

# The Chinese Highway to Harmony



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## INTRODUCTION

### Problem:

- Multinational Corporations (MNCs) risk to lose their competitive advantage in China

### Major reasons:

- Conflicts with government: Increasing proportions of legal issues
- Negative image in Chinese society: 90% claim compliance management from MNCs

### Goal

- Win-win solution: Reach corporate goals in "harmony" with Chinese society through an appropriate strategy of Corporate Social Responsibility (CSR)

Where do MNCs lack behind domestic companies?



Source:  
Multinationals through the Eyes of the Chinese People in 2010, Ipsos, Dec. 2010

## Globalized Culture

International  
NGOs

UN Global  
Compact

Sustainability

MNCs  
strategic  
CSR

## Chinese Culture

Government

Public

Enterprises

Harmonious  
Society

## ANALYSIS

### Culture and Philosophical Tradition:

- Harmony and balance in interpersonal & man-nature relationship (inspired by Confucianism and Taoism)
- Shapes Chinese concept of social responsibility

### Government Policy:

- Policy: Combining economic growth with social welfare
- Leitmotif of "Harmonious Society"

### Public Opinion:

- Emphasize MNCs' social responsibilities
- Accuse MNCs of applying hypocritical "double standard"

### Chinese Enterprises:

- Compete with MNCs for better reputation through Human Resource strategies

### International NGOs & UN Global Compact:

- Propose partnership with MNCs to further sustainability

## CASE STUDIES

### Novartis:

- Awards for assuming CSR (from newspaper & TV)
- Cooperated with China Charity Federation
- Free-drug program for low-income Leukemia patients

### Agilent:

- Positive newspaper headlines
- Partnership with government to assume livelihood projects
- Industrial restructuring: Research and Development, value chains etc. in China's underdeveloped regions.

## CONCLUSION

### Recommendations:

- Identify the MNCs current economic and social position (including consumers' opinion research)
- Determine change in social position that is necessary to attain economic goals → CSR strategy
- Integrate CSR strategy into long-term development strategy
- Find shared values by translating between concepts of harmony and sustainability