

# IS CORPORATE SOCIAL RESPONSIBILITY IN CHINA...

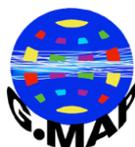


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## A RED HERRING?

Objective Measurement of the Information  
And 10 Years Projection through the Analysis  
Of the Measurement of the Signal

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## FOREWORD

CSR (Corporate Social Responsibility) has been structured in the West on the basis of setting under discussion the role of States and 'traditional' diplomatic players. It asserts, among International Relations specialists, from the supremacy of multinational power, the power of a civil society and the assumption of an attenuation of national specificities under the pressure of trans-national forces and issues.

In China, the imposing presence of the State in the society, its preponderance in the management of labor relations, the absence of an “autonomous” civil society pose many doubts about the possibilities of CSR and the capacity of the foreign firms to impose their codes of conduct.

It is true that in a first phase, during the '90s, foreign multinationals made the CSR discourse emerge in China and dominated the scene by taking initiatives, even in the field of workers' representation.

But, since the years 2000s, the Chinese government has progressively integrated CSR in its official discourse through the Confucian concept of harmonious society.

At this point, one question seems essential: **whether CSR will contribute to the improvement of social standards and the adoption by China of international norms or CSR, with Chinese characteristics, will become an instrument in the hands of the government to (re) assert its legitimacy and control over society.**

That's the question answered by the mapping generated by the System of **Artificial Intelligence** Globe Expert.

# OBJECTIVES, METHODOLOGY AND PARAMETERS

## OBJECTIVES

This report aims at giving an overview of the **CSR issue in China** by using a frame of references, which puts the emphasis on the possible political role of CSR and multinationals in international relations and notably in global governance. By constructing our references, we also considered the specificity of Chinese context for the application of CSR and notably the authoritative nature of the Chinese government and the absence of free trade unions. The analysis is based on the **Globe Expert** tools. Globe Expert is an **artificial intelligence**, which manages and analyzes the flows of information. By crossing entropy, fuzzy logic and different models such as neural or genetic algorithms, it provides cartographies and forecasting analyzes.

## METHODOLOGY

1. Preparing a **semantic frame of references** structured by axes, segments and associated keywords.
2. Starting from this frame of references, a first search is executed on the whole database (3 million documents) in order to retrieve the most relevant documents matching with each reference. Thus, a **documentary repository** is carried out. It includes about 500 documents by segments.
3. Provided with this “base of learning”, the system executes new queries and searches for the most relevant and complex documents with respect to the references. In this way a **mini database** (20.000 documents) is carried out.
4. Keywords expressing the **core question** of the study are associated with the frame of references and the mini database before the full process starts.
5. The process takes into account **concepts** and not only words. It is not binary - yes or no, white or black - but **fuzzy**: i.e. rendering a wide scope of colors. It is **comparative**.

## PARAMETERS

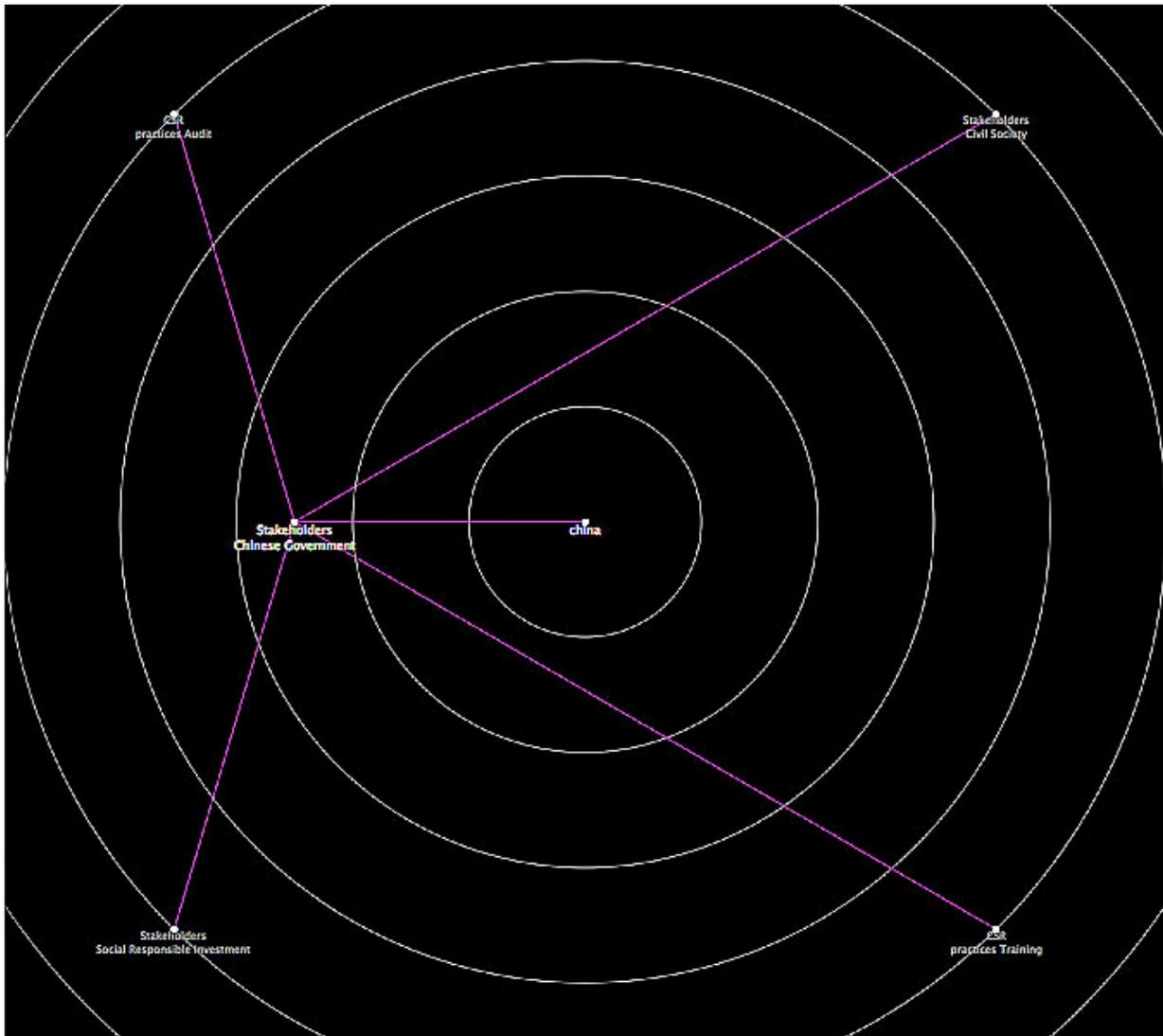
1. In order to operate a comparison as correct as possible, we executed a query complying with the title: “**CSR in China**”.
2. We chose to limit the **projection by 10 years** as we wanted to see the evolution of the CSR issue in the next coming years, due to the recent wave of strikes happened in the subcontractors’ factories of several foreign firms and the recent growing of the subject in China.
3. Regarding the “behavioral simulations” (genetic algorithms) we opted for the “Prey and Predator Model” based on the Lotka-Volterra equation.
5. We did not balance the weight of the different predators, just as we did not modify the selection of the preys and predators that the system had carried out.

## CSR FRAME OF REFERENCES

<b>International norms</b>	Domestic and international labor law	Social rights; worker rights; freedom of association; working conditions; security; wages; working hours; norm compliance And developed countries norm compliance And developing countries; voluntary nature of CSR
	Environmental law	Sustainable development And environmental standards
<b>Firms</b>	Communication	Brand image And reputation And consumers And profit
	Governance	Ethics; risk management; norms production And transnational power And global governance And international regimes
<b>Stakeholders</b>	Civil Society	NGO's And Pressures And Social Movements And workers And Strikes And forum BBS (Bulletin Board system) And Chinese media
	Social Responsible Investment	Investors And banks And ethical investment criteria
	Chinese government	Regime And Control And Harmonious Society And ACFTU (All China Federation of Trade Unions) And GONGO (Government Oriented Non-Governmental Organization) And No freedom of association
<b>CSR practices</b>	Audits	Controls And factories And subcontractors And audit falsification
	Training	Codes of conduct And subcontractors education And long term engagement And multi-stakeholder approach

# THE CORPORATE SOCIAL RESPONSIBILITY IN CHINA

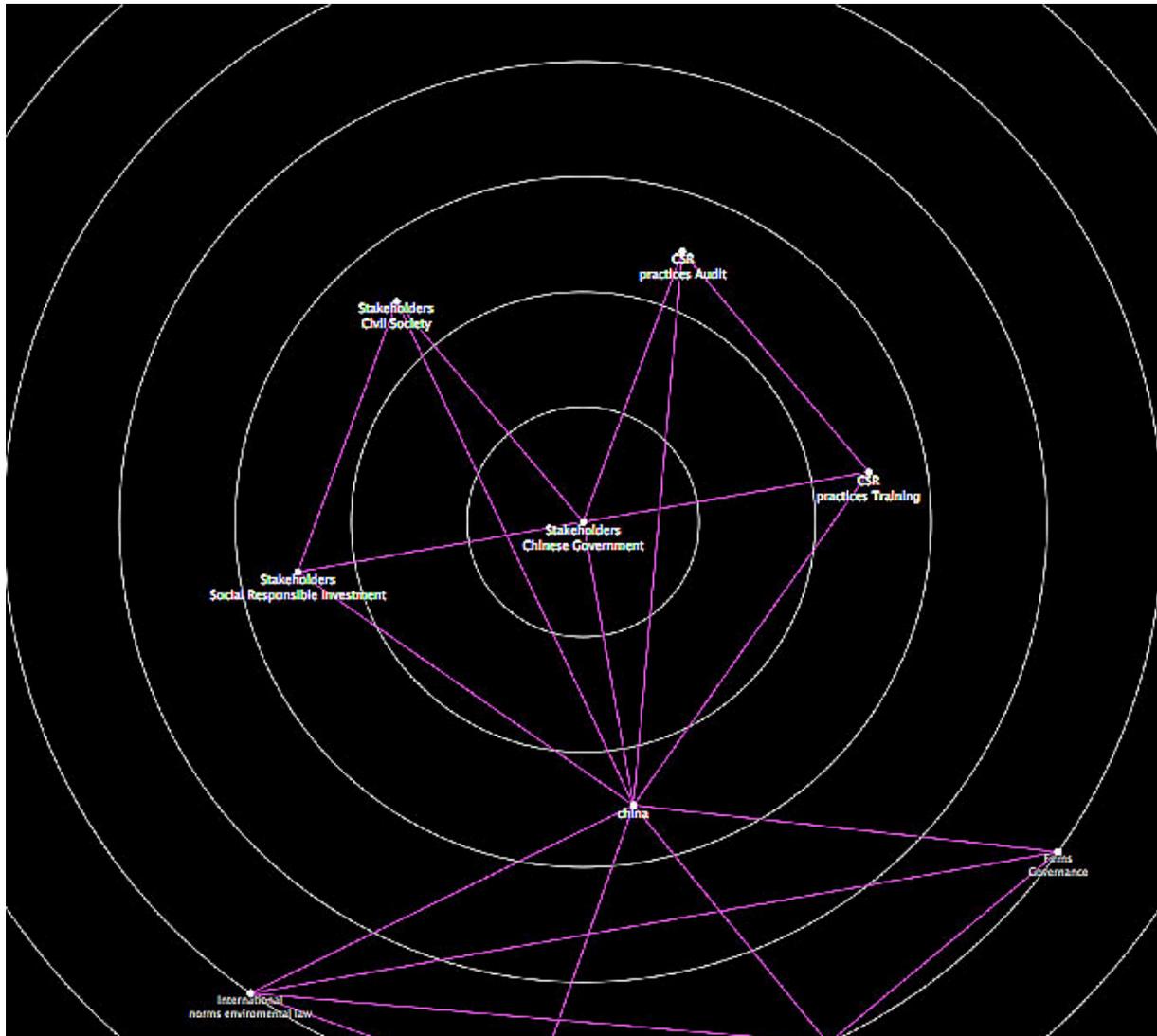
## OBSERVATIONS



*Map 1: relations of interaction centered on China when looking at CSR references. This kind of cartography renders a graphic visualization of the way the different segments interact with each other. It is based on the analysis of the concepts contained in the information regarding each segment.*

From this first graph, it is clear - if it had to be proven - that the Chinese government is the main player of the CSR issue in China. The other stakeholders, and notably the civil society, are directly linked to the government, but they don't have any direct link with the CSR issue. Indeed, in China, an independent civil society does not exist. Every social organization has negotiated with the State its space available in the society. It is within

this space, defined by the State, that some of these organizations seek to manipulate official and semi-official institutions to their advantage and to promote change. The different kinds of organizations (NGO's, GONGO's, consulting companies etc.) specializing in CSR are no exception.

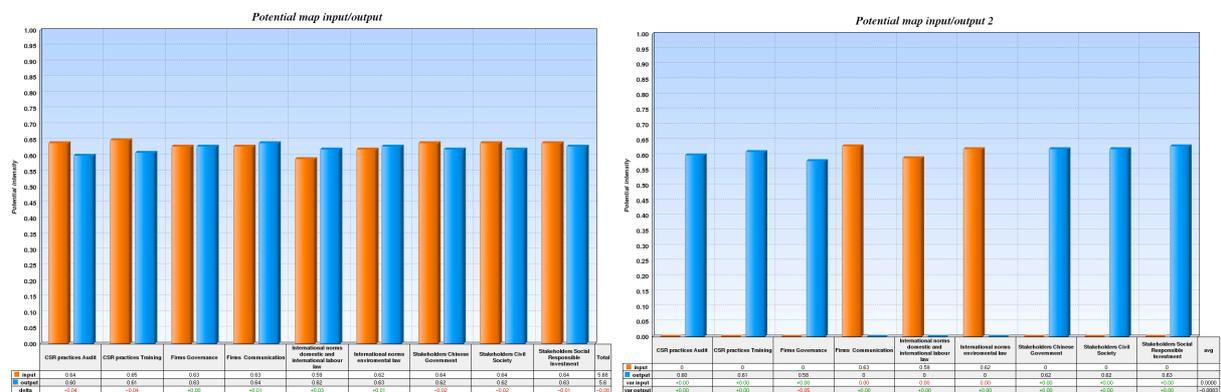


***Map 2 relations of interaction centered on the Chinese Government when looking at CSR references***

*This kind of cartography renders a graphic visualization of the way the different segments interact with each other. It is based on the analysis of the concepts contained in the information regarding each segment.*

As we can see from this graph, beside civil society, CSR practices, both audit and training, are directly linked to the government rather than to firms or NGO's, which could seem, at a first sight, more logical. This can be explained by the fact that even if firms set up CSR practises, any initiative, in particular in the field of workers' representation, cannot be

taken without the involvement of the official Trade Union, AFCTU (All China Federation of Trade Unions), whose representatives are Chinese Government’s officials.



Map 3 (left): potential power and influence balances with globe expert CSR references.

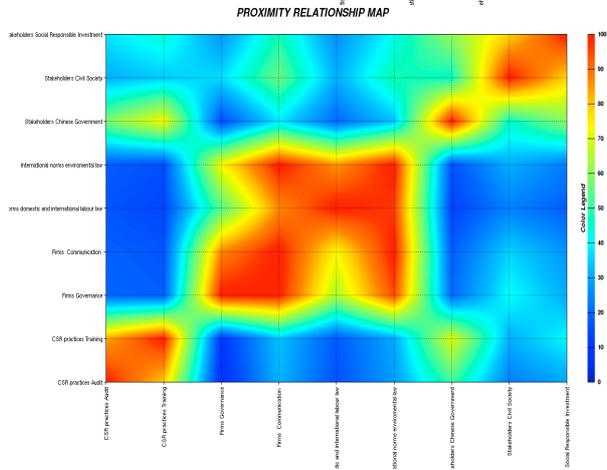
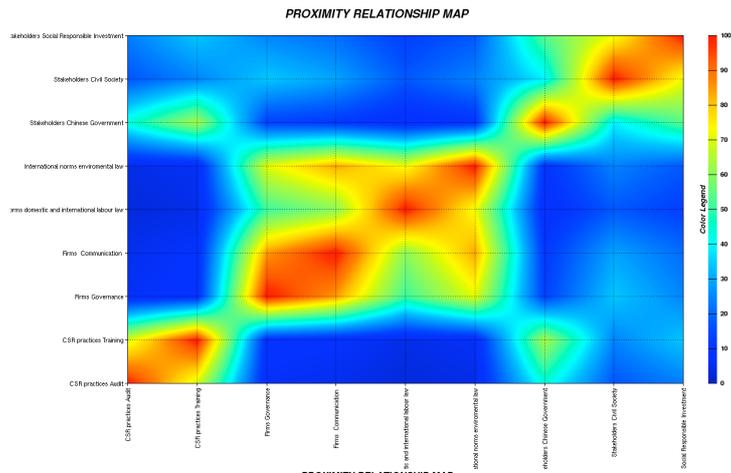
Map 4 (right): “predators and preys”.

These charts render a graphic visualization of the genetic algorithm known as the “Prey and Predator Model” (Verhulst model), based on the Lotka-Volterra equation. By “Predator”, we have to understand the most communicating sectors whereas the “prey” means the sectors, which are more or less influenced by the “predators”.

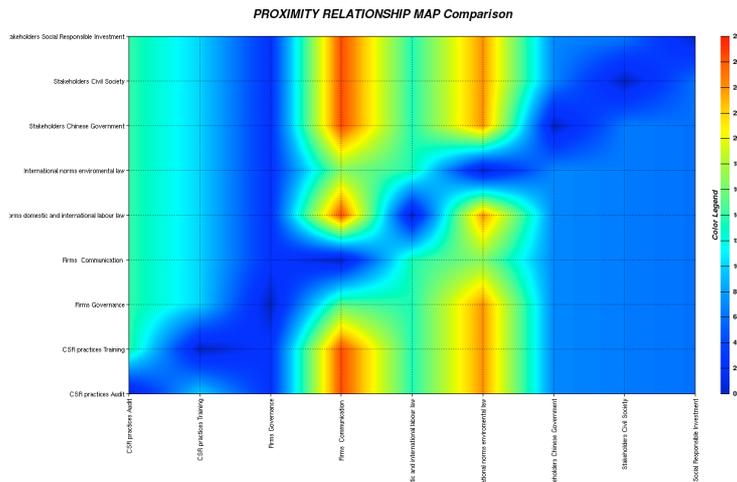
The first graph (on the left) shows that the most communicating sectors are the firms’ communication together with the legal issues, which are represented by Labor Law (domestic and international) and Environmental Law. These sectors can be defined as “predators” (Map 3 on the right). It is interesting to underline that firms’ communication appears as a predator. Indeed, we cannot forget that, regarding firms, CSR is firstly a question of brand image and reputation, which can affect profit. The question, which is relevant today with respect to the presence of foreign multinationals in developing countries, is if their CSR strategies can improve the workers’ conditions of life, by implementing new practices. The answer we can deduce from the graph is that communication continues to be the main motivation behind CSR practices of the firms rather than working conditions or workers’ rights.

Nevertheless, international and domestic norms, both in labor and environmental domains, appear as predators too. The question of the implementation of norms is essential to the debate on CSR in China. On one side, Chinese domestic laws are not complying with international norms in the field of labor rights (for instance, in China, free trade unions are not permitted). On the other, even laws which exist are not respected. The question here is if CSR can contribute to a better application of the Chinese laws and, in the long term, to their evolution towards international standards. In this sense, it is important to notice that even if norms appear as predators, the others sectors, and notably the Chinese government, are not strongly influenced by their discourse (map 3, blue bars).

The stats also show that international and domestic labor laws as well as audits may be factors of imbalance for the system, as their level of convergence with other sectors is too high.



*Map 5 (left): heat map of the relations of proximity from the standpoint of China looking at CSR references, in 2010. Map 6 (right): 2020 projection, all things being equal. This kind of cartography renders a graphic visualization of the proximities between segments. It allows to see the segments whose the information is close, not intrinsically -i.e. same words - but in terms of manipulated concepts.*



*Map 7: Comparison between Map 5 and Map 6.*

The map 5 shows the importance of the firms' behavior (both communication and governance) in the current discourse about CSR in China as well as its links with the evolution of international and domestic law, as we can see it from the large red zone, which characterizes these segments. The graph also shows that the Chinese government is a main player in the debate, but a player, which is completely separated from the others.

The map 6 shows that the CSR issue will slightly grow in intensity, but will remain generally under control. Finally, from map 7 we see that the issue of the firms' communication will become "hotter" while the question of governance will lose intensity. At the same time, the environmental law will be predominant over the labor issues.

## COMMENTS

From the graphs, it is very clear that the evolution of CSR issue in China will not be directed at a major role of multinationals in the promotion of social rights. Despite the recent demonstrations of foreign multinationals' Chinese workers and the resulting emergence of social aspects of the CSR, **in fact, the environmental aspects will be predominant in the following years.**

In addition, communication seems to be the first motivation of firms in the promotion of CSR while the governance issues will be more and more peripheral. **This raises the question not only of the capacity, but also of the will of the foreign multinationals to act in China as promoters of the international norms.**

The international and domestic norms appear as being part of the prevailing discourse, but this does not correspond to a true influence of these sectors on the others.

**The Chinese government is at the heart of the discourse.** Indeed, its presence with respect to the CSR practices and the civil society constitutes a clear signal of the control it gets on these different fields.

This control is concretized in the impossibility for the foreign firms to adopt CSR practices without the advice of the official trade union, AFCTU. The hope that CSR can be a positive force for change in China cannot stop from noticing its limits. The difficulties in the promotion and the implementation of CSR in China are due largely to the control that the Party gets, at all levels, on the Chinese companies, the "civil society", the trade unions, the media, the employers' organizations and the Law. **The lack of autonomy of these players regarding the priorities of the system makes extremely difficult the implementation and the improvement of the codes of conduct, and seriously affects the veracity of a social debate between the various parties.**

In conclusion, in China, the debate on CSR of the foreign multinationals and their potential role in the improvement of social standards will inevitably confront the crucial issue of adapting the CSR to the Chinese context, particularly regarding the social standards. The way the Chinese government intends to shape the Chinese version of CSR, will necessarily

affect the implementation of codes by the foreign companies in accordance with international standards.

**Beyond what we see for CSR, arises *in fine* the issue of the authenticity or the instrumentalization of Confucianism, a key issue in the debate about whether China can propose a "universal" model of society, in the sense of an organization based on shared values and culture.**