practices this culture. For example, we have training programs

designed for culture promotion in order to successfully convey and deliver the company's ideology to our employees. (Interview, 2)

The manager's explanation reveals that culture promotion plays an important role in FHTG. He made a clear indication of management support in endorsing the key values of FHTG. As Buono, Bowditch and Lewis (1985) state, organisational culture concerned with tradition and nature of shared beliefs acts as a powerful determinate of individual and group behaviours with strategic considerations. Therefore, it not only influences the employees' emotional attachment to an organisation but also serves as a force that ties the employees together by creating a sense of cohesion. FHTG realises the influence of organisational culture on its management performance and tries to communicate this culture with its employees. This management strategy has successfully planted organisational ideology (such as collectivism and harmony) in most employees' minds and affected their work performance in a positive way. It also provides evidence of on-going processes of FHTG's reconstitution of its management ideology that may only favour the organisations' interests and ensure the management dominant position in the organisation.

6.1.2.4.2 Conflict management

In addition to culture promotion, most participants specified that good conflict management strategies help maintain a harmonious work environment. As a subsidiary company's manager stated:

> To seek common ground while reserving differences, respect is a precondition. Respect for all people, regardless of different positions. Conflict at work can be avoided or solved with tolerance and a respectful mind. We may have different points of view on the same issue, but as long as it's not a matter of principle, we can make concessions. Try to facilitate with each other. Use tactful ways to convince others because most people won't accept the views being imposed on them; even if it is right, it's hard to accept emotionally. (Interview, 15)

The participant's description showed a brilliant example of the practice of the doctrine of the Mean (*Zhongyong*) which suggests a mode of orientation that represents a most favourable point of balance between extremes and sticks to the mid-point to avoid being extreme in any direction (Cheung et al., 2006). For

Confucians, *Zhongyong* represents the correct and righteous way and individual behaviour takes into consideration not just one's own point of view but the situation and orientation of others as well (Cheung et al., 2006). For the participant, the most appropriate guiding principle in conflict management is that the employee with a respectful mind pays special attention to interpersonal dynamics, accepts the differences and strives to maintain harmony in the workplace. The employee has shown self-discipline and moderation while dealing with conflicts or problems. However, as the participants pointed out, the rule to seek the middle ground does not mean compromising one's principles. From a Confucian point of view, it is vital to choose what is right and hold on to it (Cheung et al., 2006). The participants suggest a tactful way to find the common ground without breaking their own principles. To be more specific, employees do not need to quarrel with each other, but there needs to be healthy disagreements and alternative solutions and additional possibilities of what could be.

In addition, some participants specified that third party negotiation, such as the conduct of heart-to-heart talks, also helps to solve conflict in an easy and comfortable way because of the concern for *Guanxi* and face. Third parties are people who, either voluntarily or assigned, become involved to help resolve conflict (Kozan & Ergin, 1999). Chinese are socially-oriented and situation-centred rather than individual-oriented and self-centred, so conflicts are seen as a problem of connected *Guanxi* network rather than a problem involving the two parties alone (Wall & Blum, 1991). Also, the third party helps save face for both sides (Kozan & Ergin, 1999), as the two parties try to avoid direct confrontation and depend on the third party negotiation strategies. This is because direct communication in a struggling situation may result in loss of face for the other party and break a harmonious *Guanxi*; whereas, the third party may communicate negative feelings more easily as intermediaries who help soften those feelings and present them in more comfortable way or within the context of underlying concerns and difficulties (Kozan & Ergin, 1999). As a result, conflicts can be resolved in a tactful manner without breaking a maintained harmonious *Guanxi*.

In summary, the idea of harmony demonstrates a collective orientation and exerts a strong influence on employee management. Both managers and employees

spoke the same language of a harmony ideology. They realised the significance of a harmonious workplace by highlighting its positive effect on work relationships (promotion, work efficiency) and organisational development (sustainable development). On one hand, maintaining harmony, initially within intimate relationships among family members extending to larger organisational and social relations breeds the values of filial piety, loyalty, and solidity (Cheung & Chan, 2005). This eventually improves employees' work efficiency with improved work relations. There is an articulation between harmony and efficiency. This articulation purposefully emphasises the importance of keeping harmony in helping FHTG to improve its productivity through the enhanced employees' work positivity and enthusiasm. On the other hand, both managers and employees argued that an ideology of harmony helps the company grow steadily by looking at the long-term benefit of maintaining sustainable development. This argument demonstrates the successful enforcement of CCG's policy reform on building a sustainable and harmonious society. The articulation between harmony and sustainability reveals both the government's and company's attempt to position FHTG as being a responsible business, in particular in relation to the wellbeing (a stable lifestyle) of its employees. To that end, the company has paid great attention on keeping friendly *Guanxi* between both external and internal relationships. This eventually provides the foundation of the survival and prosperity of FHTG. In addition, the practice of the doctrine of the Mean helps FHTG maintain a good *Guanxi* within and outside of the company by each individual acting in a proper way. The proper way is prescribed as *Li* (propriety) (Chuang, 2005) and is discussed in detail in the following section.

6.1.3 A hierarchical relationships within FHTG: The practice of *Li*

Confucian ideology states that if every individual acts towards others in a proper way, a harmonious society can be achieved (King & Bond, 1985). This proper way focuses on a hierarchical relationship with reciprocal duties that follow a Confucian code of conduct, namely, *Li*. To be specific, the practice of *Li* requires highly regulated and ritualised behaviours according to the hierarchical position. The most important guiding principles of hierarchical positions take account of age and status (Yan & Sorenson, 2004). For FHTG, most participants' responses implied that the company's management structure operates in a hierarchical order

with a notion of group status, such as rules and principles made by the headquarters. In terms of employee relationships within the workplace, most participants considered respect for age and status as the moral principles that guide their style of performance.

6.1.3.1 A hierarchical organisational structure

The impression given by most interview participants is that both managers and employees mentioned the predominant role of FHTG's headquarters all the way through the interview. They emphasised the role that FHTG's headquarters plays as a group authority and supervisor that directs the group's industrial development and guides each subsidiary company's performance. Words such as, "we follow", "we obey", "our superior", "authorise", "under the control", "in accordance with" and "the headquarters' demand and requirement" were frequently used by the participants. These words demonstrate the management power of headquarters' influence among its group members and display a clear hierarchical structure. When being asked what FHTG's and their companies' structure looked like, some participants used metaphors to image the structure. As a headquarters department manager described it, "the structure of the group is in a ladder shape. The headquarters has control of several subsidiary companies" (Interview, 08). The ladder metaphor indicates that the group structure has a hierarchical order and clearly ranks the positions of headquarters and its subsidiary companies from top to bottom. The manager's description is from a macro-level of group consideration. From a micro-level, inside subsidiary companies, a subsidiary company's employee said, "our company firstly displays a hierarchical structure and then each layer of this structure shows a parallel relation. So the company's map works like 1/8 of spider web" (Interview, 24). The employee used the metaphor of a spider web to depict the ladder structure within the workplace. The division of each layer was further explained by a manager of a subsidiary company as follows:

> Our company can be divided into four main levels: A. headquarters leadership; B. the company's director; C. department and project managers; and D. general staff member. B and C levels are backbone members of the company. The four levels present a ladder shape with a hierarchical structure. The upper level pays more attention to and leads

the middle level and middle level places emphasis on the grass-roots level. (Interview, 26)

Clearly, the manager indicated that FHTG works in a system organised into successive ranks with each level subordinate to the one above. The manager's description showed a chain of command from top leadership to lower level grass-root employees. This division has strictly followed Confucian ethics of Li that stresses the role of status governing social relationships by defined pattern of authority and obedience (Hills, 2007; Yan & Soreson, 2004). Within FHTG, those in authority took it upon themselves to provide for and lead their employees through regulations, systems and structure made by the headquarters and company's management, whereas the subordinates practice their business and perform their work in accordance with the headquarters' policy and the management decisions.

6.1.3.2 A hierarchical decision-making process

Another point highlighted by the participants is that the company's decision-making process is from the top down. They indicated that although the top management asks for opinion from all staff, the final decision is made by the management panel. Below are descriptions made by both managers and employees:

Managers

> In our company, the management panel make the final decision… most policy and important decisions will be discussed by employees. This starts from the lower level and then passes onto their superior, finally comes to the director. But the general manager/director makes the final decision. (Interview, 8)

> Employees are excluded when making some specific decisions because their longevity, ability, experience or sources of information cannot reach the requirements. For all enterprises, the abilities that employees have will ultimately determine what activities they can participate in. For example, an ordinary worker can propose his opinions on flows and regulations which are related to production, because he is very familiar with this part. (Interview, 17)

<u>Employees</u>

> The management panel enforced a policy with its macro-consideration of group development and interests…we are employees who need to undertake this policy for our company's development...if someone is believed to be reliable and capable, then he can be the one who makes policies on behalf of other employees, and be properly supervised as well. (Interview, 5)

> We do get a chance to participate in some decisions, such as employee promotion. But most evaluation result is finally based on leaders' recommendation and judgement. We can't say it's not fair because I think only people who have certain ability can be appreciated by the leaders. (Interview, 28)

Both managers and employees mentioned the possibility of employees' participation and involvement in the decision-making process. This participation process also showed a hierarchical order starting from the lower lever to the top management. According to Lai (2008), *Li* provides a basis for social structure. A person's proper social roles that define his or her moral proprieties limit human excesses and regulate human behaviour. In this case, *Li* details regulated norms of behaviour that help the company to maintain hierarchy and rank in the management processes. Furthermore, both managers and employees mentioned ideas of ability and status playing as principles for ranking one's position in the company. This evidently demonstrates the strong influence of *Li* on managing social organisations and relational relations. That is to say, every employee fulfils his or her moral duty in accordance with their ability or status. When decisions are necessary, they are enacted through centralised decision-makers whose moral authority is accepted (Hill, 2007).

However, not all employees are pleased about this hierarchical decision-making structure. They showed concern about the dilemma of hierarchy and participation. A subsidiary company's manager indicated that, "I felt we need more communication. The upper level of headquarters made their decision, but seldom communicated with us" (Interview, 26). Also, a subsidiary company's employee added that, "To be honest, the situation of participation in the company is not very satisfactory. Our system is hierarchical, that is to say, the junior strictly follows whatever the superior asks them to do. Holding discussion conferences is only a formalistic procedure" (Interview, 21). Two participants identified the need for

participative leadership which involves more subordinates in making decisions. Their comments imply that FHTG's hierarchical management structure will hinder internal communications which will eventually affect the effectiveness of policy implementation. Open and continuous communication is a key success factor in the company's development by ensuring effective information exchange within the workplace (Grawitch et al., 2006). There is a need for interaction between management and employees through two-way communication which helps evaluate the effectiveness of policy implementation by providing instant feedback from management and employees.

6.1.3.3 The differences in age and role within the workplace

Some participants provide examples to explain the influence of age and role on work relationships and performances. They showed their obedience for role ranking and respect for age differences. In terms of role ranking within the workplace, some participants compared superior-subordinate relations to student-teacher relations or emperor-minister relations. They explained:

Manager
> The superior-subordinate relationship is just like the situation between the teacher and student. The superior freely imparts their knowledge-skills to the subordinate and the subordinate respects and follows the superior's decision. So we work in a very harmonious relationship. (Interview, 17)

Employee
> My relationship with my supervisor is similar to the relationship between emperor and minister. I try my best to understand upper level's decision and continue to be dedicated to my work. I try to accomplish each assigned task although I might disagree with some of the decisions. (Interview, 26)

Both managers and employees stress the relationships between superior and subordinate displayed a hierarchical order. The superior gives command to subordinates and the subordinates obey the command without any disagreement. This relationship clearly reflects Confucius' conception of the social system that stresses the connection between social symbols such as emperor and minister and the performance of duty (Zhang, 1999). For these participants, position ranks have been clearly defined and fully transformed into action of work performances. For example, when appointed to a special work position such as being a manager or an

employee, this manager and employee should carry out his or her duty in accordance with what this position stands for in the company. A careful division of roles and positions in the company maintains a proper interpersonal relationship and eventually achieves an orderly and harmonious workplace based on the practices of *Li*.

Moreover, the Confucian ethics of *Li* require an ethical structure that classifies people according to not only their social status but also biological positions such as father and son, husband and wife, old and young; namely, the five cardinal rules (*Wulun*) (Hwang, 1999; Lu, 2001; Zhang, 1999). In FHTG, most participants demonstrated the significance of age differences in communication between the senior old and junior young employees. Below are some examples provided by both managers and employees:

Managers

> Because I am an old staff, I will give younger employee more opportunities. Let those people work in different positions so that they can accumulate more experiences and improve their work ability. (Interview, 8)

> The company's development is quite important to younger employees. Also we are more concerned about those young people's future development. The company gives them more opportunities to improve their research and development innovations. (Interview, 17)

Employees

> Old employees like me, we look after those new employees and try our best to help solve their problems at work even if the problem doesn't link to my work duty. As an old employee, I have worked here for a long time with a good reputation. Young and new employees can trust me. They keep in touch with me even after work hours. (Interview, 16)

> I am willing to discuss personal things with my manager. Because in my eyes my manager is trustworthy and this trust has been built up since the ever beginning. I respect my manager and those employees who have worked here for a long time. When I have different opinions with them on some things, I would never go to dispute with them directly, but rather report the situation to my manager. Older people are sometimes more concerned about their face than the younger ones. If the same situation happens between a young colleague and me, I would definitely go to discuss with him or her face to face directly. (Interview, 13)

It can be seen clearly that the issue of age or seniority difference is vital for most participants in terms of personal relationships and development. Their explanations of these differences imply that the principle of *Wulun* (which represents a hierarchical order between male and female, older and younger people, and between different classes and ranks), underscores age as a factor in organising personal relationships and setting up social hierarchy. From the participants' point of view, older senior members in the company should treat younger members with care and kindness and act as an authority who guides younger members' personal development (Yan & Soreson, 2004). However, such a relationship is also reciprocal. This reciprocal relationship eventually helps to maintain a harmonious work relationship. Younger members treat older members with respect under all circumstances, and give priority to them when conflict of interests arise. As the employee said, she shows respect to older people and never disputes with them directly. In her mind, age is venerated and saving face for older members is more important than work itself. Also, she mentioned a strong trust relationship between the manager and herself. This relationship reveals the principle of *Wulun* which highlights that seniority is strongly associated with wisdom. So she is willing to solve her difficulties not only regarding work problems but also private matters with the help of the manager. However, it is surprising that none of the participants mentioned the issue of gender that affects their work performances. It seemed that gender is no more a factor that helps maintain and foster a hierarchical system within the workplace in FHTG.

To sum up, most participants indicated that FHTG's management operates in a hierarchical structure which starts from the higher level of headquarters management to the lower level of subsidiary companies employees' management. This structure is regulated by the Confucian code of conduct of *Li* which guides norms of human behaviour that help to maintain hierarchy and rank in relational interactions (Lai, 2008). Moreover, within the workplace, it is evident that relationships are constructed in a hierarchical order between older and younger people, and between different positions and ranks. Differences in age and role are emphasised by both managers and employees. As Confucian ethics emphasise courtesy shown by the young to the old, the younger members within the company are expected to respect to their elders. At the same time, senior members

are responsible for looking after the younger members (Miles, 2008; Park, Rehg, & Lee, 2005). This implies a hierarchical and respectful system of reciprocal duties. From the view of Confucian ethics of *Li*, this reciprocal relationship among superiors and inferiors provides stability and harmony to the company and thus is a stepping stone to social harmony. In brief, the basis of *Li* is the human mind or heart with deliberation of human relationships. It is only through a person's constant practice of *Li* ritual forms that he or she can become a cultivated person of *Ren*. Also, *Ren* provides the basis for all other Confucian codes of conduct (such as collectivism, harmony, and hierarchy which have been discussed in previously sections). *Ren* has a very strong reciprocal orientation and encourages self-sacrifice for the good of others and implores people to be unselfish, courteous and sympathetic in relational interactions (Chuang, 2005; Hill, 2007; Yan & Soreson, 2004). For FHTG, the implementation of a people-orientated management style reflects all aspects of Confucian code conduct of *Ren* and is further discussed in detail in the following section.

6.1.4 Practice of *Ren*: A people-orientated management philosophy (POM)

The idea of people-orientated management depicts the most significant feature of FHTG's management philosophy. The feature of this management style highlights a management philosophy of putting people first which emphasises the important role of people in the organisation. That is to say, organisations show great respect for employees and treat them well, and employees, in return, are highly devoted to their organisations. This strong reciprocal orientation, based on Confucian business ethics of *Ren*, has been considered as a guideline for FHTG's business practices. "People-orientated" was the title given to the FHTG's management style by most participants.

6.1.4.1 What's a POM?

When being asked what people-orientated management has meant to them, words such as "equality", "respect", "family care", "harmonious relationship", "work positivity", "employee responsibility", "employee development" and "good working environment" were frequently mentioned by most participants. Below are some descriptions of their interpretation of this management philosophy.

<u>Managers</u>
We believe the nature of FHTG is shaped by people who work in the group. The company treats the employee equally. (Interview, 1)

This is a standardised management style that regards people as the greatest resources for company's development. It promotes the idea that companies respect all voices and demands in the organisation and provides a better platform for individual development. (Interview, 11)

This management philosophy encourages a harmonious relationship between enterprise and individuals. We believe if the company respects employees and their work, employees will devote themselves to the company in return. (Interview, 12)

<u>Employees</u>
The company upholds a people-oriented concept which tries to provide a good working condition for us including facilities, services and living environment. For example, the company provides free bus pick-up service for employee's transportation and offers free lunch. (Interview, 15)

The idea of people-orientated management leads each employee to reach their own potential. We advocate people-orientated management in order to stimulate employees' work positivity. This management recognises and respects differences between individuals and the company, which considers individual personality and abilities. Placing the right people in a right position will help complete the task efficiently. (Interview, 24)

It can be seen clearly that both managers and employees explained the idea of people-oriented management as focusing on the role of people in the company. They considered employees as invaluable assets for the company's development. More importantly, they emphasised that each employee has his or her own reciprocal position in the company and their duty is to act toward others with reciprocity. In their words, the company takes care of employees by offering a good work environment and equal opportunities for individual development, and employees work dedicatedly for the company with great work positivity in return. In doing so, both employees and the company will benefit from improved employee wellbeing and organisational productivity. There is a win-win situation for both the company and each individual employee. This win-win situation depicts the essence of the Confucian value of *Ren* which corresponds to the concept of reciprocity that implores people to be diligent, generous, and kind in their dealings with others (Chuang, 2005).

6.1.4.2 How to practice POM?

The interview participants identified several ways used by FHTG to promote POM, including taking the benevolent leadership approach, holding democratic life meetings, and encouraging the trade union activities.

6.1.4.2.1 Benevolent leadership

The idea of benevolent leadership was highlighted by both manager and employee participants when referring to the idea of POM. Most participants felt that the leaders of FHTG treat their employees with care and respect. This feeling can be seen through their descriptions of FHTG's leaders and their behaviours. The interview participants firstly indicated that the leaders in FHTG value the company's employees as their most precious asset. Below are examples provided by a subsidiary company's manager and employee:

Manager
> The company takes the employee relations seriously, particularly the backbone technicians. They are the basis for company's development. The manager always keeps an eye on the employees in order to keep a watch on employees' emotions and demands. For example, if problems or conflicts happen in my workplace, I can solve the problem easily because I know the employees very well. (Interview, 7)

Employee
> The dismissal of employees in our company is very strict. The company makes great effort in looking after old employees. This is a Chinese tradition which respects people's hard work and effort even if they didn't make prominent achievements. Having stayed in the company for such a long time, old employees deserve recognition for hard work if not for merit or good work. The company's leaders consider the human benevolence and this is a basis of constructing a harmonious workplace. (Interview, 13)

It can be seen clearly that both the manager and employee indicated that their company's leaders care deeply about their employees' wellbeing and show great sympathy to old employees in particular. This is also another practice of the Confucian virtues of *Ren* and *Li,* showing human benevolence and respect for age and status. In addition, some employees provided detailed examples to demonstrate their company's leaders' goodwill. They shared their personal experiences to praise their leaders' personal charisma. Firstly, the company offers

job position with a consideration of the employee's family issues or health condition. Two subsidiary companies' employees described this as follows:

> During the period of the implementing government 863 program, my husband and his fellow workers were quite busy and often worked overtime when doing projects. At that time, I worked for another company and lived far away from my husband. One time, the company's director saw my husband took our child in the office while working. After knowing this special situation and difficulties of my family, he arranged for me to work here beside my husband. (Interview, 4)

> Considering my poor health condition, I can only deal with some simple office work. The superior specially assigned this post for me. (Interview, 14)

According to their descriptions, the company's recruitment practices revealed a consideration of the recruit's family background, and personal qualities as much or more than their levels of knowledge or specific abilities. These practices clearly demonstrated the leaders' practices of Confucian ethics of *Ren* which is based on kindness and love. Secondly, some employees indicated that the leaders act as role models in the workplace. For example, a subsidiary company's employee said:

> Our company's leaders are the role model among our employees. We have an old saying, the village learns from the village, the household learns from the household, and the public learns from the cadre. That is to say, the leaders' personal behaviour influences the employees' work positivity and commitment. (Interview, 4)

Another employee added, "our leaders are very strict with themselves in terms of obeying company's regulations. Also, they always work overtime without any complaint" (Interview, 21). Obviously, these employees are impressed by their leaders' behaviour and show their respect to their leaders. This positive emotion builds up a strong trust relationship between the company and employees and increases employee loyalty to the company. Lastly, most employees pointed out that FHTG's leaders show great personal charm. They portrayed that most leaders are very kind people and easy to communicate with. Two subsidiary companies' employees illustrated this:

A colleague who works at the R & D department met the chief executive just once. One day after work, he was on his way to home. He met the executive again, and the executive kindly said 'Hello!' to him with a big smile. He felt very honoured because the executive remembered his face. So he works harder for the company just for this event. (Interview, 31)

I can communicate directly with higher level of leaders and they always kindly solve any problems for me. Sometimes, there may be only a word that makes you feel warm. The leaders don't give us expensive material reward, but show their concern and care about us. It's a feeling that makes me work even harder for my company. (Interview, 33)

Both employees' descriptions demonstrated that FHTG's leaders have captured some of the features of being an ideal gentleman (*Junzi*) who thinks of others and is devoted to achieving *Ren*. Confucius believed that if the leader himself/herself is upright, his/her people will do their duty without orders (Hsu, 2007). For FHTG, the leaders always listen to employees' voices and care about them, even their family problems. They take great responsibility to look after old employees, in particular. Also, they represent themselves as a good example to encourage others to follow. This practice is in line with the Confucian belief that government by example of virtue and good manners would enable the people to become good. As Confucius notes, a leader should lead an exemplary life and go before the people, work hard and encourage them to follow (Hsu, 2007). In return, most employees show their respect to the leaders and demonstrate a higher level of work positivity. In addition, most employees pointed out that constant communication between the leaders and employees helped to achieve and maintain a soothing working environment. When referring to POM, most interview participants specified an effective communication channel, the so-called democratic life salon which is discussed in the following part.

6.1.4.2.2 Democratic life salon

According to both manager and employee participants, the democratic life salon is an informal communication channel designed to create a relaxed and open environment for all staff members in the company to have a heart-to-heart talk, or a short break with entertainment. As a subsidiary company's manager and employee said:

> Manager
> The salon's objective is to advocate an open dialogue for all employees. For example, we hold this kind of salon once a week. All staff members can join the salon and talk freely about their work, life or many other things. Also, we have some entertainment activities such as playing poker or sharing our own cooking. So we can talk our problems and share our achievements in a very comfortable environment. (Interview, 3)

> Employee
> Our company holds a democratic life salon where people can make any suggestion or comment. In this salon, employees can sit in a very relaxed environment and talk about anything we want. Because every employee has his or her own personality, there needs a different kind of way of communication. For us, the salon could be a heart-to-heart conversation with higher level of leaders, or could be a break from work, or a valuable opportunity for knowing others at a personal level. (Interview, 25)

Both the manager and employee see the salon as flexible and people-oriented management that intends to accommodate individuals' needs. As the employee indicated, the company considers difference between each individual employee and provides them with an effective way of communication. This is shown in the concern and emotional support from the management allowing the employees work in a comfortable environment. Moreover, POM is embodied in how the leaders care about the balance between the employees' private and public life. The role of the trade union demonstrates that the management put another effort on improving employee wellbeing.

6.1.4.2.3 Trade union

Most interview participants identified the role of the trade union as a coordinator between the company and the employees, which often solves the conflicts between these two parties. Unlike the Western trade unions which always work against and even fight with the business organisations, the trade unions in Chinese organisations work hand in hand with the company's management and take responsibility to ensure employees' rights and benefits. Some managers and employees gave detailed explanations of the role of trade union in FHTG:

Managers
> Our trade union cares about the employees' life, particularly young employees' marital status. We hold friendship associating party and collective wedding ceremony for our employees. (Interview, 5)

The trade union builds a bridge between the management and general staff. Compared with the Western trade unions where they fight against the company, we try to coordinate relationships between the company and employees in order to achieve a win-win situation. When there is a contradiction between the company and employees, we try to protect employee's interests by convincing the administrative department to resolve the problem under the policy control. (Interview, 15)

Employees
Unlike other private companies, our company tries to ensure a balance between the employee's work and life. The labor union holds activities frequently, with the purpose of releasing employees' pressure from their work, providing chances for employees' socialisation, as well as improving their interpersonal relationships. (Interview, 30)

The employees participate in many activities. For example, the trade union organises some social activities such as rewarding sports games and free business planning trips. Also, people who work in branch offices will attend recreational parities with their families once a year. (Interview, 33)

Both managers and employees recognised that the trade union helps the company to improve employees' wellbeing by solving conflicts and building better relationships between the company and employees, and helping the employees to keep a work-life balance. These efforts have a positive impact on the employees' job satisfaction and commitment because of increased employee morale and emotional wellbeing. Also, the enhanced relations among employees, the company and employees will eventually result in organisational improvement with enhanced organisational solidity. As the manager said, the trade union creates a win-win situation for both the company and employees. His claim again is in line with the value of *Ren* that advocates a reciprocal relationship among people.

In brief, FHTG's management emphasises the important role of people in the organisation and reflects on some main features of Confucian ethics of *Ren* (such as the benevolent leadership). The relationship between the company and employees follows the rule of reciprocity. Most interview participants demonstrated that FHTG's leaders care about not just the values of the employees' work inside the company, but their wellbeing including their life outside the

company. In return, employees are encouraged to work hard with their improved wellbeing. So, FHTG's POM fosters a sense of solidarity and loyalty which could eventually improve employee's work performance and organisational productivity.

6.2 Discussion and Conclusion

From the previous discussion, it can be seen clearly that FHTG's business performance has been strongly influenced by the Chinese cultural system of Confucianism. This cultural structure becomes the predominant influence on individual employees and management constructions' of organisational reality, the practice of Confucian entrepreneurship. This entrepreneurship demonstrates the Chinese way of CSR practices which largely differs from the Western approach to CSR. Confucian entrepreneurship is developed upon Confucianism and its belief in on-going self-cultivation of human virtues. Restoring human virtues is now a major concern for business managers in Western societies. The introduction and development of CSR concepts resulted from the "failings of liberal economic democracy" (Gray, Owen & Adam, 1996, p. 27) which is responsible for the ecological crisis arising from the selfish rule over nature by human beings and also the social problems caused by the loss of loyalty of employees following downsizing of companies. Chinese business managers have already been given this cultural heritage of Confucianism which offers a solution for handling conflict between moral considerations and material gains.

Within FHTG, both managers and employees' responses exemplified a people-based organisation which incorporates Confucian cultural values into its business management process. One dominant discourse of Confucian entrepreneurship is evident in FTHG's practices. The practice of this discourse puts an overemphasis on the ideology of responsibility by articulating a reciprocal relationship between FHTG and its employees. According to Wodak and Meyer (2001), a particular social structuring of ideological difference may become hegemonic and become part of the legitimising common sense which sustains the position of domination. The previous discussion showed that FHTG's management has successfully promoted the ideology of harmony and reciprocity as part of common sense for business practices in order to favour management interests. In particular, the

implementation of culture promotion programs has shaped employees'
understanding of what is good for both FHTG and themselves. It can be argued
that FHTG's management construction of CSR discourse draws on the historical
discourse of Confucian entrepreneurship in an attempt to buttress the legitimacy
of their positions in society. The company combines together different elements
(such as CSR, Confucian values, economic benefits, and employee wellbeing) in
an attempt to create a unity of organisational reality, which is a Chinese way of
doing business with a strong focus on economic development and employee
benevolence.

Both managers and employees illustrated that FHTG's management practices
follow the moral rule of reciprocity by creating a collective work orientation
(collectivism); a harmonious workplace (harmony); a hierarchical organisational
structure (hierarchy) and the benevolent leadership (benevolence) (see Figure 2).
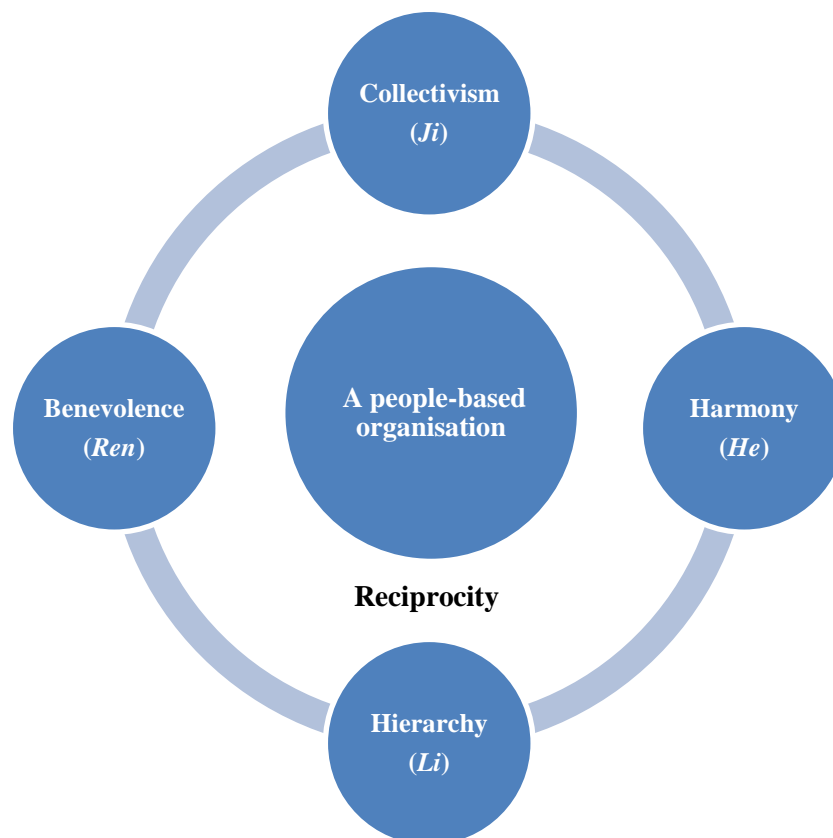
Figure 2. Confucian entrepreneurship discourse

The practices of Confucian entrepreneurship discourse find the solution to a
struggle between instrumental rationality (profit making) and moral concerns

(business ethics). This solution involves reciprocity between the employees and management by each of them carrying out their respective roles in the company. This reciprocity principle is the fundamental moral principle of Confucianism which guides individual and business behaviours (Wang & Juslin, 2009)

As most interview participants demonstrated, FHTG's management practices increase their job satisfaction and work commitment because of the benevolent leadership, a relaxed work environment and a strong feeling of self-respect and care. In return, FHTG will improve its organisational productivity with the enhanced employees' loyalty. FHTG's management fosters a win-win situation for both FHTG and employees (see Figure 3). Clearly, this win-win situation brings better economic outcomes with enhanced organisational productivity. It can be argued that the practices of Confucian entrepreneurship discourse are now driven by an economic motive (the improvement of work productivity) which differs from the traditional Confucian entrepreneurship focusing only on moral concerns.

Confucian entreprenurship

Collectivism (Ji)

Harmony (He)

Hierarchy (Li)

Benevolence (Ren)

FHTG

Collective work orienttion

Harmonious work relations

Hierarchical organisational structure

Benevolent leadership

CSR Element
Employee wellbeing
Enhanced job satisf action
Increased work committment

Reciprocity

Organisational wellbeing
Improved work productivity
Decreased turnover

Figure 3. Relations between Confucian entrepreneurship and employee wellbeing

In brief, for FHTG, both managers and employees believe that the role of Confucian culture supports the flourishing of its business. FHTG's management has demonstrated a people-orientated management style which respects people's values through implementing Confucian entrepreneurship. This entrepreneurship has been developed upon Confucian business ethics' belief in benevolence, righteousness, filial piety, loyalty and harmony in the extended family. For Chinese companies, the improvement of employee wellbeing including job satisfaction and work commitment is a result of a shared work interest, a harmonious work environment and a strong feeling of self-respect and care. The study of Confucian entrepreneurship discourse provides a useful way of examination of organisational wellbeing and productivity that might provoke a rethinking of Western business practices toward employee management. There is a way of incorporating cultural virtues into business management concepts. The focus on the development of human virtues (such as love, respect, and harmony) will guide companies to a new way of improving their CSR performance.

To conclude, this chapter mainly examines the Confucian cultural influences on FHTG's business performance by evaluating participants' views on FHTG's employee management, specifically employee relations. Overall, FHTG has demonstrated business behaviours in practice of Confucian values of collectivism, harmony, hierarchy and benevolence. Firstly, most interview participants indicated a collective work orientation in the workplace. The idea of family care is prominent and affects every aspect of their work performance. The articulation between family care and FHTG's performance successfully positions FHTG as a responsible business who treats its employees well.

Secondly, the idea of harmony has a strong impact on employee management. Both managers and employees indicated that a harmonious workplace improves employee relationships and organisational development. They articulated the idea of harmony with the idea of sustainability in order to position FHTG as a responsible business, in a way of seeking long-term benefit to maintain sustainable development.

Thirdly, FHTG's management operates in a hierarchical structure as a way to achieve harmonious employee relations. Also, difference in age and status are stressed by the participants. According to the Confucian hierarchical system, the young should respect the old, and the old should look after the young. This implies a respectful system of reciprocal duties in the company.

Lastly, most employee participants praised FHTG's benevolent leadership style. They felt that the leaders of FHTG treat their employees with care and respect. Most employees are encouraged to work devotedly for their companies because of increased work positivity. In brief, FHTG's management takes *Ren* as its mission and practises Confucian values of collectivism and hierarchy in order to achieve a harmonious/reciprocal employee relationship and mutual benefit between the company and the employees.

In the next chapter, another aspect of the macro-context (the Chinese economic and political context) impact on the construction of FHTG's organisational reality will be investigated. The chapter examines how the Chinese political system drives FHTG's business adoption and practice of Western CSR. It also investigates how FHTG contributed to the construction of the discourse of Chinese CSR which may be similar to or different from some other countries (i.e., North American and European countries).

Chapter Seven
Chinese State Policies in Shaping FTHG's CSR Discourse

Chapter Six examined how the Chinese culture of Confucianism drives FHTG's business performance and forms a distinctive feature of Chinese CSR practices, the practice of Confucian entrepreneurship discourse. This practice demonstrates a way of incorporating cultural virtues (such as collectivism, love, respect, and harmony) into business management concepts. This chapter further focuses on the macro-context by examining the Chinese political context and its influences on the discursive practices of FHTG's CSR discourse. The chapter primarily examines how the Central Chinese Government's (CCG) policy (State-owned enterprises ([SOEs] reform) affects the adoption and practices of CSR in FHTG. In particular, it looks at participants' responses regarding the influence of SOEs reform on organisational internal performance, specifically employee relations and wellbeing. It also studies the FHTG's adoption of some Western CSR initiatives under the control of State-owned Assets Supervision and Administration Commission of the State Council (SASAC).

The chapter develops into three sections. Section 7.1 examines the strong influence of CCG's policy on the FHTG's employee management and welfare system. This focuses on a discussion of FHTG's reform: the change of ownership and employment management. Section 7.2 presents findings of participants' discussion of FHTG's employee welfare plans, which include employees' monetary rewards (material gains) and moral encouragement (employee recognition and promotion). Section 7.3 illustrates FHTG's CSR practices under the control of SASAC through the adoption of Western CSR. This mainly examines participants' views of FHTG's external contributions including philanthropic activities and community involvement programs (CCI). The last section, 7.4, draws a conclusion on FHTG's practices of Western CSR.

7.1 Influence of FHTG's reform on its CSR practices: The focus on economic responsibility and employment management

Both managers and employees showed that FHTG's reform has changed its organisational management system and shaped FHTG's CSR performance by highlighting the role of SOEs in economic development and employment management.

7.1.1 Change of FHTG's property rights: A strong focus on economic responsibility

The participants' (managers and employees) response to FHTG's reform concentrates on two perspectives: the change of property rights (the separation of government and enterprises) and the enforcement of scientific management (the introduction of contract responsibility). These two perspectives reflect on core sectors of government policy on SOEs' reform which was discussed in chapter two. Most participants realised that FHTG has experienced a process of corporatization which has reduced the government intervention in company management and improved business governance of the company (see Figure 4).

WRI (Wuhan research institute)	FHTG
Government functional department (Social welfare provider)	Self-financed enterprise (Corporatisation)
A lifelong secure job system (Iron bowl)	Scientific management (Contract management)
Equal distribution system (Big pot phenomenon)	Distribution according to work principle
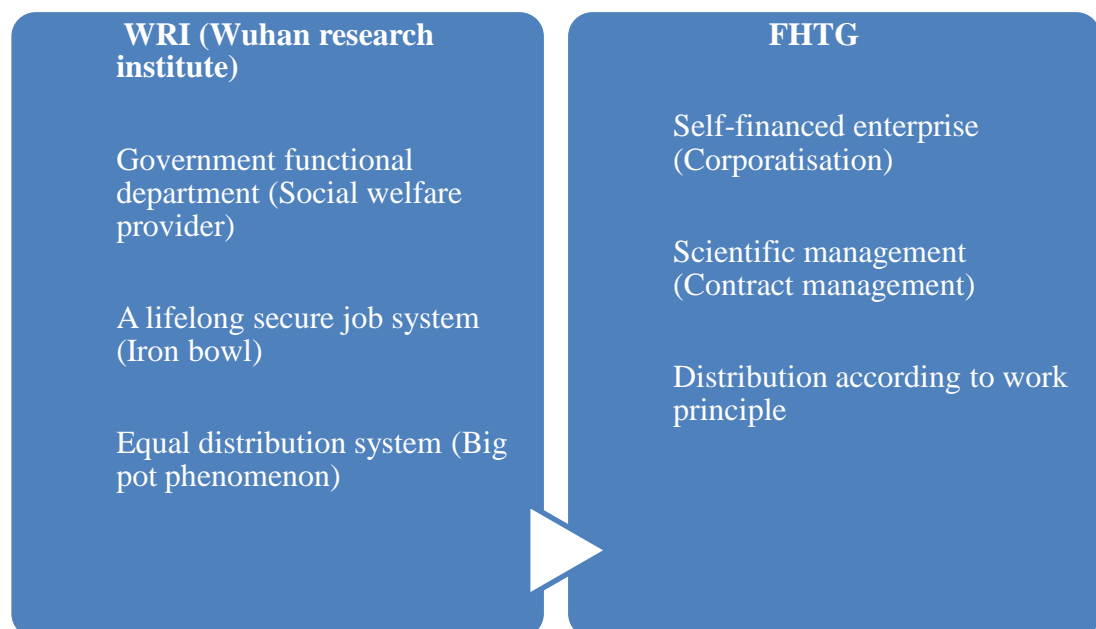
Figure 4. FHTG's reform

Most participants (managers and employees) indicated that FHTG has been transformed from a research institution of Wuhan Research Institute (WRI)

(funded by the government) into a self-financed corporate entity which highlights the economic role of FHTG in society by releasing the social burden undertaken by the previous WRI. They repeated an idea of "a modern enterprise and group company system". This system introduces the corporatisation process through stockholding programs (Chiu, Hui & Lai, 2007; Hassard et. al., 2006; Hussain & Jian, 1999; Keppell, 2007; Leung, Liu, Shen, Taback & Wang, 2002). FHTG has developed into a group company system with a structure including the headquarters departments and several subsidiary companies that are listed on the stock market. Words such as "market economy", "market competition", "profit-making", "company's survival", "customer demand", "economic benefit", and "financial performance" are frequently mentioned by most participants. Clearly, financial management becomes a focus in FHTG's reform and its further development. Three department managers from the headquarters gave very detailed explanations of this change:

> Our awareness of marketing and management has been significantly strengthened in the last five years. We began to pay more effort on financial management and production management. These two aspects are paid as much attention as research and development because we need to consider the cost of research and economic benefits of production. (Interview, 7)

> In the past, we focused on scientific research; even now the research still plays a great role. But the management panel realised the role and importance of marketing. The aim of scientific research is to exploit the new market. (Interview, 9)

> The company carry out R & D with product innovation based on the market demand. In the past, the company produced very high-end product but didn't meet the market demand and thus cannot make profit. After the reform, the company takes a market-driven approach. (Interview, 10)

Three managers meant that FHTG's management system has changed from a technology-led to a market-oriented approach. These participants care about the economic responsibility of the company's management. The transformation has forced FHTG to face higher expectations for economic outcome as the company is responsible for its own profit and loss and is regulated by the market. The reform has shifted the role of governance and administration from the government to the

company's management. However, it is not surprising to see that government still retains the control of FHTG's development. The government retains the power of key enterprises like FHTG as labelled pillar industries through the establishment of SASAC (Hussain & Jian, 1999; Koppell, 2007). It is not hard to find managers mentioning the significant role of SASAC in supervising the reform and development of FHTG. One headquarters' department manager said:

> Our group is mainly engaged in market exploitation of the telecommunication industry. This is also in accordance with SASAC's policy. The government controls the key industries' development and guides our company's main direction of development. But this control differs from the situation in the planned economy. The government will not assign tasks to the company, but as an economic indicator that guides company's development...SOEs involved in all aspects of policy issues, and then we should meet policies and must implement and operate the businesses to the extent permitted by those policies. (Interview, 9)

Indeed, FHTG's management is still under the supervision of the government but this control acts as an invisible force between FHTG and the market. FHTG is corresponding with the market demand to drive its business behaviours. Again, a focus on economic development is highly stressed by FHTG's management. This focus seems to be the overriding concern of both the government and the company itself. The hidden message under this concern reveals that economic responsibility becomes the major role that FHTG plays in society. This is also in line with government policy on the building of a prosperous society (Report to 17th NCCPC, 2007; Zeng, 2005). In addition, FHTG's market-driven approach has had a strong influence on its employment management and employee welfare entitlement as discussed in the following section.

7.1.2 Introduction of scientific management: A strong influence on employee wellbeing

Another theme highlighted by the participants (managers and employees) most frequently is the enforcement of a scientific management system (SMS). Participants indicated that the SMS brings about changes of personnel and labour management, including the introduction of contract management and the change of a distribution system that is based on work performance. This change differs

completely from the previous situation which required WRI to look after employees and their dependents from "cradle to grave". One manager from a subsidiary company showed an interesting description of the way the previous WRI worked. He said:

> I need to manage employment of people whose parents worked in an important post. I have to maintain a good social network system…these people are not well educated and their individual ability is very different. I need to assign these people to proper positions within the company by considering my company's interests and their interests as well. (Interview, 1)

The previous employment system was based on a social network system (*Guanxi*) which required WRI to take full responsibility for not only its employees but also their dependants. WRI carried a heavy social burden at that time. The government has increased its capacity for welfare responsibility, which has changed the situation. FHTG has been gradually relieved of nonmarket responsibilities, the so-called, "cradle to grave benefits" (Blumental, 1999; Chiu, 2005; Goodall & Warner, 1999; Hassard, Morris, Sheehan & Xiao, 2006; Koppell, 2007; Lee, 2001). As the participants explained, the employment has changed from a lifelong contract management assigned by the government to work contract management followed by three systematic reforms (3SR) which represents the reform of SOEs' personnel, labour and distribution system. One headquarters human resource department manager gave a thorough description of 3SR as below:

> Firstly, 3SR requires SOEs to reform in the structure of personnel system. This requires the construction of a scientific recruitment mechanism and an incentive payment mechanism. Secondly, 3SR requires SOEs to reform in the structure of labour system by following the principles of equality and two-way choice. This needs to establish labour training system and develop a training evaluation system. Lastly, 3SR requires SOEs reform in the distribution system. This needs to construct an income distribution system by improving and standardizing the company's payroll system and annuity system. The reformed income distribution system will effectively raise the low-income workers' income, regulate the income gap within the company and distribute income according to work in order to avoid the 'big pot' phenomenon. (Interview, 6)

It is not surprising to see that the HR manager can clearly state the government policy as his department takes charge of the implementation of 3SR. But his response again reflects that FHTG has strictly adhered to the government policy and implemented it into their management system. Besides, it is evident that 3SR aims not only at enhancing the market competitiveness of FHTG, but more importantly mobilizing employees' enthusiasm and raising their sense of responsibility. The emphasis on 3SR shows FHTG's effort in enhancing employment efficiency and improving employee welfare and equity. This effort reveals a people-oriented approach to organisational management which demonstrates that people are the main factor affecting FHTG's development.

In response to 3SR, most participants felt that their changing experiences in FHTG, specifically employment and welfare, have become a significant issue affecting their work and life. Their main concern dealt with changes of recruitment programs (training, skills) and welfare (salary, other benefits). They felt the pressure of job competition and realised they had to improve skills to survive and compete because employee welfare was linked to their work performance and efficiency. One subsidiary company's employee pointed out that, "I have to keep upgrading my skills and learning knowledge of new technology. Also I need to apply knowledge to my work performance" (Interview, 31). Another employee added, "my job is challenging and requires higher professional skills and rich personal experiences but, in return, it improves my ability and develops my potential" (Interview, 32). Indeed, employees realised the imperative of self-advancement and tried to adapt to changes of 3SR. In addition, some employees showed their understanding of the importance of enhanced employee management system. As a subsidiary company's employee explained:

> Good management systems help the company grow healthily. HR department plays a good role in recruitment management. Employees are great asset for a company's success. Employing the right people with good professional skills leads to the improvement of work efficiency and organisational productivity. (Interview, 25)

Clearly, employees realised the crucial role they played in FHTG and they viewed employees as the basis for the company's development. This is in accordance with the FHTG's culture of promoting a people-based organisation.

7.1.3 Discussion

CCG's policy reform on SOEs has strongly influenced FHTG's organisational management. FHTG has successfully implemented institutional reforms of property rights and employee management. Both the government and FHTG are giving top priority to economic development during the process of SOEs' reform. The role FHTG plays in society has gradually changed from a social service provider to a listed group company. This change has made the employees worry about the economic responsibility of company's management such as the competitive advantages and marketability of their products. The reform has urged FHTG to face higher expectations for financial performance as it is no longer subsidised by the government. It can be seen clearly that both the government and FHTG consider that an increase of economic benefit and productivity is the primary task and major responsibility for business practices in society. This consideration creates one of the distinctive features of Chinese CSR practices which include an economic contribution to society.

Both the government and FHTG believe that the reform and success of business practices rely on strong employee support of the company. Both managers and employees held a very positive attitude towards 3SR and accepted the fact that the reform has improved the company's performance with their enhanced skills and abilities. This is in line with Chiu's (2005) study, which indicates that employees realised the importance of management reform as the reform had improved companies' productivity and enhanced employees' skills, developed their potential and added to intrinsic benefits of their jobs. However, a few employees pointed out the issues left over by WRI, such as those of *Guanxi* and *Renqing*. These problems might hinder the enforcement of 3SR. Also, the process of implementing 3SR seems to be slow as SOEs historically provided an important source of revenue for the government (Koppell, 2007). The hidden message of this changing process reveals that FHTG might still face the problem of bearing nonmarket responsibilities. As stated by one employee of a subsidiary company,

"although the implementation of 3SR has made great effort in improving employment efficiency, there still exist closely-related units who received preferential treatment" (Interview, 19). Also, another subsidiary company's employee added, "Chinese people have a strong sense of human obligation" (*Renqing*). The company needs to look after the old employees even if they don't have the ability to work in the current situation" (Interview, 18). So, the power of *Guanxi* and *Renqing* is deep-rooted in FHTG's management performance and forces the company to take some nonmarket responsibilities. This has been discussed in Chapter Six. The next section investigates FHTG's adoption of a Western management system and its influence on internal CSR practices, employee wellbeing in particular.

7.2 FHTG's internal CSR practices: Employment management (adoption of Western SMS)

As discussed previously, the participants had a positive response toward 3SR and showed a clear understanding of SMS. According to their descriptions, FHTG has strictly followed CCG's policy on SOEs' reform and successfully transformed itself into a modern corporate entity. This transformation has been a process to adopt a Western SMS (the introduction of contract management and change of distribution system) with a strong emphasis on the improvement of employee wellbeing.

7.2.1 Practice of Western SMS

Most participants (managers and employees) pointed out the strong effect of SMS on their work and life. They have to cope with changes of recruitment programs and the distribution system. However, most participants are quite satisfied with their current work situations and they noted two major factors that affect their job satisfaction and organisational commitment. These factors are the direct returns (tangible assets including payment and other rewards) and individual development (intangibles involving training opportunities followed by a career path design, promotion based on key performance indicators (KPI), and employee involvement through an incentive suggestion system and employee congress (see Figure 5).
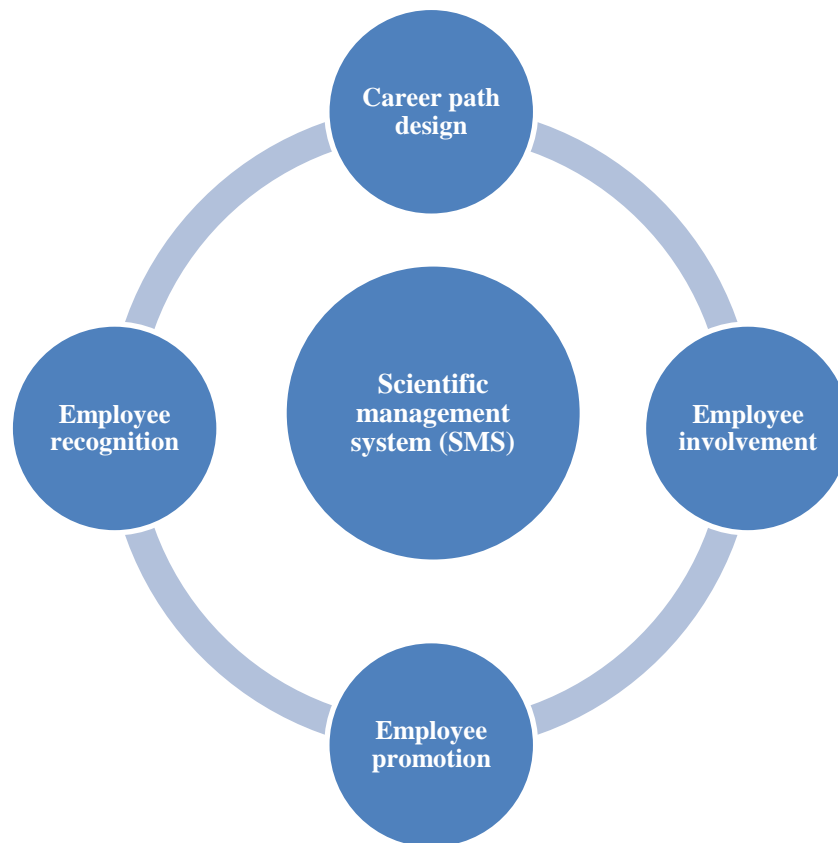
Figure 5. Scientific management system

7.2.1.1 Stage for material pursuit

It is not surprising that nearly half the participants identified a prominent role of material return in affecting their job security and satisfaction. In their minds, good monetary rewards including income and bonus are their first priority for jobs as money helps them maintain a stable life status. As a subsidiary employee described:

> I am quite happy to work here. The company not only provides me a good salary but also other benefits such as offering subsidies for food and transportation, accumulation fund, public fund for housing, pension and unemployment insurance benefit. SOEs like us offer more benefits than other companies in the local area. It also ensures individual work stability". (Interview, 23)

For this employee, a good income provides a stable work status. Also, it is interesting that this participant compared FHTG with other companies to address benefits or satisfaction of working for SOEs. It seems that people are more

satisfied when they compare themselves with others who have a lower income than they do. As Diener and Seligman (2004) find, individuals may achieve higher happiness for themselves by earning higher incomes, when they move upward relative to others. Certainly, money is a fundamental aspect of individual life in terms of individual needs for satisfactory sustenance, clothing, and housing because income helps individuals to fulfill basic needs by purchasing things that are truly enjoyable.

 However, in a higher level of life satisfaction, work should no longer be considered as an end to obtain money, but rather should be considered as a potential rewarding experience offering valuable personal assets (Diener & Seligman, 2004). In the case of FHTG, more than 80 percentage of participants indicated that a rising income does not seem to provide long-term happiness and they believed that income alone cannot be a simple predictor of wellbeing. For example, one subsidiary company's employee said that, "my success can be measured by my status in the company. My relationships with colleagues and superiors and my positions in the company make me feel that the company needs me. My work enables me to reach my potential" (Interview, 4). Another employee added that, "I felt a certain sense of accomplishment and satisfaction because all my values are cherished by my company" (Interview, 30). These employees meant that they are more pleased with a sense of achievement than material incentives and they seek a higher level of fulfillment by addressing the needs of self-respect, challenge, autonomy, and social status or relations. More importantly, they pointed out three noneconomic factors that strongly influenced their wellbeing. These factors are further discussed in the following section.

7.2.1.2 Platform for individual growth
Participants' responses illustrated three main noneconomic factors that affect their work satisfaction and profitability: job design, employee recognition/promotion, and employee involvement (EI).

7.2.1.2.1 An individual career path
Most participants (managers and employees) highlighted a strong requirement for individual growth in the company. They praised the change of personnel

management that resulted from the implementation of SMS. One of the biggest changes is that the new system creates "a career path" for employees' individual development by offering training programs, a one-to-one mentoring system, and a well-designed personal platform. An HR manager of the headquarters and two subsidiary companies' employees gave detailed explanations of career path:

Manager
> Individually, we place emphasis on employee's personal development through our career design. We have developed an internal certification system and this system is designed to rank different types of work in the company. The employees work towards this design in order to improve their work profitability. We also help staff who can't meet those criteria by offering training programs and job rotation opportunities. We try to…provide them with the necessary knowledge and skills, and upgrading opportunities. (Interview, 6)

Employees
> This system designs a career path for individual development and is based on the employee's personal ability and desire. For example, my career path shows me three different ranks in my department. I will work towards the highest rank allowed by this career path. So, I have clear objectives and can see the way of individual growth and enhancement. There is a lighthouse in every step forward. This system is an incentive device for both employees' and company's progress. (Interview, 21)

> I can see my bright future by looking at each steady step designed in my career path. It guides my work performance and increases my work positivity. For example, for the past three years, the company offered me some training opportunities (such as culture training and stress management) in order to help me work to progress on my career path. (Interview, 27)

According to their descriptions, a career path not only increases employees' individual awareness of their work tasks such as job content and role clarity, but also draws attention to job equity and career development (i.e., offering training opportunities). It increases employee work profitability by target-oriented design of individualised incentives. In return, employees view their own career primarily as a continual upward movement process (Nachbagauer & Riedl, 2002). Moreover, the employee used a metaphor, "lighthouse" to vividly demonstrate the significant role of the career path as a work guide to lead to individual success. So, in FHTG, the strengthening in job design seems to be associated with a strengthening in

work commitment with increased job satisfaction. In addition, some employees pointed out that a strong mentor relationship helps individuals to keep steady growth following by the path. As described by two subsidiary companies' employees:

> I feel honoured to have been a mentor in my company for many years and I quite enjoy supervising new employees. They trust my ability and experiences because I help them through many difficulties. I felt that mentoring other people not only improves my work ability and interpersonal skills, but more importantly increases my work enthusiasm and gives me the feeling of self-esteem and autonomy. (Interview, 19)

> I was assigned to an experienced technician who is not only my mentor in my work but also a dear friend in my life. He always helps me with my work difficulties (such as lack of techniques, lack of motivation and conflict with other colleagues) and even personal problems. With his help, I can quickly adapt to the company's environment and get along well with other colleagues much easier. Also, he helps me accomplish my tasks and even over-fulfill my targets. Thanks to my mentor, I got promoted last month. (Interview, 28)

Both employees praised the significant contribution made by this mentorship. On one hand, the employee mentee believed that the use of the one-to-one mentor system effectively assisted him in raising his goals and expectations. Also, this mentorship helps the employee get promotion opportunities which increases his work positivity. More importantly, the emotional attachment to this mentorship enhances the employees' work relations in the company and will eventually build a stronger and more cohesive organisation. The mentor also demonstrated an increased job satisfaction, work motivation and commitment by mentoring other employees. Accordingly, this mentorship provides both partners with the opportunity for personal and skill development and subsequently leads to higher levels of work performance.

7.2.1.2.2 Employee recognition and promotion

Another factor affecting employee wellbeing identified by most participants is programs of employee recognition and promotion. According to the participants, there is a standard system of Key Performance Indicators (KPI) used to help

assess employees' work performance and recognise their contribution to FHTG. A headquarters' HR department manager and a subsidiary company's employee explained this system:

Manager
> Generally, there are three main indicators in our company: employees' responsibility, abilities and achievements. In functional departments such as HR and culture promotion department, the measure of work targets is qualitative. This includes the difficulty and quality of work performance. In other departments such as marketing, production, technical research and development department, we set up quantitative targets. For our HR department, the targets are divided into three kinds: normal, improved and challenging tasks. The first category is doing routine work. The second one involves some work improvement such as improving work efficiency and working methods. The last category involves all creative and innovative work performance. (Interview, 6)

Employee
> KPI's criteria for different posts are not the same. Technicians are tested by their techniques and marketing people are evaluated according to their sales targets. There are certain indicators such as the project quality, service quality and customers' satisfaction in different posts. For our department, the main indicator is the sales performance. (Interview, 23)

This clearly demonstrates that KPI is used as an incentive mechanism that encourages every department to set their own challenges and improve their work goals. "If you want to get upgraded, you need good examination results and a serious work attitude" (Interview, 6). The employees' welfare is closely linked to their appraisal result. The company uses the KPI system as a motivator for employees to achieve a higher level of work performance than incentives. Also, the system tries to ensure each resource within the department is "marching in step" to the same goals and strategies (Anonymous, 2009). In the long run, the practices of the KPI system are to increase employee morale, creativity and innovation, performance, organisational commitment, and to decrease turnover (Pryor, Singleton, Taneja, & Humphreys, 2010). Based on KPI, most participants clearly defined the idea of being a good employee by addressing values of dedication, trust, and creativity. They felt the imperative of self-improvement and tried to improve their work profitability in order to gain more benefits.

In addition, there are many benefits that are associated with FHTG. Those benefits include incentives, subsidies (shopping voucher/bus tickets), sick leave, free health examination every year and two weeks annual leave. Every employee who works for FHTG receives all these benefits. Also, FHTG recognises the employees' contribution through both material rewards and moral encouragement. Below are some participants' descriptions of employee promotion in their companies:

Manager
>In order to increase employees' work positivity, our company uses two different ways of promotion: one is moral encouragement via giving an outstanding employee award (i.e., giving them certificate of honour and granting them the title of excellent employee, innovation pioneer, master hand, or number one sales person); others include the material rewards providing bonuses (i.e., offering free trip and study abroad opportunities). (Interview, 3)

Employee
>In our company, the employees can get both monetary and non-monetary awards. The monetary rewards offer the employees cash bonus, gift package and time off rewards. The non-monetary awards include certificates of recognition like best employee award. I was lucky to be the winner of best employee award last year and felt so proud of myself. This award means more than anything to me since I worked here for about ten years. I am hoping to get promoted this year. (Interview, 16)

By acknowledging effort and good work, the manager aims to increase employee satisfaction and self-esteem because promotion activities foster a sense that they are making a difference to their workplace or even a larger society. As this employee said, "I felt proud of myself". So he kept trying to actively apply for a position when it became available. In this case, the recognition program boosts the employee's motivation and loyalty towards the company. Moreover, the manager indicated that promotion offers more opportunities for individual development by taking training courses, always learning and enriching themselves. These opportunities to gain additional skills, knowledge, and experiences act as an incentive for employees, which can translate into positive gains for an organisation as (Pfeffer, 1994).

7.2.1.2.3 Employee involvement (EI)

The EI program is the last factor mentioned by the participants regarding their job satisfaction and commitment. Both managers and employees expressed their own demands for autonomy and self-expression in work. They emphasised the rights for individual personal growth at the workplace. For example, most managers stated that the company provides employees with an open environment of self-control and shared management, so that employees can maximize their abilities to develop their full potential. They also pointed out that FHTG encourages employees to participate in management decisions through two major channels: incentive/rationalisation suggestion and employee congress. Below are detailed descriptions given by two managers at the headquarters:

> The company invites broad rationalisation proposals through meetings in each department. The proposals involve issues such as technology research and development, allocation of resources, personnel management, production and construction. The department manager will carefully summarise each department's proposal and report to the director. The director will discuss these with those managers and take some good proposals. If employees suggested some good proposals which had some good effect on company's development such as increasing company's profit and productivity, or enhancing employee's work performance, they will get financial rewards at the end of the year. As a result, this system helps improve the management standard and enhance employee's work creativity. (Interview, 8)

> We hold an employee congress annually. Employees who attend the congress are elected by other employees. They are from both the upper level of management and lower level of workers. The congress held discussion about issues in relation to vital interests of employees such as welfare, remuneration, management system, and major investment. The state-owned organisation requires employees' participation to help management to make policies. (Interview, 15)

From the managers' point of view, FHTG provides individual employees a more collaborative environment for shared problem-solving/suggestion opportunities and management decisions. By making proposals and attending employee congress, managers believed that employees can make a positive contribution to organisational change. Also, they claimed that revealing and assessing existing organisational arrangements is to construct more democratic, less authoritarian and bureaucratic work relations.

The employees' perspective was a completely different view of the issue of employee participation. A few subsidiary companies' employees particularly pointed out the issue of effectiveness of participation in decision-making processes among lower level of employees. One said that, "there are lots of opportunities for employees' participating in meetings, but employees of grassroots level do not think that it is a good way to speak out because they are scared about being fired" (Interview, 14). Another employee added that, "we do have rights to participate, but our participation doesn't affect the result of final decision-making. There are only few employee representatives at the grassroots level who can't make a difference. Those decisions are made by higher level of employees and managers" (Interview, 19). Obviously, employees do not feel the same way as these managers do in relation to the performance of EI programs. Even if they had the opportunity to take part in some decision-making processes, they preferred holding their opinions. The employees would not speak out because they are worried about losing their jobs. This implies a lack of trust between the managers and the lower-level of employees. FHTG's management did not communicate effectively with the lower level of employees in terms of the purpose and use of EI programs. It seems that the company's EI programs were not implemented successfully among the grassroots level of employees.

One subsidiary company's employee said, "I feel that there is a need for frequent communication between the headquarters' management and the subsidiary companies' employees. We need to know more detailed information about higher level of management decisions and policy-making" (Interview, 18). This employee indicated that provision of access to information and resources for individuals at lower levels of the company is limited. This eventually affected the successful implementation of EI programs. According to Pryor et al. (2010), employees are likely to "enjoy, prefer, and persist at activities that provide them with opportunities to make choices, to control their own outcomes, and to determine their own fates" (p. 299). So, it can be argued that EI programs, if initiated effectively, do produce an increase in both employee well-being and organisational benefits as it give the individual employee a sense of personal control which in turn enhances their intrinsic motivation toward their work.

7.2.2 Discussion

From the previous discussion, the findings clearly show that FHTG's reform focuses on change in the personnel and distribution system. This reform changes the company's employee management system and places a great emphasis on the enhancement of internal relations between employer and employees. Most participants, including both managers and employees, realised that the implementation of SMS has changed their work status and influenced their work and life benefits in a positive way (see Figure 6). Most participants' responses demonstrate that FHTG's management takes responsibility for improving employees' benefits. The practice of SMS has generally increased most employees' work income. Although they enjoyed the economic outcome brought by FHTG's reform, the participants put more emphasis on non-economic benefits (such as individual growth) with the enhanced management system. They indicated that the change of personal status and the feeling of accomplishment improved their self-confidence, work enthusiasm and commitment to the company.

Government policy on FHTG's reform	FHTG's employee management	FHTG's employee webllbeing
The scientific management system (Three systematic reform)	Career path design Employee recognition Employee promotion Employee involvement	Income Job satisfaction Work motivation (Self-esteem) Work commitment
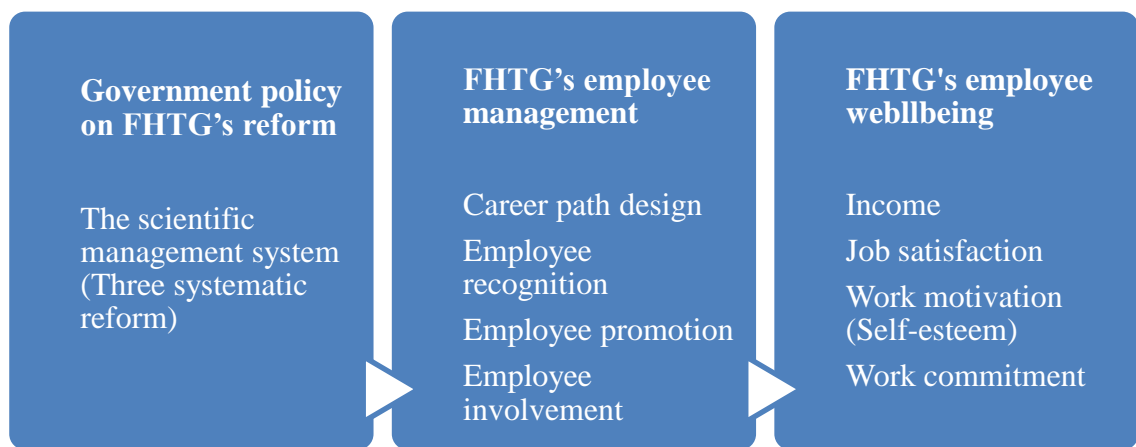
Figure 6. FHTG's reform influences on employee wellbeing

In contrast to these positive changes, a few employees identified some problems between the upper level of management and the grassroots employees in relation to the issue of employee participation. The lower level employees' perceptions of EI programs did not match the company's communication. The management failed to convey that EI programs do exist and, more importantly, that they support and value these programs. The lower level employees particularly pointed

out that there is a lack of communication between the higher level of management and the grassroots employees within FHTG. To be more effective, Parchman and Miller (2003) argue that communications about programs and services that promote well-being must "be coherent, consistent, and timely" (p. 21).

Overall, most participants have realised that employee wellbeing has been improved through the enhancement of employer-employee relations in the company. This strong focus on employee relationships mirrors the situation in some European companies. In Europe, companies also consider employees as one of the key stakeholder groups to help companies fulfill their responsibility in society (Matten & Moon, 2008). Silberhorn and Warren's (2007) study of CSR practices in UK and German companies found that UK companies place great emphasis on improving employee wellbeing in relation to equal opportunity and specifically about health and safety. German companies introduced stricter legislation on employee rights and focus on learning and development and employee care issues such as fostering employee pride and loyalty. Employee management in both the Chinese company and some European companies' shows an increasing recognition of a connection between employee wellbeing and organisational responsibility.

To sum up, FHTG's reform (specifically the implementation of SMS) has brought some positive effects in the improvement of employee wellbeing and enhancement of internal employer-employee relations. When looking at FHTG's external contributions, FHTG has demonstrated its business behaviours in the practice of Western CSR concepts. This is discussed in the following section.

7.3 FHTG's external CSR practices: Practice of Western CSR concepts

Most participants (managers and employees) have indicated the significant role of SASAC as a major driving force for fulfilling CSR by SOEs (i.e., FHTG). Participants (especially managers) repeatedly emphasised that FHTG has strictly followed SASAC's guidelines for the adoption and implementation of CSR initiatives. Both managers' and employees' responses demonstrated that FHTG

has engaged in philanthropic activities for many years and has given back to communities and other stakeholders throughout its business performance. Some of the participants even asserted that FHTG as a business has an obligation to give something back to the communities and serve as an example of how people are treated.

7.3.1 Corporate philanthropy (CP) and CCI

When asked what practices their companies adopt in order to create a better society, at least in part, through the way they do work together, most participants (managers and employees from both the headquarters and the subsidiary companies) believed that FHTG acts as a philanthropist in society. Most of them clearly identified FHTG's philanthropic activities including corporate giving programs, corporate partnerships and employee voluntary programs. These activities have been operating ranging from society at large to the local level.

7.3.1.1 Society at large

Corporate giving programs and partnerships

All participants pointed out that FHTG has made great contributions to society through its engagement in philanthropic programs like donations and disaster relief. One subsidiary company's manager gave a very detailed summary of these programs:

> Firstly, we help local government fight poverty. We make huge donations to the underdeveloped areas each year. Secondly, we have established several hope schools which are sponsored by all staff of FHTG. We keep close contact with these schools and continue supporting these schools' development. Lastly, with respect to SASAC's policy on environmental protection, we actively take part in disaster relief every year by allocating technicians and providing equipment and other resources for flood control with a joint effort of FHTG and the government. (Interview, 3)

FHTG has made a long-term commitment to attack some social problems such as management of drop-out children and flood control. The manager's description reinforces FHTG's ideology of caring and giving. The management of flood control illustrates an effective partnership between the government and business sectors in tackling emergencies. As one subsidiary company's employee pointed

out, "governments can't solve the problem alone. The SOEs have an important role to play, including developing new technologies to facilitate the effective prevention of disasters and recovery of emergencies" (Interview, 4). Accordingly, the business sector, FHTG in this case, seizes an opportunity to satisfy a need that the government cannot meet and gather together the necessary resources (both monetary and human) and uses these to solve social problems. This joint effort ties relations between the company, and other sectors of society – government and civic. Through this partnership, these sectors work together to mutually benefit on an issue of local or social significance (Gillis & Spring, 2001).

Moreover, some managers' responses placed a great emphasis on FHTG's role in promoting social and economic development in rural areas via a corporate partnership between government and the company. They indicated that FHTG has worked closely with government through a joint program, "Project village to village" (*Cuncuntong Gongcheng*). This initiative is a part of FHTG's corporate giving program designed to help enforce CCP's policy of building a new socialist countryside by fostering the integration of information and communication technology in rural villages. FHTG believes, "as an industry leader, we have a responsibility to help make technology more accessible and affordable to the public" (Interview, 9). There, a strategic construction of organisational ideology is apparent. The company continuously reinforces its organisational ideology of responsibility by incorporating giving programs into its corporate activities. One subsidiary company's manager gives a more detailed description of these activities:

> We support the government actions by providing free
> telecommunication equipment to the broadcast and television
> bureau in some underdeveloped areas. We also send our technicians
> to work in these poor areas. For example, we send technicians who
> play a role as the deputy head of a village…People who live in
> these villages can benefit from the use of advanced science and
> technology by extending the radio, TV and broadband coverage to
> every village. (Interview, 1)

There is an articulation between information and communication technology and people's lives in order to put another emphasis on the idea of technology advancement. This articulation changes the meaning of telecommunication

business into being a positive contributor for improving people's lives. This will bring strength to FHTG by adding value to its brand image with increased corporate responsibility and improving staff qualification with enhanced work experience. So the company perceives the partnership as a new venture to help achieve a long-term social return to its business. Also, government, FHTG, and civil society are trying to increase their profitability by building up this partnership. Moreover, the formation of this partnership demonstrates FHTG's effort in the enforcement of CCP's policy on the implementation of CSR initiatives with the application of a "scientific outlook on development". "Project village to village" demonstrates that FHTG adopts CSR initiatives throughout its business activities. This effort explicitly discloses the strategic purpose behind this partnership by achieving an articulation between technology advancement and social development.

7.3.1.2 Local level
Community involvement programs (CCI) and employee volunteerism
Within the local community in which business operates, FHTG has devoted itself to community development through collaboration with local government, community groups, and local institutions. There are three programs that are most frequently mentioned by both managers and employees from the headquarters as well as subsidiary companies. Firstly, "100 enterprises with 10000 posts community job fair" (*Baiqi Wangang Gongyi Zhaopinhui*) provides large-scale recruitment opportunities for graduating students with free services that they would otherwise have to pay for. This fair is run by businesses like FHTG, Chinese Communist Youth League, labour department and education institutions each year in order to offer graduating students a better chance of employment. As claimed by one manager of the headquarters' HR department, "SOEs like us have the responsibility to help the local government solve the problem of unemployment, especially for graduating students by offering more jobs and recruitment opportunities. In doing so, we've made great contributions to local stability" (Interview, 6). Within the manager's words, there is an articulation between employment and stability. He suggested that the company tries to articulate the positive effects of solving the unemployment problem in particular

assisting the company in fulfilling its responsibility in society. Also, the fair helps FHTG keep a close partnership with local educational institutions.

Secondly, "empower the disabled" (*Canjiren Zhishi Fupin*) is another initiative that is designed to tackle social issues such as information and knowledge access for underprivileged members of society, especially people with disabilities. FHTG has helped the local disabled persons' federation to build up several community-based learning and rehabilitation centres to provide free internet access and education for disabled people. As one subsidiary company's employee stated:

> Information is power. FHTG believes that people, regardless of social standing, should be given the opportunity to access the Internet. Our desire is to empower all members of the society, especially people with disabilities, with knowledge and information that can be used to widen their horizons and have a better quality of life. (Interview, 23)

The metaphor of information as power is used, by way of articulation, to position FHTG as a great power creator. This employee regards FHTG as a power (knowledge/information) maker that works to empower people in order to improve their quality of life. This device forms and communicates the organisational ideology in an effective way and reshapes the reality of the telecommunications industry by applying another meaning of responsibility (empowering people). In doing so, FHTG positions itself as a responsible business in society. In addition, FHTG donates computers to schools for children with disabilities in order to help these schools make the most of internet usage and promote increased access for children through wider deployment of computers in classrooms. The result of the donation adds value for both FHTG and the schools. For example, one subsidiary company's employee explained, "giving donations teaches children the value of corporate responsibility…they realise that enterprises are not just there to create products and services, they are there to also support the community on which they operate" (Interview, 23). Again, the idea of corporate responsibility increases FHTG's profile in local institutions and this explanation highlights the role of FHTG in supporting community programs.

Lastly, "safe city" (*Pingan Chengshi*) is a safety program for public safety issues that use city-wide security surveillance networks including road monitoring,

control of city public security and intelligent traffic management. FHTG helps local government agents and institutions such as the police bureau, transportation bureau, schools and hospitals develop a total security plan. As a headquarters manager of development and planning department described, "we offer free technical support, providing security programs and services set at a rate significantly below commercial prices to local government agents and institutions" (Interview, 5). So the program offers "technology discounts" for important bureaus and institutions. The use of the term "technology discounts" artfully aims to move people's attention from the business to government and community programs and disarticulates the relations between discounts and economic benefit. In doing so, the company successfully constructs its role as a community partner rather than a business enterprise. In return, this partnership brings both internal and external benefits to FHTG with improved employee relations, and enhanced reputation and competitiveness.

In addition, some managers and employees specifically pointed out their personal involvement with the local communities through "employee giving programs". For example, one subsidiary company's employee stated that "we are a role model of a good citizen who makes contributions to the community by doing voluntary jobs…we participate in environmental protection (including self-organised events such as tree planting and waste recycling) and blood donation" (Interview, 30). Another headquarters employee added that "we work together to create a good environment for local people...we spend lots of funds to help build some community facilities such as clinic, library, supermarket, and sports and entertainment centre…we organise and participate in community charity events" (Interview, 7). Clearly, employees have donated their time and resources to support community development. Both employees showed their willingness and happiness in doing voluntary work because the employee giving program fosters a sense that they are making a difference to their local community. Also, through participation in this program, employees learnt to work together as self-managed work teams and create a sense of purpose and trustworthiness among themselves. This sense will eventually not only boost employees' motivation and loyalty towards their companies but also improve employee individual development, skills, and teamwork in the long run (Zappala, 2004).

7.3.2 Discussion

SOEs like FHTG that contribute to China's backbone activities have been pushed to engage in more social changes through implementation of CSR initiatives. The practice of CSR in FHTG involves different stakeholder groups' interests including both internal employees and external stakeholders such as government and community. Within the previous discussion, one dominant discourse of giving is evident in FHTG's practice. The practice of this discourse puts an overemphasis on corporate responsibility and is supported by a technology advancement discourse which reconstructs the meaning of the telecommunications industry. The practice of these two discourses repositions FHTG as a responsible corporate citizen through an innovative way of using technology to improve people's quality of life. However, the practice of these two discourses puts an overemphasis on a very narrow understanding of CSR (i.e., corporate giving or philanthropy). This focus is quite similar to Western CSR practices, in particular in North American companies' practices which place a great emphasis on giving resources to the community with philanthropic programs and volunteerism (Baughn, et al., 2007; Matten & Moon, 2008; Maignan & Ralston, 2002). In USA, the country has a long history and tradition of corporate philanthropy because the state does not supply extensive social services available to all society members (Matten & Moon, 2008). The tradition for corporate self-governance rather than reliance on legislation is one of the political factors that affects the practices of CSR in USA (Matten & Moon, 2008). By considering the active role of business historically played in the development of the communities, the social responsibility issues most frequently discussed by North American companies are those in relation to the community such as quality of life, and education (Maignan & Ralston, 2002).

It is very interesting to see that although the contextual factors of Chinese and North American political systems are different, there are some similarities in CSR practices between these two countries. Both the Chinese company and many North American companies perceive the significant role of business in the community and argue that employee volunteerism and community giving and involvement programs have financial returns. As Porter (2003) argued, "strategic philanthropy", selected giving in areas, ties directly to the company's interests and

in arenas that the company can justly claim to have knowledge and a direct stake. Therefore, companies perceive the philanthropic activities as an investment that could gain indirect financial return for the company's investors. The example of FHTG's practices in the public sector explicitly illustrates a strategic intent of the philanthropy program. The company sees the giving programs as a new venture for investment to help achieve a long-term and sustaining social return to business. Both Chinese and North American companies see the community programs as a strategic input for companies' long-term development.

Moreover, the previous discussion of FHTG's CSR practices identifies a close partnership which can be found between business and government. More specifically, FHTG has lent money and expertise to the government to demonstrate a measure of social responsibility, whereas the government has partnered with FHTG to gather sufficient resources in order to meet public needs. This partnership also is one effort to bring public and business interests together to resolve common social issues. This is also the case in some European companies. Albareda, Lozano, Tencati, Midttun, and Perrini (2008) indicate that European companies are willing to work both with government to improve social conditions and under a regulated environment. In some European countries such as UK, there has been a shift from government intervention in society and the economy toward the endorsement, partnership, and soft regulation of business (Matten & Moon, 2008). This shift has led to the emergence of partnership projects, with governments and companies working together to tackle social problems. Also, in Italy, the government is keen on developing a partnership approach with the business community and stakeholder engagement (Albareda et al., 2008). In brief, both Chinese companies and some European companies have worked in partnership with government to resolve social governance challenges. On the other hand, the influence of governments and regulations (i.e., SASAC) was generally perceived as high when compared to participants' responses regarding FHTG's CSR practices. The very strong influence of CCG's policy in formulating Chinese CSR indicates the close relationship between CSR and "state sovereignty" in China (Sutherland & Whelan, 2009). The discussion of FHTG's business practices among government, communities and institutions demonstrates the clear and continuous emphasis that the CCG places on both state sovereignty

and the central role of the state in governing social concerns, primarily through SOEs' CSR practices controlled by SASAC. FHTG's examples show that the company has played a major role in helping local government to manage social issues such as poverty, unemployment, disaster prevention and relief. The Chinese government promotion of CSR initiatives has been seen as the government's intention in building a new way of keeping its social and political control in society. This government intention also can be seen in some European countries. According to Moon (2002), CSR policies adopted by the UK government reflect its response to a crisis in governance and legitimacy. For the UK government, the starting point of implementing CSR policies was justified by a crisis in governance affecting society including problems of unemployment, social poverty and lack of economic development (Albareda et al., 2008). The crisis of the welfare state has made the UK government search for new ways to face social demands and maintain its political status (Albareda et al., 2008). Aaronson and Reeves (2002) conducted an investigation into the government's role in promoting CSR within North American and some European companies. Their research results showed that there is greater acceptance among European companies than in North American in terms of the acceptance of government's adoption of CSR. Accordingly, there is a role of government in promoting the development of CSR policies in both a Chinese and European context.

Clearly, there are many similarities between FHTG's CSR practices and the Western CSR practices. The first main similarity can be seen in the management focus on employer –employee relationships. Both FHTG and some European companies have demonstrated their business behaviours in the improvement of employee wellbeing. Another similarity is found in an economic interest for business adoption of CSR in both FHTG and North American companies. Under this economic interest, CSR initiatives increase companies' long-term profit with the increased social return. The third major similarity is the practice of corporate partnership between government and business as seen in the case of FHTG and some European companies. This partnership helps the government to bring public and business interests together to improve social conditions. The last similarity is the role of government in CSR discourse. The discussion has demonstrated that CSR practices in FHTG and some European companies are government driven.

That is to say, the government plays a central role in promoting the acceptance and development of CSR in these countries.

There are, however, some differences in terms of CSR practices in FHTG and Western companies as well. One of the big differences is the reasons for CSR and its practices. In FHTG's practice, there are strong economic incentives for business adoption of CSR under the control of SASAC. Both FHTG and the government consider CSR as a way to not only increase business competitiveness in the global market, but ultimately to achieve a moderately prosperous society. It can be argued that CSR in China can be seen as the government's attempt to reinforce the power of the socialist market economic "hegemony" (Gramsci, 1971) in that social responsibility has been promoted for its economic interest (business competitive advantage and organisational productivity in particular). Thus, as suggested in this thesis, CSR has been used by CCG as a political tool to normalise its economic agenda. Compared with China, as discussed previously in Chapter Four, in Western societies, the development of CSR resulted from the failure of market driven neo-liberal reforms (Gray, 1998), causing serious social and environmental crises. The adoption of CSR in Western societies tries to "make the loss of neo-liberal economic democracy and accountability explicit while demonstrating how accountability and democracy can be improved and developed" (Gray et al., 1996, p. 27). Secondly, the adoption of CSR in China is regulated by CCG. CCG has incorporated the concept of CSR into its legal system and introduced the new PRC Company Law in 2005 (National people's congress, 2005). For example, FHTG's adoption and practice of CSR is strictly governed by SASAC. Unlike in China, Western CSR is a voluntary concept and is a form of corporate self-regulation integrated into a business model. Even though some European governments, such as UK government, introduced policies to encourage CSR, there is no formal act of legislation (Matten & Moon, 2008). The government takes the soft intervention and soft regulation approach to CSR public policies (Joseph, 2003). Also, in USA, government and corporations have adopted a voluntary approach on CSR and focused mainly on philanthropic programs and volunteerism (Maignan & Ralston, 2002). Finally, there are also very different priorities in FHTG's CSR practices and Western CSR practices. In FHTG's practices, the notion of CSR is tied to economic responsibility and employee

wellbeing but pays little attention to environmental wellbeing. This runs counter to Western societies (Europe in particular) where the practices of CSR focus on social (labour rights) and environmental responsibility (sustainable development) (Brohier, 2010).

7.4 Conclusion

This chapter has examined the macro-political context (CCG's policy) in shaping FHTG's business management and practices of CSR. It mainly investigated how CCG's policy contributes to the construction of the discourse of Chinese CSR which is both similar to and different that of from Western countries. The chapter primarily examined government influences on FHTG's business performance by evaluating participants' view of the influence of FTHG's reform on its internal performance, specifically employee relations and wellbeing. The chapter also examined FHTG's adoption of some Western CSR initiatives under the control of SASAC by looking at participants' response regarding FHTG's philanthropic activities and CCI.

Overall, FHTG has taken a stakeholder approach to CSR discourse practices (see Figure 7). This approach requires business commitment to the interests of all its stakeholders by providing human rights, labour and environmental protections to the communities in which businesses operate and to the people they employ as well as society at large (Carroll, 1999; Herrmann, 2004; Moir, 2001; European Commission's Green Paper 2001; World Bank, 2005; Silberhorn & Warren, 2007; Achua, 2008). The case of FHTG has demonstrated Chinese business behaviours in the practice of some Western CSR concepts and has advocated CSR initiatives through community development, environmental protection, and employee protection. These terms are also considered as some key aspects and measures for Western CSR practices (Baughn, Bodie & McIntosh, 2007; Voort, Glac & Meijs, 2009).

Within FHTG, SOEs' reform of employment management has a strong influence on employee wellbeing in terms of the change of the personnel and distribution systems. Most participants gave a very positive response towards the company's

reform and enjoyed the benefits of an improved employee management system (the practice of SMS). They showed their motivation and satisfaction towards the current work situation. This positive response could in return, improve employees' work performance and organisational productivity.
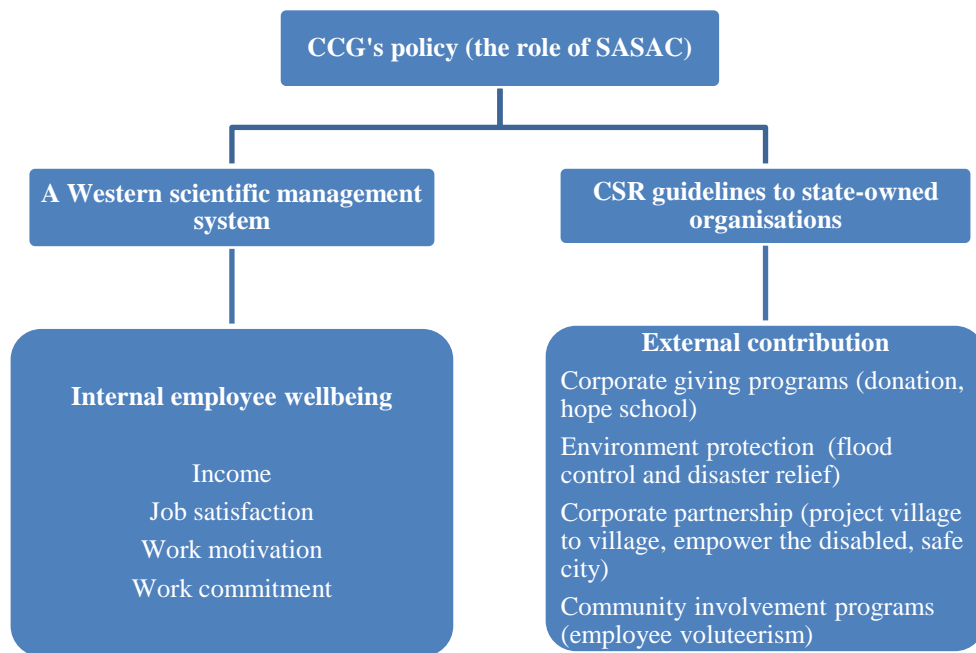
Figure 7. FHTG's practice of Western CSR

However, a few grassroots employees experienced the difficulty of effectively participating in the company's decision making process. The upper level of management failed to apply communication programs (EI) into the lower level employees' work performance. This could become a potential crisis that hinders the company's healthy growth.

In society at large, FHTG preferred to focus their CSR efforts on environmental protection, fighting poverty, disaster relief, and CCI programs. Also, CCG's control over SOEs' CSR practices is evident through reviewing participants' interview response. In addition, FHTG's CSR practices showed some evidence of adopting Western CSR initiatives. The study has found some similarities and differences between FHTG's CSR performance and a Western approach.

The next chapter focuses on the micro-level of analysis of FHTG's understandings of CSR concepts. The results of the website documents and interview transcripts are discussed in detail to investigate what CSR means to research participants and the organisations, and how important it is in regard to organisational business behaviours.

Chapter Eight

Understanding of CSR Discourse

Chapters Six and Seven focus on the social practices of FHTG's CSR discourse by looking at the macro-context (cultural and political context) and its influences on shaping FHTG's business behaviours. This chapter focuses on micro-text analysis of FHTG's understanding of CSR concepts. The results of the analysis of website documents and interview transcripts are discussed in detail to answer the research questions of what CSR means to research participants and the organisations and how important it is regarding organisational business behaviours. The website documents used include FHTG's description of its culture and mission statement. The transcripts are drawn from the interviews held with 33 participants in relation to questions asked about participants' view of FHTG's identity and their understanding of CSR.

The chapter is organised in four sections. Section 8.1 illustrates FHTG's self-representation about its core values and business strategies. This mainly looks at the organisation's homepage presentation of its culture and identity. Also, managers' (who work in the headquarters) expressions and explanations of their organisation's identity are discussed in detail as they are the people who project and cultivate this identity. Section 8.2 shows participants' (including managers from subsidiary companies and employees from both headquarters and subsidiary companies) responses to FHTG's identity. In section 8.3, examples are given from participants' expression and understanding of a socially responsible company. In the final section 8.4, the chapter summarises findings.

8.1 FHTG's self-representation: Organisational identity

Cheney and Christensen (2001) point out that modern organisations call attention to social responsibility as a marker of organisational morality and as one factor in their ongoing effort to stress their identity. Accordingly, examining the idea of CSR and its practices could primarily focus on a study of organisational identity. The term "organisational identity" is an expression of what an organisation stands for and what it wants to stand for (Cheney & Christensen, 2001; Dolphin, 1999; Van Riel, 1995). It is the strategically planned and carefully applied internal and

external self-presentation and behaviours of the organisation based on an agreed organisational vision, mission, and philosophy (Pullen & Linstead, 2005; Van Riel, 1995). For FHTG, its organisational identity can be captured through its description of "mission statement", "objectives", "management philosophy" and "corporate spirit" (WRI, 2008). Within these texts, a particular construction of the company's ideology is evident. This construction encompasses the relationship of the company with society. The dominant discourse is one where the company is positioned as "a caring company". This view is articulated with the innovation discourse which has placed the company as a technological leader in society.

8.1.1 A caring company and an innovator

According to their homepage, FHTG's mission statement is that "The Group will always make efforts to provide the customers with the best communication means and realise its dream of bringing benefits to mankind with better technologies". This statement reflects how FHTG sees itself and what it wants to convey to its stakeholders. FHTG claims itself as a technology privileged organisation which plays a great role in human society. The use of praise and the focus on honour and virtue can be seen in this mission statement. According to Hamilton (2005), the mission statement often projects honour through the means of praise. FHTG states that they are the best and this is carried through respectable objectives of providing "the best communication means" and bringing "benefits to mankind". FHTG's mission statement projects the group as honourable through its focus on an attempt to establish a high-tech identity. FHTG, therefore, stresses their doing apparently "good" things. The use of metaphor, through the word "dream", might also be a vehicle of this statement's attempt to produce "an emotional response" (Hamilton, 2005) which sees FHTG as an honourable business.

Furthermore, the mission statement emphasises that FHTG exists for the benefit of others by not only showing its concern about its target group, customers, but, more importantly, its obligation to support a larger society. It focuses on social values in FHTG's aim to bring benefits to human society with "better technology" by stressing the role of being a first-class telecommunication product and service provider. As explained further by a department manager of the headquarters:

> Our management tries to make business more prosperous by
> providing a better quality of services and products. This brings
> social stability as employees live well by working for us…our
> company has strong competitive advantages even in a foreign
> market… our enterprise makes a great contribution to social
> progress by using technology advantage. (Interview, 5)

This manager articulated the effect of business prosperity in maintaining social stability in order to put an emphasis on the idea of business development. This articulation changes the meaning of business development (profit making) into positive contributor for improving social stability. More importantly, the messages of "better technology" reveal a productive-focus of organisational business behaviours with enhanced competitive advantage. This focus will eventually lead to better economic outcomes. Also, this focus is based on Deng Xiaoping's concept which advocates that science and technology constitute a primary productive force (The Selected Works of Deng Xiaoping, 1988). In Deng's words, the use of better technology changed the structure of the productive forces resulting in the improvement of labour productivity, and brought new economic prosperity and overall social progress. Accordingly, FHTG's mission statement endorses its social responsibility by using its technological advantage and economic strength to help the development of society. This emphasis demonstrates that FHTG's understanding of CSR focuses on economic responsibility which is in line with the discussion of FHTG's CSR practices in Chapter Seven.

In line with this mission statement, FHTG sets their objectives as being that, "the group will constantly enhance its technological strength and service capabilities and bring more added value to the customers, the employees, the investors, and the entire society." These objectives give a reference to who is included as internal and external stakeholders. They intend to bind the various organisational stakeholders through establishing a sense of responsibility. The organisation exists for the benefit of its customers, employees, investors, and a larger society. The values which FHTG claims to exhibit or be working towards are often implied to be in the interests of organisational stakeholders. In other words, the objectives reflect FHTG's attempt to stress that they are not only concerned about its economic benefit with regard to customer relations but more importantly care

about employees' and a larger society's interests. Again, its business objectives try to promote an idea of social responsibility by stressing its respectable values to both internal and external stakeholders. In addition, these objectives are consistent with its mission statement as a way of highlighting its technological capability for bringing benefits to society.

When it comes to detailed business strategies, FHTG's management philosophy maintains that business practices should be "sustainable", "steady", "large-scaled" and "people-orientated". The idea of sustainability follows government policy on striving for a comprehensive sustainable development aimed at laying a solid foundation for the building of a wealthy society (Zeng, 2005). The notion of a wealthy society reveals government emphasis on an economic outcome of social development. Along the lines of this policy, FHTG endorses the strategy for steady development. This approach distinguishes state-owned organisations' characters from private organisations that emphasize a strategy for fast development which may result in a failure of long-term economic prosperity. Further, the idea of large-scale stresses its strategic planning as being grouped and growing as a group in order to win and maintain a large market share in the industrial domain. This depicts another sign of the state-owned organisation's character which displays its economic power in society. Those characteristics were explained further by a manager of development and planning department in headquarters:

> Some private companies have expanded surprisingly fast but this does not mean that they can be well off in the long run…our group earns competitive advantage with its innovative technology and large-scale market share. It has made a great contribution to our country's economy. Also, unlike those private companies, state-owned companies like us stick to the government policy on sustainable development that ensures all legitimate rights and interests of labourers, assures employees' wellbeing and fulfils social security obligations in building a harmonious society. This is our obligation that differs from private companies who only seek profit. (Interview, 5)

It is interesting that the manager is using the term "sustainable development" rather than CSR. From the manager's point of view, state-owned organisations

honourably play a major role in supporting government policy on sustainable development and take great responsibility for building a well-off society. The hidden message conveyed by this manager articulates the idea of economic benefit with the idea of the company's social responsibility. The manager attempts to articulate the positive effect of economic contribution, in particular assisting the company to fulfil its responsibility in society. This articulation exposes FHTG's management intention to legitimise its economic interests by drawing on the dominant government policy reform (the construction of a well-off society) in its business practices. On the other hand, the manager made negative comments on fast development of private companies and promoted the idea of sustainable development of SOEs. This manager implies that the growth of private companies is not sustainable. The comparison to private companies' management strategy demonstrates the manager's intention to define FHTG and identify its position within society in order to highlight its distinctive (responsible) role in society. The promotion of the ideology of sustainability reflects a strong virtue of Confucianism which encourages people to pursue long-term benefits (perseverance) while suffering short-term loss (thrift) (Hofstede, 1991; Jaw, Ling, Wang, & Chang, 2007; King & Bond, 1985). This value stresses the idea of diligence and dedication to achieve the long-term goal of benefit, which can possibly lead to organisational stability.

In addition to the management strategy for sustainability, the idea of people-oriented management draws attention to the significant role that employees play in the organisation. A manager from the department of human resource management in headquarters explained that:

> Employees become the most important factors that influence the company's development. Our company values human assets and enforces a people-orientated management strategy… Our company believes development of any business relies on human resource management…which leads company's growth. The company has done well on the issue of employee management. Managers… trust employees' ability to work well. You have given them the power and honour; they will cherish the opportunity and do a good job in return. (Interview, 6)

This manager provided a thorough understanding and justification of a people-orientated management approach. His description highlights an idea of a "human-based organisation" which asserts the behaviour of an organisation's members has a major influence on its operations and outcomes. In his words, FHTG showed respect for employees, and employees in return, were highly committed to their organisation and dedicated to their work. There exists a strong sense of Confucian culture (the idea of *Ren* that describes the proper relationships among individuals) which has guided organisational business behaviours and strategies, and employees' work performance in FHTG. This has been seen through the previous discussion in Chapter Six.

Followed by those strategies in their homepage, FHTG highlights what it calls "the corporate spirit" so as to cultivate "dedication", "honesty", "innovation", and "harmony". Those values explained carefully by a manager of the culture promotion department in headquarters are:

> We integrate the idea of unity (emphases the idea of cohesion) with harmony…. We try to keep harmony among staff members, departments, and government in order to create social harmony…Keeping harmony between the company and its employees requires both employees' loyalty to the company and company's returns to employees… We believe the idea of dedication requires hard working with a positive attitude. This is a higher level of performance. Doing extra work is a pro-active performance... In terms of the idea of honesty, it links to the company's responsibility…our business seeks technological innovation for keeping its leading role in the industrial domain… Innovation requires employees' dedication to work… For example, employees need to consider work efficiency through the improvement of work method. An employee with an innovative mind would be a good employee. (Interview, 10)

The manager's description of corporate spirit demonstrates SOEs' efforts in enforcing government policy to build a harmonious society. It also reflects some key values of Confucianism such as harmony, loyalty, and reciprocity (Zhang, 1999). The manager indicated their management nurtures a harmonious environment within and outside the organisation. Internally, this harmonious relationship is fulfilled through a relationship of reciprocity which is a central feature of Confucian ethics (Waner & Zhu, 2002; Zhang, 1999). In this

manager's words, there is a win-win situation for both organisation and employees as the organisation cares about employees' interests and employees work hard for the organisation in return. Externally, the harmonious workplace and close relations with government help to achieve a harmonious society. In addition, the manager's mentioning the idea of innovation highlights the organisation's competitive advantage of being technology-focused and its predominant role in the industrial domain. In the manager's mind, FHTG has a very strong identity and this identity ensures employees' loyalty to the organisation and motivates them to work even harder. From the previous discussion in Chapter Six and Seven, this identity has shaped both managers' and employees' understandings of what is a good business and eventually urged both managers and employees to work towards FHTG's management interests.

8.1.2 Discussion

Overall, FHTG's self-presentation shows that the role of business in society focuses on two perspectives: economic contribution to society and benefit for its stakeholders, specifically customer, investor and employee. On the one hand, FHTG's self-presentation purposefully proves that it is a socially responsible business which strives for the larger society's benefits through messages such as "better technology" and "benefit to mankind". The use of better technology will improve organisational productivity, economic prosperity and ultimately lead to social progress. On the other hand, FHTG puts effort into strengthening its stakeholder relationships by adding value for both internal and external stakeholders through its innovative technology capability. From the previous discussion, one dominant discourse of caring is evident in FHTG's mission statement and business strategies. The practice of this discourse puts an overemphasis on corporate responsibility and is supported by an innovation discourse which reconstructs the meaning of the high-tech company. The practice of these two discourses repositions the company as a responsible corporate citizen through an innovative use of technology to empower people.

In addition, these headquarters managers' descriptions of organisational identity support organisational statements shown on the homepage and provide good examples to explain the organisation's aim and business strategies. Their

explanations portray a very positive image of their organisation and show a strong sense of organisational responsibility regarding both internal and external stakeholders through expression of their management philosophy, stressing "sustainability", "social harmony" and "people-oriented" management. Also, these managers' descriptions of organisational identity demonstrate the significant role of SOEs in the implementation of CCG's policies for promoting a harmonious society and scientific development.

However, it can be argued that many organisations still create and convey their identity in a controlled and top-down manner which is expected to be practiced by all segments of the organisation's membership. Also, organisations attempt to manipulate corporate symbols such as mission statements to "labour's advantage" and promote ethical codes to its own favour (Berg & Kreiner, 1990; Christensen & Cheney, 2000). Therefore, the construction of organisational identity may be similar to putting on a show for its external public and failing in its involvement with internal employees. By looking at this argument, it is worth seeing how participants (managers and employees) respond to FHTG's self-presentation.

8.2 Participants' responses to FHTG's identity

When being asked what their views about the company were, most participants (both the headquarters and subsidiary companies' managers and employees) gave positive responses to this question. They depicted a positive image of FHTG's identity and this image is in line with the organisational presentation of its own identity in some ways. In most participants' minds, the picture of FHTG exhibited a group-oriented identity, a respectable and caring company which shows some of the main features of Confucian cultural virtues. Also, a particular construction of responsibility ideology is evident through participants' descriptions with their construction of a reputation discourse within FHTG.

8.2.1 A unified group identity

The first major impression the researcher has is most participants see FHTG as a united group through the use of pronouns "we", "our", and terms such as

"Fenghuo People", "Our Group". It is very hard to find a clear distinction between FHTG and its subsidiary companies with respect to participants' descriptions of their organisations' images. For example, no matter where they work, in the headquarters or subsidiary companies, participants keep speaking about the name of FHTG instead of mentioning their own companies' name. Further, "the use of pronouns we, our, you, your, has a special function in producing a social and political space in which the speaker, the audience, and others are positioned" (Chilton & Schaffner, 1997, p. 217). So participants utilized pronouns in order to identify themselves and position others. The use of "we" creates a sense of common identity and enhances the connection between FHTG and participants. For example, participants frequently used "Fenghuo People" (what they called themselves) giving a sense of unification so that the researcher feels they are united as one group. At this point, participants' responses provide a vivid example to exhibit a culture with collective characteristics that is based on Confucian values and guidelines.

The collective values of Confucian culture emphasise that the distinct "we" group (or in-group) is the major source of one's identity (Hofstede, 1991; Park, Rehg, & Lee, 2005). In FHTG, most participants identified themselves with a combined organisational identity and the individual is insignificant without this common identity. For instance, one subsidiary company's manager pointed out that "we try to maintain the group's big brand rather than keeping our own company's name…" (Interview, 1). Also, an employee who works in a subsidiary company said that "we become part of the group…our company's culture is deeply affected by the headquarters' culture…we don't have our unique identity, but we are assimilated into the group identity" (Interview, 25). Clearly, participants demonstrated that the interests of the "Group" are more important than those of individual companies. They gave priority to the "Group" rather than individual subsidiary companies. This priority implies the importance of collaboration and unity within the group (FHTG). In doing so, the collective identity encourages loyalty and conformity to authority, which in turn enables policies to be implemented successfully in the organisation (Eng & Kim, 2006; Rhee, Uleman, & Lee, 1996).

8.2.2 A caring company

An important point made by the participants is that FHTG is a responsible organisation which looks after its employees and cares much more about society. A feeling of care was intense in the participants' responses to organisational identity/culture through the use of words such as "responsibility", "care", and "concern". Most managers and employees from both the headquarters and subsidiary companies linked their organisational identity to the way in which their organisation treats them. This includes the company's leadership and a relaxed and caring workplace. As some participants' described the workplace as follows:

> Managers
> All FengHuo people feel that we have the responsibility of revitalising the national communication industry on our shoulders. (Interview, 10)
>
> In terms of myself as an old employee, I feel a strong human touch (*Renqingwei*) in our company. We care about each other and keep harmonious relations…. (Interview, 11)
>
> Employees
> The work condition is relatively relaxed, and more stable compared to some highly stressed private enterprises. Also the work remuneration and personal job satisfaction are higher than those private enterprises. (Interview, 17)
>
> Leaders are concerned with every aspect of the employees and have in-depth conversations with us frequently. (Interview, 23)
>
> Leaders care about employees' status. Employees felt less pressed. (Interview, 31)

It is very interesting that the participants tried to identify organisational identity by differentiating themselves from others. They were always comparing FHTG with other private companies by using the words such as "relatively", "higher", "more relaxed", "more stable", and "unlike other private companies". They used comparison to first highlight FHTG's responsible identity and demonstrate their emotional attachment to their work. This emotional attachment lives in the idea of "human touch" (*Renqingwei*) which is a Chinese term used to describe the nature of human beings, which stresses the warmth and sincere feeling through love and care. Also, it is used to describe the human relationship that is

reflected in humanity and kindness. For example, when Chinese people say they feel a strong human touch in the organisation, they mean that they feel looked after and supported by the organisation with a warm-hearted working environment. Accordingly, the participants' comments about organisational identity exhibit most of the ethical behaviours that Confucius addressed. These behaviours include love (benevolence), kindness, and deference (Chuang, 2005; Zhang, 1999). In addition, the participants' comparison between state-owned organisations and private companies reflects on organisational management philosophy promoting stability and people-oriented management. In the participants' words, FHTG offered a relaxed environment and stable work position which is concerned with employees' interests and development.

8.2.3 A respectable company

Another theme highlighted by the participants shows their strong sense of honour in connection with FHTG's image. Managers and employees from both the headquarters and subsidiary companies showed a deep respect for their group by putting emphasis on the group's technological capability and economic contribution with a highly-regarded social status. Below are the descriptions of FHTG's impression made by some participants:

> Managers
> To be a member of the group, we feel very proud of ourselves and know our advanced position in telecommunication industry…it's a leader in the industrial domain which represents as the national team. (Interview, 1)
>
> It is the technology that we uniquely hold that makes the FHGT so famous with its leading position in technology and market share. (Interview, 7)
>
> Our group… is vital to our country's economic development. (Interview, 8)
>
> Our equipment and services are used by government agent and national backbone enterprises. So our technical standard represents the national standard and can be trusted. Unlike some other private companies, the high-tech enterprises like us change our country's national image which brings great benefit to society. For example, our company creates competitive pressure on other international companies who are doing similar businesses. If they

want to enter the domestic market, they need to bring better technology, products and services with a cheaper price. So our company brings great economic benefits to large operators and society. (Interview, 9)

Compared with other businesses, our company leads the regional economic development and is the core business of Optical Valley… I am very satisfied with the company's image. (Interview, 11)

In the eyes of the public, our company owns a high social status. (Interview, 20)

Employees
We are a kind of authority in the telecommunication industries…Our group has made a great contribution to the government reformation of this industry. (Interview, 5)

I feel that the identity of FHTG is very good compared with some private companies. It represents the national image of telecommunications industry. (Interview, 13)

Our group has great influence in the local area and the company's brand is well-known. (Interview, 24)

Our company is very famous with good reputation. (Interview, 26)

The company owns the best reputation and social status among companies that I worked before. I am quite happy to be working here. (Interview, 27)

FHTG has a good reputation and is thought of as an ideal place to work. (Interview, 30)

Most employees choose to work here because of its development and achievements….We enjoy working here. (Interview, 33)

It is evident that both managers and employees saw FHTG with a positive common identity-a high-tech organisation with its leading technology, being vital and responsible to national economic development. Their identification of this identity is through the use of certain adjectives and adverbs, and emotional words. For example, the use of adjectives such as "famous", "leading", "high", "best", "ideal" and adverbs such as "uniquely" and "deeply" reveal their strong sentiment about their organisation. These comments stress FHTG competitive advantages which made the organisation become well-known in the industrial domain. It seems that participants firmly believed in the role of economic power

in building a high profile and responsible organisation in Chinese society. Moreover, supported by some emotional words such as "proud", "satisfied", "happy" and "enjoy", participants demonstrated their willingness for working in the group. They had a feeling of superiority and belonging, and of being part of a shared organisational identity. They were proud of their organisation and of everything connected with it. Certainly, this sense of honour creates a strong organisational culture with a common identity and shared fate which builds solidarity among participants and thus ultimately secures their loyalty and commitment to the organisation. Again, participants' identification with FHTG's identity is greatly influenced by a collective value of Confucian culture which emphasises group-based values such as loyalty, cooperation, and conformity (Hofstede, 1991).

Clearly, most participants' including both managers' (from subsidiary companies) and employees' (from both headquarters and subsidiary companies) impression of FHTG's identity is correspondent with FHTG's self-presentation which promotes the idea of harmony (a collective identity) and people-oriented management (a caring ideology). Their responses portrayed a very positive image of FHTG. However, it is worth mentioning that three participants (one employee from a finance department of a subsidiary company; the other two from the production department of FHTG: a workshop team leader and the other is a quality control manager) took different views on the organisational identity. The employee in a finance department felt that the company's identity "isn't quite clear" to employees because of "the weak propaganda" (Interview, 14). Also, the other two argued that their organisational identity is just "a cover-up" and works for appearance sake. Below are the detailed comments made by these two participants:

> Our company looks like a peacock. The appearance looks very beautiful, but we need to look deeply into the company. There are different layers. Outsiders see the company through the promotion and advertisement. The government leaders visit the factory. The promotion makes people feel our company's image is good. Compared with some private-owned organisations, our development scale is very large. I can hardly see our company's culture. My description of this culture is that our company is like a tray of loose sand which needs water to be solidified. (Interview, 19)

> Personally, it's hard to give a vivid and detailed description of
> our company's culture. The company's identity doesn't affect
> employees very much from my personal experiences. The
> company's culture means nothing to me and can hardly be
> captured. It has made some publications and undertaken some
> activities. But as an employee, we take part in those things as a
> supporting role or audience. Those activities are kind of
> promotion in order to establish the company's good image in
> public's mind. (Interview, 20)

Clearly, those employees felt that FHTG's identity construction focused on external communication and fails to deliver to lower level employees. Although their description revealed some features of the organisation's identity such as being large-scale, it seems that FHTG potentially undermines employees' identification with the organisation. As employees pointed out, the promotion was for the sake of the company's image in the public eye. Even though they took part in the process of identity formation and promotion, they played a supportive role as an audience. The use of metaphor, "the company looks like a peacock" and that employees are "audiences" depicts a vivid picture of their recognition of FHTG's identity. This recognition implies their organisation deliberately portrays a good image for outsiders (external publics), but demonstrates very weak communication among insiders (employees). This suggests a lack of concern for lower level employees' responses and reactions.

Besides, the team leader made a very negative comment on organisational culture through the use of the metaphor, "like a tray of loose sand". This strong view is in conflict with FHTG's self-presentation of being a harmonious (collective) workplace. It exposes a hidden problem within the organisation. There might be a communication breakdown between the top management and very lowest level of employees and this problem will eventually affect employees' work positivity and the effectiveness of organisational policy implementation. As Van Riel (1995) points out, employees are more likely to "accept the organisation's premises and make decisions that are consistent with organisational objectives" when they identify strongly with an organisation (p. 60). So it is important that employees' recognition of their common identity with shared interests and goals helps to create employees' commitment and a

feeling of solidarity which increases their loyalty to the organisation (Rowley & Moldoveanu, 2003).

8.2.4 Discussion

Within the previous discussion, it is obvious that FHTG's management of organisational identity stresses the relationship of the company with society. Within this relationship, a particular construction of the company's ideology is evident. The particular construction positions the company with strong economic ties to society by maintaining good customers, investors, and employee relations. The use of a written mission statement and objectives provide evidence of on-going processes of the reconstitution of ideology (Van Dijk, 1998), because of the text, through strategic structuring of the relationships between words. For instance, the words "benefit", "bring value" occur in the presentation of its identity and reveal the organisational ideology of caring. The practice of this ideology puts an overemphasis on the company's responsibility and claims the company as a caring business through an innovative way of using "better technology" to improve people's quality of life. The organisation believes technology creates productivity which brings economic benefits to society. Also, a clear strategic purpose for the company could be seen through these communications. Within those texts, there is an articulation between responsibility and technological power. These examples suggest that the company tries to articulate the positive effects of communication technology in particular in assisting the company to fulfil its responsibility in society, so that the rules of the responsibility such as caring and benefiting come to "overdetermine" (Moffit, 1994) existing attitudes towards the telecommunication industry. The purpose of this articulation is to potentially change the dominant image of telecommunication as a business or industry towards other images such as the company's responsibility to address the company's caring ideology. Also, this articulation tries to change the construction of the meaning of technology by applying another meaning of responsibility in order to position FHTG as a responsible technological leader on behalf of consumers, employees and their industry.

Moreover, both managers and employees identified FHTG as a national enterprise and national icon. They believed that FHTG takes a great responsibility to bring economic strength to a country with a good corporate reputation. They articulated FHTG's identity with national competitiveness in order to emphasise the economic benefits that FHTG brings to the country. This articulation shows FHTG's attempt to legitimatize its management interests, the economic interests in particular and shape employees' understandings of what the moral role of business in society is. This role addresses its social responsibility by using its economic contributions to help social development. Also, the articulation between social responsibility and economic benefits is in line with SASAC's claims on the adoption of CSR. SASAC believes that the implementation of CSR initiatives brings competitive advantages to the enterprises and adds value to their brand and image (SASAC, 2008).

Furthermore, the construction of a reputation discourse fosters a tight relationship between FHTG and China. For FHTG, articulating with the national identity helps the company tie all employees together and provide a stable stronghold. As both managers and employees commented, they realise that FHTG runs business not only for the livelihood of employees, but also for the development of national economy (mainly through the advancement of the telecommunication industry). So, they feel a great sense of honour and responsibility when comparing themselves with people who work in other businesses, the private businesses in particular. As Van Dijk (1997) states, discourse coordinates social interaction with members of other groups through identification of "social position, of in groups and out groups" (p. 33). The construction of a reputation discourse can be seen as FHTG management's attempt to enhance solidarity of the company and the successful reproduction of business through making sure that members of FHTG work towards the same vision.

Van Dijk (1997) indicates that ideologies form the basis of shared knowledge and attitudes of a group and "represent the specific concerns or interests of one group within society" (p. 29). That is to say, ideologies have cognitive functions as a way of telling people what their position is, and what to think about social

issues (Van Dijk, 1997). Accordingly, the construction of a reputation discourse intends to develop the ideology of economic responsibility as part of common sense for FHTG's business practices in order to define itself, identify its position within society, and differentiate itself from other social groups (such as private businesses). For China, the development of FHTG boosts Chinese economic development and improves China's international reputation with advanced technology and improved social responsibility. As SASAC (2008) argues, fulfilling CSR helps to establish not only "a responsible public image" by Chinese corporations, but, more importantly, "a responsible nation" at large. The practices of CSR are imperative not only for SOEs' business management, but also for government "soft power" as well (Sutherland & Whelan, 2009). Both managers' and employees' description of FHTG's identity demonstrates a significant role of SOEs in helping the country's economic development. It can be seen clearly that the notion of social responsibility is inclined to an economic responsibility and pays little attention to environmental wellbeing. Their description of organisational identity shows their understanding of responsibility focusing on the use of technology to improve organisational productivity which will eventually result in economic growth and social prosperity. Accordingly, it can be argued that FHTG's understanding of company's responsibility in society reveals a strong economic focus.

To sum up, most participants' (managers and employees from both the headquarters and subsidiary companies) identification of FHTG's identity is consistent with organisational self-presentation and aligns well with the organisation's mission and values. This consistency is based on their recognition of a united group identity that stresses its technological strength, its concern for employees and its economic contribution to society. Participants' descriptions of organisational identity are centred around words, such as "proud", "human touch", and "concern". This again reinforces a strong ideology of caring and responsibility through the company's concern for its employees. Moreover, as Zapalska and Edwards (2001) point out, cultural beliefs drive business practices and shape management behaviour. The practice of FHTG's identity is largely influenced by Chinese cultural beliefs, Confucian culture in particular. The participants' identification with this common identity can also be explained by

some key values of Confucian culture, including collectivism, love (benevolence), kindness, and loyalty. Those values guide the company's business practices with a notion of morality and have been seen through the discussion in Chapter Six. However, a few participants who worked in the lower level of the organisation responded in a different way regarding their perception of the organisation. Their descriptions contradict the organisational promotion of a harmonious identity and exposed a potential issue between top-management and lower level employees in relation to the effectiveness of internal communications. The practice of organisational identity may ignore the importance of a key stakeholder group member, specifically employees' involvement and practices. This is in contrast with organisation's claim for its concern about employees' development, and will decrease employees' morale and weaken their commitment to the organisation in the long run. As Cheney and Christensen (2001) recommend, organisations communicating with themselves, namely auto-communication, is very important with "a growing need among organisational members for identification and belongingness" (p. 247). This auto-communication helps strengthen employees' loyalty with shared mission and values. FHTG's identity management paid little attention to internal communications with employees, particularly the lower level employees. This problem has also been found in FHTG's business performance discussed in Chapter Six and Seven.

8.3 Participants' identification with the social role of business

When asked what their impressions of the role of business in society were, most participants answered the question with a notion of the company's responsibility in society. They defined this responsibility from very different viewpoints. Most of their descriptions stressed both organisational external and internal stakeholders' interests, but some of them argued that this responsibility should be primarily focused on wealth creation. Their identifications with company's responsibility in society can be classified into three main viewpoints: maintaining social harmony, improving employee welfare, and making profit.

8.3.1 A strong advocate to keep social harmony

Many participants identified a company's responsibility in society with a notion of social harmony. In their words, the creation and maintenance of a harmonious society is through the effort of business enterprises. They believed that a responsible company helps to reduce social pressure and maintain social stability. This belief demonstrates the strong influence of CCG's policy reform in shaping organisational understandings of CSR concepts and reconstructing organisational reality (the harmony approach). This influence and understanding also guided FHTG's business behaviours and employees' work performance, which has already been discussed in Chapter Six. Below are descriptions of those participants' understanding of CSR:

Managers
Offering a stable job and better working environment can make employees work peacefully and keep workplace in harmony. The social behaviour of these people would further positively affect more people in the society and help to achieve social harmony. (Interview, 22)

…need to consider environment protection, including emission control and energy efficiency improvement. This effort helps to create a harmonious community environment and thus helps to achieve social harmony. (Interview, 26)

Employees
…create wealth for the community and reduce social pressure…employees get better welfare and solve the problem of unemployment…. so that keeps social stability.... If business gets better development, employees' life standard gets better and better. They will live in harmony in the local community and will reduce social pressure. (Interview, 5)

Society is constituted by people. If each company can make their employees live and work in peace, they make great contribution to social stability and harmony. (Interview, 31)

It can be seen clearly that the idea of social responsibility can be understood through the achievement of social harmony from participants' points of view. They advocated achieving a harmonious relationship among employees, company and society. This relationship is formed through a company's responsible business behaviours, including better employment, environmental

protection, and wealth creation. This highlights a Chinese ideology of harmony (*He*) which is an ethical notion that describes how the world at large functions and how human beings ought to act. The idea suggests through finding similarity and common benefits, the existence of different things achieve a certain favourable relationship among them (Li, 2006; Zhang, 1999). This ideology guides business behaviour in a more ethical sense which requires a company to keep a balance between profit making and obligation taking. In participants' words, a responsible company keeps a good balance among employees, company and society. In addition, participants' mentioning environmental wellbeing entails another aspect of harmony. Li (2006) describes that Confucius had a mission in his life to harmonize the world through "a process in which a triad is formed between, heaven, earth, and humanity" (p. 593). So the harmony is not only achieved among the members of the human community but with the rest of the universe as well.

8.3.2 A requirement for better employee welfare

Keeping this balance in mind, some participants further suggested that a company's responsibility should focus on the improvement of employee wellbeing such as promoting individual development other than providing material rewards. Clearly, their understandings are shaped by FHTG's management practices where there is a focus on the improvement of internal relations. This focus has been seen through the previous discussion in Chapters Six and Seven. Participants' descriptions are illustrated by the following extracts:

> Managers
> Provide more employment opportunities….help employees'
> individual development by creating a better platform and more
> training opportunities. (Interview, 9)
>
> Improve employees' living standard. (Interview, 10)
>
> Create bright futures for both employees and their families.
> (Interview, 12)
>
> Employees
> The role of an enterprise in the society resembles that of a family.
> It needs to raise all its employees. (Interview, 23)

> Make employees feel a sense of stability and security. (Interview, 27)

> It has the responsibility to strengthen its internal management by increasing training opportunities and standardising the system and criterion of selecting employees. (Interview, 29)

> It must be responsible for its employees with better payment and individual opportunities for personal growth. (Interview, 30)

Certainly, those participants identified their company's responsibility regarding their own interests. They even took their family members into consideration in relation to their company's responsibility. Also, it is very interesting to see that one employee specifically used a metaphor, "family" and personification "raise" to describe an inseparable and interdependent relationship between employees and the company. This demonstrates their strong emotional attachment or involvement with the company. For better, this emotional attachment will increase employees' commitment; for worse, it will weaken employees' loyalty to the company. So it is vital for their company to care for its employees in order to achieve its own development.

8.3.3 A classical assertion for wealth creation

By contrast, some participants defined a company's social responsibility with a strong view of wealth creation. They argued that the role of a company in society is profit making. Its main responsibility is to maximize this profit in order to make an economic contribution to society. Their responses are centred around phrases such as "increase revenue", "increase economic benefits", "enhance competitive advantage", "boost industrial development", and "increase productivity with advanced technology". Clearly, these participants demonstrated a strong economic focus in terms of their understanding of a responsible business role in society. This is quite consistent with the previous discussion of FHTG's construction of a reputation discourse in section 8.24. Below are some detailed descriptions made by these participants:

> Managers
> A socially responsible company is a company who can make a profit and maximize its value under the legal regulations. (Interview, 6)

> The main responsibility of our company is to create more wealth,
> pay more tax, and provide quality products and services.
> (Interview, 15)

> Employees
> …create wealth and maintain the persistent development of the
> entire social economy. (Interview, 13)

> …create more value for our customers and make more profits for
> employees and society at large. (Interview, 32)

It can be seen that these participants believed the company's social responsibility is to make as much money for itself and society as it can. Their understanding is consistent with FHTG's management promotion of company's economic responsibility in society. They articulated the idea of responsibility with wealth creation by claiming the positive effect of making a profit in assisting the company to fulfil its responsibility in maintaining social stability, so that the rules of the responsibility such as increasing social stability come to over-determine existing attitudes towards the business. One employee working in a subsidiary company even pointed out that:

> There are several stages in the growth of an enterprise. The
> primary phase is to chase capital using every possible manner;
> the responsibility is not an issue in this process of original
> capital accumulation. After the development, the enterprise
> reaches a certain level, topics related to obligations will be
> considered and actions to push the development of the society
> are to be implemented. (Interview, 18)

This employee tried to make the point that the idea of a company's social responsibility cannot be considered when the company is in the first stage of striving for survival. In his words, "capital accumulation" would be the first priority for a company's development without considering the issue of responsibility. It is very surprising that an employee rather than a manager held this kind of view. This view was early put forward by an American economist, Milton Friedman, who asserts corporations exist to provide products and services that produce profits for their shareholders (Friedman, 1970). Although this assertion accepts that corporations should obey the laws of the countries within which they work, corporations have no other obligation to society. This view

disregards the company's other responsible roles such as improving environmental and social wellbeing. It has been largely criticized with increased public awareness regarding the impacts of corporations on society, such as issues of human rights and environmental protection. In brief, these participants understanding of CSR strategically stresses the company's responsibility for making a profit by articulating its positive effect on helping the company to promote social development. They failed to address environmental and social benefits other than economic outcomes. It is interesting to see that their understanding of CSR is in line with the company's mission statement as a way of using technology to increase economic outcome and, ultimately, improve social prosperity.

8.3.4 Discussion

From the previous discussion, it can be seen clearly that most participants' understanding of CSR concepts refers to the interests of different stakeholder groups for whom the organisation should be responsible. Their understanding is in line with FHTG's organisational practice of CSR which demonstrates a stakeholder approach to CSR, discussed in Chapter Seven. This approach is also similar to a stakeholder view of CSR in Western society, which entails the commitment of business to development of stakeholder group members, including employees, shareholders, communities, as well as the environment (Garriga, & Melé, 2004; Herrmann, 2004; Moir, 2001; Rowley, 1997). Both managers and employees interpretations of CSR concepts concern FHTG's stakeholder groups' interests (including customers, employees, community and the environment). According to Smith and Nystad (2006), the motivation for CSR is neither economic nor ethical, but these perspectives are mutually connected. That is to say, businesses have a fundamental role to make a profit and also have a duty to consider social concerns and solve social issues. In the case of FHTG, both managers and employees identified motivations for CSR from not only an instrumental perspective but, more importantly, a moral perspective. They argued that the idea of CSR entails the business motivation for promoting social harmony (stability), employee wellbeing, and environmental wellbeing. They put emphasis on the strengthening of its stakeholder relationships by adding value to both internal and external stakeholders through its caring ideology and innovative

technology capability. Their understandings of CSR clearly demonstrate government influences on SOEs' business management in terms of policy reform on building a harmonious society.

On the other hand, some participants' descriptions of CSR concepts demonstrate an economic concern. For example, some managers described CSR as an intangible asset with improved corporate reputation, employee commitment and organisational productivity. Also, employees believed that the company's responsibility is to create wealth. Their understandings consider CSR as a competitive advantage to achieve certain economic outcome. There is an articulation between CSR and competitive advantage. In particular, the construction of reputation discourse articulates FHTG's identity with national competitiveness in order to addresses its social responsibility by using its economic contributions to help the development of society. This clearly demonstrates FHTG's economic motive for the adoption of CSR initiatives. This is also the case for some Western companies. In the North American context, companies used CSR as an instrument to legitimise and market the company (Maignan & Ralston, 2002). In particular, in USA, companies viewed CSR as a way to achieve their economic objectives in terms of profitability and return on investment (Maignan & Ralston, 2002; Lo, Egri, & Ralston, 2008). Also, North American companies viewed CSR as a strategy to gain a strong positive corporate reputation and improve employee recruitment and retention (Lo et al., 2008). In the European context, European governments and the European Commission are keen on promoting the relationship between CSR and competitiveness in order to encourage the acceptance and adoption of CSR (Albareda, Lozano, Tencati, Midttun, & Perrini, 2008). Also, CSR is used by some European governments as a strategic and competitive opportunity for companies, domestically or internationally. Albareda et al. (2008) particularly pointed out that the British government regards CSR as a competitive advantage to enhance companies' reputation and inspiration to competitors to work in the same area. This same interpretation of CSR applies in Italy and in Norway as well (Albareda et al., 2008). In brief, both the Chinese company and some Western companies' understanding of CSR are associated with the idea of economic development (such as competitive advantages for investment opportunities). From this

perspective, it can be argued that the practices of CSR can be seen as the company's attempt to legitimatise management economic interests and shape employees understanding of what is good and bad for both the company and employees.

In addition to the political and economic influence on their understanding of CSR discourse, the Confucian moral value system (such as the value of harmony, benevolence and loyalty) works as an invisible moral force to shape the participants' understanding of CSR concepts. This is manifest in a Confucian entrepreneurship approach to CSR discourse which argues that the company needs to keep a reciprocal relationship between society and itself and a balance between making profit and making commitment to society. FHTG's management articulated the idea of profit making with social harmony and stability in order to reinforce and normalise its economic agenda. Rather than having to embark on an entirely new social project, both government and management have been able to articulate their own organisational interests with the prevailing common sense that is embedded in Confucian cultural values.

Also, a Confucian entrepreneurship approach has formed a distinctive feature of Chinese CSR which emphasises the ideology of reciprocity.The participants' understanding of CSR concepts is in line with FHTG's practice of Confucian entrepreneurship which has been discussed in Chapter Six. In brief, both managers and employees incorporated not only the economic value but also other moral values into the interpretation of CSR concepts. Their understanding shows both an instrumental focus with a profit motive and a normative focus with an obligation for common good. Some European companies also considered that the motivations for CSR practices are not a purely economic motive but a focus on broad stakeholder groups' interests (Moir, 2001). The range of stakeholder groups is slightly different because of the different business environment within these countries (Matten & Moon, 2008). What is obvious is that both the Chinese company and European companies feel strong moral demands from government, employee and community.

8.4 Conclusion

In this chapter, FHTG's understandings of CSR discourse are explored in relation to three areas: organisational self-presentation based on the homepage documents, participants' responses to organisational identity, and participants' identification of the social role of business drawn from interview transcripts.

Examining FHTG's relations with society primarily focused on the way that FHTG represents itself, including its mission statement, objectives, management philosophy, corporate spirit and managers' (working in headquarters) descriptions of organisational identity. Within the previous discussion, FHTG's self-identification of its social role focuses on its responsibility to society, which mainly reflects two perspectives: bringing economic benefit to society and adding value to its shareholders, specifically, customers, investors and employees. On one hand, FHTG's identity management strategically constructed a discourse of caring with the promotion of responsibility ideology. On the other hand, FHTG put overemphasis on the reinforcement of its stakeholder relationships by adding values to both internal and external stakeholders thought its innovative technology capability. In addition, those headquarter managers' descriptions about organisational identity were in line with organisational self-presentation and provided detailed examples of organisational business strategies that stress its concern for employees and society.

Secondly, participants' (both managers and employees) responses to FHTG's identity were examined and their responses portrayed a positive image towards FHTG. This image demonstrated three main views: a group-oriented identity, a respectable and caring company which depicts some main features of Confucian ethic behaviours such as benevolence, loyalty and collectivism. Also, a particular construction of a reputation discourse is evident. The reputation discourse stresses the significant role of economic development in fulfilling CSR. In addition, from participants' descriptions, it can be seen clearly that FHTG's self-presentation assertion of its responsible behaviours are similar to participants' responses as a way of stressing employees' concern.

However, a few employees felt that FHTG's identity construction focused too much on external communications and failed to convey to lower level of employees. The use of metaphor, "the company looks like a peacock" and employees are "audiences" depicts a vivid picture of their recognition of FHTG's identity- a good image towards the outsiders (external publics). But it demonstrated very weak communication among insiders (employees). This suggests there are some issues arising that need to be resolved. These issues have been discussed in Chapters Six and Seven in terms of FHTG's business management behaviours such as the hierarchical decision making process and the implementation of employee involvement programs.

Finally, examples were given of participants' identification with the term of CSR and their descriptions were divided into three perspectives: maintaining social harmony, improving employee welfare, and making a profit. Many participants believed a responsible company helps to reduce social pressure and maintain social stability. This highlighted a Chinese ideology of harmony which requires the company keeping a balance between profit making and obligation taking (Zhang, 1999). They defined a responsible company as the one that keeps a good balance among employees, company and society. Additionally, some participants asserted that company's social responsibility is to make more profit for its stakeholders. In brief, most participants' understandings of CSR are shaped by FHTG's business practices and their work performance. Their understandings of CSR concepts are similar to the Western stakeholder approach. Also, their understanding demonstrated the strategic (economic incentive) and moral motives (social and employee wellbeing) for FHTG's adoption of CSR practices, which have also been seen in some Western companies (such as European companies).

The next chapter concludes the study and discusses the contribution this study makes to knowledge, theory and practice.

Chapter Nine
A Striking Revival of Ancient Wisdom

In response to a vast and growing body of research in business society relations (CSR in particular) in Western societies, this thesis has taken a critical approach to challenge current Western understandings and constructions of CSR discourse and investigate the discursive formation of Chinese CSR discourse in broader perspectives. These perspectives show the cultural, political, economic and social functions of discourse within a large Chinese State-owned organisation, FHTG. Not only do such broader perspectives enrich the research in non-Western CSR, but more importantly, they make original contributions to the discipline of business-society relations from both theoretical and methodological points of view. This chapter concludes the study and discusses the relevance and importance of the findings of the analysis, both as a contribution to knowledge and as a benchmark for future research.

9.1 Criticism of Western neo-liberal ideology encounters revival of Confucian moral philosophy

The review of literature has shown that the research on CSR has developed mainly within the North American and European context. The study has found that the introduction of the concept of CSR in Western societies resulted from much criticism of Western neo-liberalism. Neo-liberal ideology seeks only the quantitative rationality for material gain without accounting for the externalities of production that are today held responsible for causing ecological crises as well as social problems. For business, such problems include the loss of loyalty of employees following downsizing of companies (Miles, 2008). Western adoption of CSR aims to reconstruct an ethical role for business in society and to redress the loss of economic democracy and accountability (Gray, Owen, & Adams, 1996). However, in Eastern Societies, China in particular is at a different phase of its economic and cultural development than developed Western societies and its construction of business-society relations must be consistent with Chinese conditions. This thesis argues that Chinese society, based on a strong Confucian tradition, does not need to follow in the footsteps of the West in copying business ethics that have emerged from the failures of neo-liberalism, but could develop

business ethics based on virtues suited to its own traditions. The study fills a gap in the literature by embracing the Chinese cultural, political and social perspective to CSR theory. The research finds that Chinese society is already fortunate to have the cultural heritage of Confucianism which serves as a moral stronghold against the powerful negative influences of Western neo-liberalism. It suggests that Confucian moral philosophy could be considered as an alternative or a revision to business ethics in order to solve crises believed to be inherent in Western society.

9.2 Development of Chinese CSR theory: Incorporating a revival of Confucian moral philosophy into modern Western business management philosophy

One of the key original contributions this thesis makes to CSR knowledge is the development of Chinese CSR theory within both the institutional (cultural, political, and economic) and organisational context. This study has investigated and analysed the discourse of CSR within a Chinese context. It primarily examined the macro cultural and political contexts in shaping the discourse of CSR in China. It also conducted a close investigation of social practices of business behaviours, specifically employer-employee relationships within FHTG. The study of FHTG's CSR discourse demonstrates the ways in which the social reality of Chinese CSR is constructed. The thesis provides a guide for the study of the CSR concept in a non-Western context by applying Chinese cultural, political and economic factors into the investigation of different aspects of CSR to create a more coherent theoretical framework for CSR. Each of these factors is further elaborated in the sections below.

9.2.1 New meanings of CSR shaped by Confucian moral philosophy: Social harmony combined with economic benefits (productivity)

This study finds that the Chinese traditional culture of Confucianism has been invoked as a basis for the development of Chinese CSR in theory and practice. Confucian moral philosophy believes in on-going self-cultivation of human virtues, and so differs from Western instrumental rationality in that the harmony and welfare of society take precedence over the interests of individuals. This thesis contributes to new meanings of CSR which focus on aspects of social

harmony and economic productivity. The research findings demonstrate that the Confucian approach to CSR has been mainly prescribed by the Central Chinese Government (CCG) with the purpose of creating a harmonious society by keeping economic development as the primary driver as well as promoting employee wellbeing and environmental protection. The CCG is fortunate to have Confucian cultural values as prevailing common sense embedded in Chinese society for many years. It is very easy for the CCG to articulate its own agenda (such as wealth creation) with the ancient traditional concept of social harmony in order to legitimise and maintain its social and political control in society. The CCG uses this articulation to normalise its economic interests. Further, the CCG's application of Confucian cultural values articulated with the concept of CSR demonstrates its strong hegemonic intention which serves its own political and economic ends. In doing so, the CCG uses CSR as a tool to not only increase business competitiveness (with enhanced business reputation and productivity) in the global market, but ultimately to achieve a moderately prosperous society. The findings clearly show that Chinese CSR theory promotes economic productivity as a means of achieving social wellbeing and employee wellbeing. This theory develops a new paradigm for business and society realised through an integration of empirical (economic) and normative (ethical) aspects of CSR which has been seen as a great challenge in the development of Western CSR theories. In a Western context, theories of CSR present many competing ethical approaches which often produces confusion and scepticism, and requires "an accurate knowledge of reality and a sound ethical foundation" (Garriga and Melé, 2004, p. 66). Chinese CSR theory offers a solution for philosophical difficulties through the development of a solid ethical foundation which combines human virtues with economic activity. It offers a solution for handling conflict between material gains (instrumental rationality) and moral considerations (normative requirements) based on the principle of reciprocity. More specifically, this solution involves reciprocity between the individual and the business by each of them carrying out their respective roles in society.

9.2.2 Convergence of East-West Business Management Philosophy: The significant role of CCG

The study finds that Chinese CSR theory has a lot in common with its Western counterpart. Work ethics such as integrity, respect for others, trust, and justice in the sense of treating others in an equal way are honoured by both Chinese and Western thinkers, and are key aspects for conducting ethical business behaviours (Tu, 2001). This thesis contributes to business management theory by combining Confucian business ethics theory with modern Western business management theory promoted by CCG. The findings demonstrate that FHTG's CSR discourse is shaped by the Chinese cultural system of Confucianism emphasising human virtues and government adoption of some Western CSR initiatives. More specifically, FHTG's CSR discourse demonstrates a convergence of East-West business management philosophy which illustrates a hybrid model of business management by embracing both a Chinese management and Western management styles into its social performance (see Table 3).

This study provides a useful way of examining CSR performance, organisational wellbeing and productivity in particular, which might provoke a rethinking of Western business practices toward employee management. It shows that FHTG's social performance reflects the Chinese way of CSR practice which respects people's values through Confucian entrepreneurship ideals. Although there has been a growing awareness within the business field of the importance of Confucian moral philosophy (Confucian business ethics) in determining business behaviours, and efforts to measure their influence (Hill, 2007), studies of how Confucian business ethics are combined with moral values of modern business society and how they are interpreted, applied, and reconstructed within organisational discourse are rare. This study provides a benchmark for analysis of the construction and development of a modern Confucian entrepreneurship discourse by revealing research participants' feelings and thoughts about their business experience. The study finds that Confucian entrepreneurship is developed upon Confucian business ethics belief in benevolence, harmony, collectivism, righteousness, filial piety, and loyalty and develops a way of incorporating cultural virtues into business management concepts.

Table 3. FHTG's CSR discourse

FHTG's CSR discourse	Internal employee wellbeing	External contributions
Chinese approach (Confucian-based)	Confucian entrepreneurship (a Chinese management style) • A collective work orientation (Collectivism) • A harmonious workplace (Harmony) • A hierarchical organisational structure (*Li*) • The benevolent leadership (*Ren*)	Wealth creation (paying tax) Increasing employment Keeping social harmony
Western approach (Stakeholder approach)	Scientific management system (a Western management style) • Career path design • • Employee recognition • • Employee promotion • • Employee involvement	Corporate giving programs • Donation • Hope school • Disaster relief Corporate partnership • Project village to village • Empower the disabled • Safe city Corporate community involvement • Employee volunteerism

The practices of Confucian entrepreneurship discourse improves FHTG's employee wellbeing through the improvement of job satisfaction and work commitment which has developed from a shared work interest, a harmonious work environment, a respectful system of reciprocal duties in the company, and a strong feeling of self-respect and care.FHTG's business performance has shown that cultural virtues are essential to boost business development. The study suggests that the construction of Confucian entrepreneurship discourse forms a distinctive feature of Chinese CSR practices which focus on the development of human virtues that guide companies to a new way of improving their CSR performance.

The study also demonstrates that the adoption of CSR in China is regulated by CCG. CCG plays a key role in shaping FHTG's practices of CSR discourse

through the implementation of SOE reform. This reform has changed FHTG's property rights (the separation of government and enterprises) and employee management system (the introduction of a scientific management system, SMS), and focused on the economic responsibility that FHTG plays in society. Both CCG and FHTG consider the increase of economic benefit as the primary task and major responsibility for business practices in society. This consideration creates another distinctive feature of Chinese CSR practices which include an economic contribution to society. Moreover, FHTG's social performance demonstrates some Western CSR initiatives under CCG's policy control. These initiatives exhibit a stakeholder approach to CSR practices which considers the interest of stakeholder groups including employee, government, community and society. FHTG demonstrates Chinese business behaviours in practices of some CSR initiatives through community development, environmental protection, and employee protection. These initiatives are also considered as some key aspects in Western CSR practices. This thesis contributes to knowledge of CSR by comparing differences and similarities between some Western and Chinese approaches to CSR practices (see Table 4).

Table 4. North American, European and Chinese approaches to CSR

	North America	**Europe**	**FHTG (China)**
Key actors in CSR	The corporation	Government, trade unions, corporate associations, and not-for-profit organisations	Government, employees, and community
Key guidelines for CSR	Corporate codes of ethics	Negotiated legal framework of business	Confucian business ethics and the Company Law
Key issues in CSR practices	Focus on shareholder value and philanthropic responsibility (community involvement programs and volunteerism)	Focus on multiple stakeholders interests and sustainable development (protection of environment and employees)	Focus on some stakeholders interests including shareholder value (economic responsibility), employee wellbeing and community wellbeing

Adapted and developed from Crane and Matten (2004)

This thesis also contributes to practical knowledge of CSR performance. The previous discussion shows a hybrid model for CSR practices which combine aspects of both Confucian business ethics and Western stakeholder theory (see Table 3). In the Western context, there is a disconnection between academic and practitioners approaches to CSR studies and an absence of clear and concise CSR policies and guidelines in particular (Freeman & Hasnaoui, 2011; Taneja, Taneja, & Gupta, 2011). This thesis develops a model that combines Eastern and Western business practices and values to create a more moral and acceptable ethical framework for doing business. This study has important implications because it provides a guide for CSR practitioners to design strategies based on their own countries' cultural, political, economic, social and institutional frameworks. In this respect, the thesis not only contributes to the theoretical understanding of CSR, but also practical knowledge of CSR within both an organisational and a national context.

9.3 Methodological implications: The originality of introducing interview data

This thesis contributes to knowledge not only from theoretical but also from methodological points of view. It provides a methodological guideline for CSR research in a non-Western organisational context, the Chinese organisational context in particular. The study is underpinned by the social constructionist paradigm which believes reality is socially constructed and is produced and reproduced by people acting on their interpretations and their experience of it. The specific means identifying social constructions employed in this thesis was through face-to-face interviews, a method which has previously been neglected in research on CSR topic in a Chinese context. Little research has been conducted in close examination of organisational social practices of employer-employee relationships using this interview method. Research on CSR tends to use quantitative research methods involving survey designs and observational studies (Taneja et al., 2011). Although, there are some CSR researchers who take a qualitative research approach, they prefer using secondary database sources (published financial and non-financial reports) as their research data (Taneja et al., 2011). The use of an interview method for CSR data collection draws out a vivid

picture from individual participants' points of view and thus provides unique insight to explore in great depth the inside world of individual research participants and research organisations.

A further enhancement of study of CSR theory was made in this thesis by the application of critical discourse analysis (CDA).T he CDA approach to CSR study offers an explicitly socio-political and cultural stance toward CSR data analysis by conducting a broader contextual analysis that includes social, political, and cultural factors within organisational discourses. The use of CDA method contributes to both a macro-context and a micro-text level of CSR research. At a macro level, this thesis provides an important guide for an examination of how contextual factors of the nation shape the discourse of CSR and its practice. The use of CDA examines the social structure of the nation, including cultural norms, economic and political systems that serves as a useful framework in shaping the development of CSR theory. This thesis specifically argues that CSR is a socially constructed concept and can be only examined and understood within a wider social, political, and cultural context. Also, there are some differences when applying CSR to different institutional frameworks and implementing strategies within the business context. This study is in line with Freeman and Hasnaoui's (2011) work which indicates that both the culture of the nation and the culture of the organisation together strongly impact the development and application of CSR within individual nations and organisations. This thesis suggests that CSR practitioners need to consider the impact of cultural, political, economic, social, and institutional frameworks and organisational structures when designing CSR strategies for both the nation and business management.

At a micro-level of text analysis, this study specifically examines the linkages between individual (employee) perception and interpretation of CSR meanings, and participation in and contribution to CSR practices, as well as commitment to and performance in both CSR behaviours and the individual job in general. Researchers have so far paid little attention to the study of employee relations in CSR literature and have instead focused on examining impacts of CSR on other stakeholders such as customers and financial performance (Rodrigo & Arenas, 2008; Taneja et al., 2011). The micro textual analysis investigates how CSR

practice impact on employee relationships and indicates a significant association between CSR, employee wellbeing, and organisational improvement. The thesis claims that CSR behaviours affect employee wellbeing through the influence on organisational commitment, job satisfaction and employee morale. With the current increased demand and discussion of employee wellbeing and organisational improvement, employee management should be considered as part of CSR practices.

9.4 Managerial Implications

This thesis also provides managerial implications for both government and business development and implementation of CSR policy. It is imperative for government officials and business managers to understand the implications of this research as it highlights contextual factors in shaping CSR, effects and application of CSR policies for decision making.

9.4.1 Implications for Government officials

The study finds that CCG has successfully built on the cultural traditions of Confucianism to incorporate the concept of CSR into its legal system in order to construct ethical and sound business-society relations to maintain social harmony and economic growth. It suggests that it is imperative for governments to exercise an entitlement to intervene in moral affairs in order to reinforce and maintain their commitments to the social good (O'Dwyer, 2003). Also, the study shows that the development of CSR policy is an on-going process for governments with "the increasingly interdependent political, regulatory and commercial exchanges" between different sectors in society (Albareda, Lozano, Tencati, Midttun, & Perrini, 2008, p. 360). As discussed previously, the development and application of CSR is dependent on the institutional environment of business – the roles of governments and economic systems within individual countries. Governments will have to analyse the strengths and weaknesses of the business environment, organisational structures and the scope of policy implementation, and of their relationship to the business sector and civil society when developing CSR policy (Albareda, Lozano, Tencati, Midttun, & Perrini, 2008). In addition, governments have to consider different perceptions and expectations of different stakeholders

when applying CSR policy to political frameworks and organisational structures. It is important for governments to foster a partnership approach with the business community and stakeholder engagement when promoting CSR initiatives. In addition, this thesis suggests that the implementation of CSR policy will bring positive business outcomes with improved financial benefits, enhanced corporate reputation and employee commitment. Governments have identified a strong association between CSR and competitiveness which indicates the instrumental potential of CSR as a business strategy for pursuing economic wellbeing. The promotion of this relationship will encourage the acceptance and application of CSR within both cross-national and organisational level.

9.4.2 Implications for Business managers

The thesis examines how individual employees perceive the company and management construction of the CSR discourse, and how their perceptions have affected their commitment to the company and their implementation of the company's CSR initiatives. The thesis argues that CSR efforts will impact employee wellbeing and organisational improvement. Some scholars have also argued that developing CSR policy will attract job seekers, enhance organisational commitment, employee morale and job satisfaction (Gillis & Spring, 2001; Turker, 2009; Tamm, Eamets & Mõtsmees, 2010). Employee involvement in CSR planning, decision making, and implementation can contribute to their personal growth as well. This suggests a win-win situation between the company, employees and society. The thesis suggests that managers should not view CSR as an increasing cost, but as an important management strategy to improve organisational performance. Benevolence (*Ren*) is the key theme of good leadership practices identified by research participants (both managers and employees). This study suggests a people-oriented leadership style which emphasises the important role of people in the organisation and requires managers to take care of employees and their business partners to foster a sense of solidarity and loyalty that will ultimately enhance employees' work performance and productivity. In addition, this thesis find that there is a convergence between Chinese and Western CSR practices within company's social performance (see Table 3). This suggests that the company can play a valuable mediating role in diverse cultures between universal ethical principles and local norms (Aguilera,

Rupp, Williams, Ganapathi, 2007). The company's CSR policy can act as a framework for decision making to promote ethical business behaviours for both domestic and international management.

9.5 Possible areas for future research

Future studies can build on this thesis's findings in following ways. In Chapter Six, the findings indicate that Confucian culture based on hierarchy and submitting to those in authority and rote learning affects the effectiveness of decision making and may hinder exercising creativity that will eventually affect economic productivity. Further research can build on this thesis to examine how cultural values can be reconstructed or modified to help companies function more effectively. Also, as noted earlier, this study finds that social practice of CSR discourse in China focuses on organisational social performance in relations to stakeholder groups' interests, employees in particular. Future research can take a step further by applying a stakeholder framework to an evaluation of CSR effectiveness and the company's corporate social performance (CSP). This may involves the analysis of stakeholder demands including employees, customers, investors, suppliers, the community and environment to assess the performance of the company. Future research can also build on this thesis by conducting an investigation of the perceptions and challenges faced by different stakeholders in relation to the expectations created by CSR policy, and of how other stakeholders interpret this policy and how it affects their power relations within the discourse of CSR.

Moreover, due to the limitations on the scope of the research, this thesis only examined the discourse of CSR within a large state-owned organisation (SOE). Tamm et al. (2010) point out that research on CSR has traditionally been associated with large companies and there is a need to enrich the debate on CSR issue within small business enterprises (SMEs). Future studies could focus on the examination of the SMEs sector and conduct a cross-organisational comparison of CSR actors and CSP and test how these variables differentially predict adoption of CSR policy. In addition, there is a need to develop comparison studies between SOEs and privately owned companies in China as early indications suggest that

privately owned companies are more aggressively adopting neo-liberal market models built upon Western competitive individualism. Future studies could focus on the opinions of privately owned companies on this Confucian approach to CSR and how their approaches to CSR would be different from SOEs.

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Appendix

Questions for semi-structured interviews

for FHTG members (managers and employees)

Thesis topic:

Social, cultural, and political constructions of corporate social responsibility in China: A study of business discourses in the FiberHome Technologies Group

1. Background

1.1. How long have you been working for this company? What was the reason that made you decide to work for this company?

1.2. Please briefly describe your current job, roles and responsibilities in the company? Also any previous roles? What skills, experiences or qualifications did you bring to this company when you started? Have there been any major changes to this company in the last year or 5 years that you can remember?

2. Company's identity

2.1. What are your basic views about the company? What does your company value and what does your company punish?
Prompt-define company's basic identity and role: who are you? What is your core mission or ultimate function in society, "your reason to be" or your justification for survival? How would you describe the culture of the company to someone unfamiliar with it? Can you give some examples to illustrate?

2.2. How do those views or values directly or indirectly affect your work performance?

3. Human capital

3.1 What are the company's views about people, especially its own staff? And how are they applied to your own company at the employee and managerial levels?
Prompt- Give me some typical examples of how employees are treated well and examples of how they are treated poorly. Which is more typical? Why do you think the company treats people this way?

4. Employee management

4.1. What does employee participation look like in your company?
Prompt: Which employees participate? In what sorts of decisions to employees participate? Examples? What do you think is the company's reasons or rationale for this sort of participation?

4.2. If I had just started working here – who should I look to as a role model?
Prompt- Who in this company would be the most helpful to me?

4.3. How does the company celebrate and recognise the achievements of good employees?
   Prompt: with "so from what you're saying a good employee is ...
   What do you have to do here to get promoted"? – why?

4.4. What motivates you to continue to work for this company?
   Prompt: *What needs-either in terms of promotion or security-do you think this job gives you?*

4.5. What would be the worst thing you could do to this company? What would happen to you - why?

4.6. When someone leaves this company (e.g., retires / moves to another organisation), what happens?

5. Network and relationships
5.1 Can you draw a picture of the organisation or department's structure?
   Prompt: *draw and talk about their networks and relationships. Who would you talk to if you had a personal intimate problem? Who would you talk to if you had a problem?*

6. CSR and its practices
6.1. What do you think the role of business in society is?

6.2. What does your company see as the appropriate role for a business in Chinese society?
   Prompt-identify social responsible behaviours within company. Identify company's role ranged from local community to larger society.

6.3. What practices in the company are consistent with CSR? Inconsistent?
   Prompt-identify some CSR programs within company. What did your company do in order to create a better society, at least in part, through the way you do work together?

6.4. What does the company see the government policy on building a harmonious society?
   Prompt-identify your individual work behaviours or performance in relation to the idea of harmony.

7. Closing questions
7.1. Do you want to add something to what you said before? Is there anything you would like to ask me?