

# **Just for the Fame and Wealth?**

Exploring CSR and CSR communication in the Chinese Private-  
owned business sector

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### **ABSTRACT**

This research aims to explore the perception of CSR and CSR communication strategies in the Chinese private-owned company sector. The Chinese private-owned business sector has a highly complex structure, as differently from the Western business context, the Chinese market is highly free-oriented but significantly influenced by its government. Simultaneously, traditional Chinese culture also influences contemporary business ethics, forming a unique context for how CSR is perceived as well as communicated. In order to explore CSR in this very context, this research employed a qualitative approach through semi-structured interviews with experts who work in the field of CSR. The main results reveal a paradox in the perception of CSR in China, which lies in the relation between CSR and philanthropic donations. Furthermore, through examining institutional factors it is shown that companies encounter external pressure to conduct CSR. These external drivers come from the government, industry, and stakeholders such as customers. Meanwhile, companies are also internally driven to pursue CSR, especially the corporate leaders is a significant driver influencing companies CSR strategies as well as philanthropic donations. The results also show that corporate leaders will be triggered by two major emotions when it comes to CSR decision-making, that is, gratitude and guilt. More in-depth explanation is provided with the respect of how these two emotions emerge. In terms of CSR communication, a one-way stakeholder information strategy is mostly witnessed among the private-owned companies. Two major approaches to conduct this strategy have been found: information prominence and identity prominence. In conclusion, this research adds to the existing CSR concept and framework by specifically focusing on the Chinese business context. Future possible research directions are also suggested based on the current findings.

**KEYWORDS:** corporate social responsibility, CSR communication, CSR drivers, private-owned company, China.

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## **Chapter 1. Introduction**

China is an emerging economy with a unique environment for Corporate Social Responsibility (CSR) research because of the distinctive political influence and complex structure of the business context. Although the concept of CSR has only been introduced to China two decades ago, vast changes have already been witnessed in the way CSR is practiced (Yin & Zhang, 2012).

Twenty years ago, Chinese companies started to engage with CSR passively due to the requirements from their foreign customers with whom they conducted international business, which was the beginning of CSR in China (Shin, 2014; Zhou, 2006). Admittedly, being socially responsible was not Chinese companies' prioritized concern before, which led to serious public incidents. In 2010, one of Apple's manufacturing suppliers, Foxconn, attracted global attention, as its inhuman working condition and environment resulted in sixteen workers committing suicide (Business & Human Right Resource Center, 2010). Thereafter, foreign customers started to request Chinese companies to engage with CSR as a form of brand self-protection in order to minimize risks in their supply chains (Shin, 2014). In recent years, the Chinese government has begun to advocate CSR nationwide by regulating business conduct to motivate companies to be socially responsible (Moon & Shen, 2010).

Currently, however, many Chinese companies are highly aware of their CSR performance and practice CSR more strategically. For example, Huawei, one of the world telecom giant companies, demands its suppliers to follow the Supplier Sustainability Agreements established by Huawei before proceeding business conducts. Besides, Huawei also audits the CSR performance of suppliers in terms of labor, human rights, the environment, social impact, and their ability to comply with the Supplier Sustainability Agreement (De Creme, 2016). In sum, there have been major changes in the way CSR is practiced in China. The vast changes in CSR practice reflect the changes in the attitudes towards CSR, moving from passive towards progressive. In this sense, how CSR was perceived before cannot be

representative of the contemporary perceptions of CSR in China now. Thus, the study of CSR perception provides a dynamic angle for CSR study in China.

Furthermore, the Chinese private-owned business sector is highly free-market oriented on one hand and very much influenced by the government on the other hand. CSR as a means of corporate business conduct reflects this existing business environment as well (Holloway et al., 1999). Being one of the most important components in the Chinese business market, the private-owned sector has a highly complex structure, which is conducive to the cultivation of distinctive CSR features that are different from the rest of the world. Ever after China implemented free-market reforms in 1979, Chinese private-owned enterprises have been encouraged to compete in a free-market oriented business environment, which leads to the emergence of similarities to Capitalist free markets (Zhang, 2017). However, political influence in the private-owned business sector is still significantly present in China. The government occupies a dominant position, controlling and relocating market resources, such as banks and land (Li & Wang, 2016). In sum, the Chinese private-owned market possesses several unique characteristics in comparison to other types of markets as well as other countries. This distinctive context cannot be ignored, as the role of CSR in China has been shaped by its social and economic environment as well as its specific history, which are reflected in the way CSR is contemporarily practiced by Chinese companies (Xu & Zeng, 2016; Zhang, 2017).

This research aims to explore the drivers for Chinese private-owned companies to conduct CSR as a means to examine the perception of CSR in the distinctive environment constituted by the Chinese private-owned business sector.

On the one hand, the perception of CSR is distinctively differentiated by regions, resulting in various CSR strategies and practice patterns in different countries (Matten & Moon, 2008). For example, CSR in the U.S. tends to be more deliberate and strategic, explicitly self-articulating, more descriptive in the corporate CSR programs and policies through communication (Porter & Kramer, 2006); on the contrary, CSR in European countries appears to be much subtle and value-based, and less descriptive in the corporate role in society through communication (Porter &

Kramer, 2006). According to Matten and Moon (2008), such differences in CSR practice patterns can be attributed to differences in national institutional factors, such as political and financial systems, cultural and historical context, etc. In other words, national institutional factors influence CSR to form its own distinguished features. In order to explore CSR in the Chinese private-owned business sector, it is imperative to examine the existing institutional factors that contribute to this market, so as to better comprehend the features of CSR in this specific environment. Proposed by Matten and Moon (2008), the implicit-explicit CSR framework provides an outline to examine the national institutional factors in a specific context (Hiss, 2009), and has been applied increasingly outside the U.S. and European in studying CSR (Angus-Leppan et al., 2010; Hofman, Moon, & Wu, 2017). This framework is also adopted in this research for analyzing the Chinese private-owned business sector.

On the other hand, CSR communication is the vehicle for CSR itself, as it is the strategic way for a company to present their CSR, and, to some extent, CSR is constructed within its communication (Chaudhri, 2016; Schultz & Wehmeier, 2010). Thus, the meaning and value of CSR cannot be constructed and delivered without its communication. In this sense, CSR is highly interconnected with CSR communication, and they reflect each other respectively. Therefore, to explore strategies of CSR communication is another approach to studying CSR.

Previous research has shed light on CSR in China in general, indicating that there are two major national institutional factors influencing Chinese CSR, that is, government and cultural tradition (Yin & Zhang, 2012). However, several research gaps still exist. Firstly, there is no previous research putting a focus on the private-owned business sector in China, and what drives the Chinese private-owned companies to conduct CSR remains unexplored. Secondly, previous research on Chinese CSR communication strategies has not taken a qualitative approach, and no previous research has specifically focused on CSR communication strategies among private-owned companies, leaving another research gap. These two research gaps deserve further investigation, as they provide an interesting angle to further explore how companies perceive CSR and thus strategically communicate CSR accordingly.

In this sense, it is worthwhile to explore the uniqueness of CSR and its communication strategies in the Chinese private-owned business sector. Therefore, the following research question has been formed:

*RQ: How do companies perceive the role of CSR as well as the strategies of CSR communication in the Chinese private-owned business context?*

The research question has been divided into four sub-questions:

*Sub-RQ1: What constitutes CSR in the business context in China?*

*Sub-RQ2: What are the drivers for companies pursuing CSR in China?*

*Sub-RQ3: What are the existing dominant CSR communication strategies in China?*

*Sub-RQ4: What are the purposes for these CSR communication strategies in China?*

These questions clearly possess both academic and social relevance. With respect to academic relevance, this research will primarily expand the conception and framework of existing CSR knowledge by specifically focusing on the Chinese context. Moreover, by applying the implicit-explicit CSR distinction outside the Western context, this research will apply this framework for the first time in the Chinese private-owned business sector, using it to examine a complex business context as well as the drivers formed in such a context. Lastly, this research will explore the CSR communication strategies employed among the Chinese private-owned companies, and provide more in-depth understanding of the reason why the dominant communication strategies are adopted.

With regard to societal relevance, this research will provide more understanding to the emerging CSR in the Chinese private-owned business context for both Chinese companies as well as for policy-makers. Especially for Chinese corporate managers, it will provide them a further understanding of how making CSR strategic decisions is dependent on institutional factors and thus should be sensitive towards local context.



## **Chapter 2. Theoretical Framework**

This chapter emphasizes on three main topics, namely, CSR, CSR communication, and CSR in China.

First, starting by exploring the concept of CSR, the attention focuses on the controversy of the perception of philanthropic responsibility, from which a strategic approach to view CSR is developed. Moreover, different CSR strategies are formed from diverse institutional factors, composing the implicit-explicit CSR framework, which leads to two major CSR practice and communication.

Secondly, in terms of CSR communication, the relation with CSR, strategies, and communicative directions as well as intended goals are presented. The interconnection between CSR and CSR communication is addressed, as CSR communication serves a constructive role to CSR. As CSR is communicated internally to the organization, the biggest challenge is employees' skepticism; while when CSR is communicated externally outside the organization, it is employed to influence stakeholders' impression.

Thirdly, a specific attention focuses on the CSR in the Chinese context, as the previous research on CSR in China is organized and reviewed.

### **2.1. Corporate Social Responsibility**

The concept of Corporate Social Responsibility (CSR) has been used a lot in research, yet one single definition is still missing. Currently, one of the most widely adopted definitions of CSR is that of the Commission of the European Communities (2001), who state that CSR is "A concept whereby companies integrate social and environmental concerns in their business operations and in their interaction with their stakeholders on a voluntary basis" (p. 6). In other words, CSR means that a company is responsible to take initiative in addressing social and environmental issues that concern to its stakeholders, and should contribute to solving these issues voluntarily through its business operations (Werther & Chandler, 2006). Though this definition

does not specify what these responsibilities exactly entail, what issues are relevant to a business operation and the extent to which a corporation should contribute, most researchers follow Carroll's fourfold division of the components of CSR (Carroll, 1979, 1991, 1993; Wood, 1991).

Carroll's (1979) conceptualizes four components of what CSR entails, categorizing CSR into four domains: economic, legal, ethical, and discretionary responsibilities. According to Carroll (1979), "the social responsibility of business encompasses the economic, legal, ethical, and discretionary expectation that society has of organization at a given point in time" (p. 500). It is indisputably important for a business organization to fulfill its economic and legal responsibilities, as a corporation is expected to be profitably functioning within the legal framework. However, what raises debate is the ambiguity between ethical and discretionary responsibility (Schwartz & Carroll, 2003).

The core difference between these CSR domains is that a business organization would not be considered as "unethical per se" without participating in discretionary contributions (Carroll, 1979, p. 500). Ethical responsibility is the societal expectations to a business organization according to social norms. These expected conducts are not codified into law but are expected by societal members. Similarly, discretionary responsibility refers to those expectations beyond the social norms, as well as voluntary contributions to the society, such as philanthropic donations (Carroll, 1979). In order to emphasize the voluntary nature of discretionary responsibility, Carroll (1991, 1993) later changes the term discretionary responsibility into philanthropic responsibility. Here, philanthropic responsibility stands for the corporate resources voluntarily contributing to the society in a consistent manner in order to be a "good corporate citizen" (Carroll, 1991, p. 42). He also started to visualize the relation between the various elements of CSR using the form of a pyramid, as represented below in Figure 2.1, to further clarify the relation between its various domains.

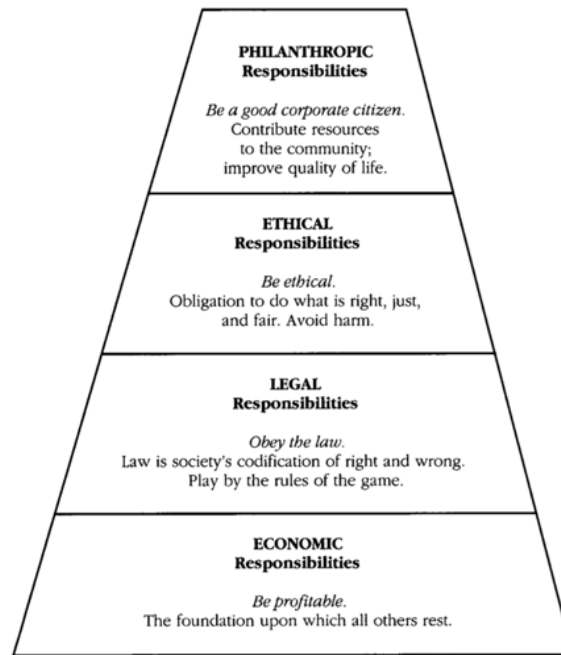


Figure 2.1. The CSR Pyramid (Carroll, 1991, p. 42)

To some extent, the hierarchical order of the pyramid conflicts with Carroll's original definition of CSR (Schwartz & Carroll, 2003). According to Carroll (1991; 1993), the economic and legal are the most fundamental responsibilities, while philanthropy is viewed less important than the other three. But this is contradictory to how the pyramid is read. According to Schwartz and Carroll (2003), philanthropy is viewed as possessing more value than the other three responsibilities, as it ranks at the top. Reidenbach and Robin (1991) argue that this ranking order is based on the level of moral development, where philanthropy represents the highest level of ethical conduct for a corporation to strive for—the altruistic voluntary contributions. In this sense, the only praiseworthy thing in CSR should be the kind of “altruistic philanthropy” that companies devote profit and resources to as a voluntarily contribution, regardless of whether this contribution will yield business benefit and reward (Lantos, 200, p. 608). However, philanthropy has also been viewed strategic investment for long run profitable goals, as companies could receive financial incentives for perceived socially responsible actions from market (McAlister & Ferrell, 2002). These two views could be termed respectively the altruistic philanthropy and strategic philanthropy views.

### **2.1.1. Strategic CSR**

Recently, scholars call for a more strategic consideration in philanthropy as well as in CSR by addressing the importance to both ends of business and society in CSR (Lantos, 2001; Werther & Chandler, 2006). Strategic CSR aims at a win-win situation with maximum utility results for both the corporation and the society (Porter & Kramer, 2002). Thus, Coombs and Holladay (2012) define strategic CSR as “the voluntary actions that a corporation implements as it pursues its mission and fulfills its perceived obligations to stakeholders, including employees, communities, the environment, and society as a whole” (p. 7). In other words, a corporation intends to be perceived as a good corporate citizen by voluntarily initiating corporate policy and implementing social involvement in order to satisfy social expectations and needs, especially expectations and needs among its stakeholders (Enderle & Travis, 1998). By doing so, it is likely to result in long-term benefits for the corporation (Lantos, 2001; Sprinkle & Maines, 2010).

The first long-term benefit of CSR is being able to sustain business operations. This ability is founded on the legitimacy of a corporation among its stakeholders (Grant, 2008; Porter & Kramer, 2002), which in its turn is based on stakeholder’s perceptions of whether the corporation is able to function within the norms of the society (An, Davey, & Eggleton, 2011; Deegan, 2002). Otherwise, a business operation cannot be allowed to exist by its existing society (Gray, Owen, & Adams, 2009). For example, Coca-Cola established its production operation in India since 2000, but in 2003, the company was prohibited to operate because of its over-extracting groundwater issue, and Coca-Cola was boycotted by the local community (Brown, 2003). In this case, Coca-Cola was expected to preserve the local environment at least at the same level as the local community during its production. However, when the company fails its perceived social obligations and expectations, the company fails to retain its legitimacy as well. As the company is no longer viewed to function in accordance with the existing social norms and values, it inevitably cannot be allowed to operate (Gray, Owen, & Adams, 2009). As a result, in 2004,

Coca-Cola lost its license to operate in India and encountered severe boycotts. Since then, Coca-Cola has invested significantly to initiate CSR programs contributing to environmental issues in order to retain its legitimacy and redeem its environmentally responsible image (Barkay, 2011). In this sense, CSR initiatives aim to strategically influence the perceived impression by stakeholders to a favorable direction as the corporation intended (Grant, 2008). Hence, the expenditure on strategic CSR can be seen as an investment in the brand, a perceived image of being a good corporate citizen, that a corporation intends to construct among its stakeholders (Porter & Kramer, 2002). How CSR is strategically employed in impression management in order to benefit the corporate image is discussed more in detail in Section 2.3, which focusses on CSR communication.

Secondly, CSR is a strategic consideration in brand-based strategy for a corporation to gain social legitimacy for the long-term, serving as a “brand insurance” (Werther & Chandler, 2005, p. 321), as social legitimacy enhances the brand’s competitive advantage among its stakeholders (Porter & Kramer, 2002). Although companies are expected to satisfy their social expectations, but social expectations are changing and evolving over time. It is possible that an ethical judgement of yesterday can easily become a legal requirement today. For example, gender and racial equality in the workplace were considered as discretionary contributions several decades ago, but now it is legally mandated. Therefore, strategic CSR is the constant acknowledgement of these changing social expectations and responding to them accordingly (Galbreath, 2008). By doing so, the corporation being constantly socially engaged forms a positive connection to its brand among stakeholders, as the brand appears to be trustworthy and socially responsible (Werther & Chandler, 2005). This is the key to establish a brand’s competitiveness as well as its ability to survive in the turbulent social environment (Werther & Chandler, 2005).

Despite its advantages to companies, strategic CSR has been criticized because of its lack of genuine altruistic contribution to society. Strategic CSR might seemingly pursue the social good, but in the end its goal is mere corporate self-interest (Waddock & Googins, 2011). Thus, the ultimate goal is to benefit for the

business end, rather than the societal end. In this sense, CSR is in the name of contribution to the public good, but is actually conducted just for profit. From this perspective derives the paradoxical nature of CSR, which it criticizes as “putting a human face on capitalism” (Waddock & Googins, 2011, p. 32).

In sum, the concept of CSR entails the imperatives for a business operation to be sustainable in business. On the one hand, economic and legal responsibilities are vital to business survival. On the other hand, philanthropic responsibility, consisting in voluntary contribution to the societal good, determines the degree to which the business keeps being allowed to operate in the society, as it is closely associated with corporate legitimacy. Companies voluntarily initiate CSR policy and programs to maintain their legitimacy, which is based on a perceived impression among stakeholders of being able to fulfill social expectations and being socially responsible. Therefore, strategic CSR serves as the tool for constructing a corporate citizen image or brand protection for the company. Although “altruistic philanthropy” is praiseworthy, it is not sustainable for a business in the long-run. A company cannot devote all its resources and profits to society, as there would be no more left for the business operation itself. With the limited resources a company can provide to contribute to society, CSR thus needs to be strategically designed to bring benefit for both business and society ends. In other words, CSR is supposed to facilitate business-society relations (Matten & Crane, 2005), helping corporations to navigate the balance between “what stakeholders demand” and “what the corporation can contribute”. Therefore, what are essential to the core idea of CSR is the social imperatives and the social consequences of business success (Matten & Moon, 2008).

## **2.2. Implicit and Explicit CSR Framework**

Until now, CSR has been discussed as a universal phenomenon. However, companies operate within countries with different political, financial, cultural, and even historical contexts, which define the underlying institutional framework for a society to organize the norms, incentives, and rules of CSR (Matten & Moon, 2008). These national institutional factors are the preconditions for a business organization to

design its CSR strategy and practice CSR in accordance, as a CSR strategy needs to fit its existing institutional systems so as to be perceived as socially responsible (Matten & Moon, 2008; Throne et al., 2017; Wang, 2015). Thus, the same CSR strategy might be perceived differently in different countries because of their national institutional differences (Matten & Moon, 2008).

Importantly, some CSR initiatives might be seen as voluntary contributions in one country while seen as the opposite in another country. For example, a company offering a ten-week maternity leave for its employees will be viewed as a voluntary CSR effort to benefit the employees in the U.S., where none maternity leave is granted by the federal law. However, the same offer will be seen as a violation to employees' human right in the Netherlands, where 16 weeks of maternity leave is protected by law (Warrant, 2018). In short, differences in national institutional status contribute to diverse perceptions as to what corporate actions are counted as socially (ir)responsible, and these perceptions are the strategic paths for companies to form their CSR strategies (Zollo, 2008). Therefore, institutional factors can be the preconditional drivers to navigate CSR strategies and practices.

Matten and Moon (2008) claim that cross-national differences result in two major CSR strategy patterns in the world: implicit CSR and explicit CSR. Explicit CSR is deliberate, strategic, and is most common in the U. S. (Porter & Kramer, 2006). Similar to the strategic CSR mentioned earlier, explicit CSR is found in a society where corporations voluntarily initiate CSR programs and policies to address and contribute to the societal issues in order to be considered as socially responsible (Brown, Clark, & Buono, 2018). In other words, explicit CSR starts by a corporation "assuming" what is for societal interests from its own perspective; then the corporation articulates about its social responsibility and initiates voluntary and deliberate contributions (Matten & Moon, 2008, p. 409).

Implicit CSR, on the other hand, refers to corporate policies and practices that are value based rather than self-articulated. This type of CSR is most commonly found in Europe (Throne et al., 2015). Implicit CSR is a result of the corporation's obligation from a collective perspective, where norms and rules have been codified by

existing institutional components (Brown, Clark, & Buono, 2018). Thus, corporations do not specifically articulate their own perspective of being socially responsible. Rather, CSR is employed to demonstrate that corporations are functioning within the norms and the value system of the society in which they operate (Deegan, 2009). Thus, implicit CSR is value-based and value-driven, being reflective of social responsibility rather than assuming it, as explicit CSR does (Angus-Leppan, et al., 2010).

In sum, explicit CSR is deliberate and often strategic, and those practicing explicit CSR articulate the corporate perspective of being socially responsible through CSR policies and communications. Implicit CSR instead views it as a reflection of the existing institutional framework of the social norms, values, and rules (Lee & Riffe, 2019; Matten & Moon, 2008).

### **2.2.1. Examining the Chinese context with the framework**

According to Matten and Moon (2008), differences in the nature of CSR between the U.S. and Europe are caused by differences in the way their respective business markets are structured. In the U.S., there is a high level of free market, while in Europe the market is more strongly coordinated by the government. However, it might not be appropriate to classify all other economies in one of these two categories. The Chinese economy is officially described by the term “state-capitalism”, which denotes a mixed system that combines both capitalism and socialism (Zitelmann, 2019). The private-owned sector is encouraged to be free-market oriented since the economic reforms of 1979. After that, free market and government influences have become the two pillars of the private sector (Allen et al., 2013). Currently, the Chinese private sector is quickly growing towards capitalism, contributing 60% of China’s GDP (Zitelmann, 2019), but the government is still significantly influencing the Chinese business context in general, resulting in a situation in which the free-market is actually not that free, not even in the private market sector (Allen et al., 2013). Therefore, the Chinese private sector is a unique market different from both the U.S. and Europe. In this circumstance, it is worthwhile



to explore whether CSR in this Chinese private sector business context tends to be implicit or explicit.

Another significant factor contributes to differences in the relative importance of implicit and explicit CSR is the power of the state government. As the power of the state government is much more influential in the Europe than the U.S., in European countries, rules of business conduct are codified by government regulations and law. Therefore, a company can incorporate rules and norms into the business operation without deliberately and voluntarily engaging in CSR, contributing to the predominance of implicit CSR. In China, the state government is in a powerful position, as it not only regulates business responsibility, but also releases “political signals” to set a CSR agenda nationwide (Hao, 2020). Promoted as national campaigns, the Chinese state government uses political signals to influence Chinese enterprises to focus on specific topics when they engage in CSR. For example, in recent years, one of national major CSR campaigns is “Targeted Poverty Alleviation”, calling for enterprise donations for poverty areas. In 2017, no less than 4.63 billion US dollars was donated to this project (Shi, 2018). Among these donations, private-owned enterprises take an important role (Hao, 2020). Therefore, the impact of Chinese state government to private-owned companies’ CSR might be stronger than only influencing and regulating, as it also explicitly directs their efforts. In this sense the Chinese context is quite distinctive from the European and U.S. context as well. Thus, not only the economic but also the political context is different in China, which provides another interesting angle to further explore the implicit-explicit CSR in the Chinese private sector.

With that being said, the application of the implicit-explicit CSR is not always an “either/or” case (Hiss, 2009), which suggests that the implicit-explicit CSR framework can remain valid when applied to a complex business context such as the Chinese private-owned market. Firstly, due to the trend of globalization, there is a tendency of implicit CSR moving towards a more explicit direction (Matten & Moon, 2008). For example, CSR in European countries used to be dominated by implicit CSR, but now is expected to become more explicit (Hiss, 2009). Besides, it is

possible that both implicit and explicit CSR co-exist in a specific context (Brown, Clark, & Buono, 2018). Contemporarily, China plays a vital role in the global market, where a lot of Chinese private-owned companies trade and compete with international business partners. Therefore, the significant influence from globalization, as well as the preponderance of explicit CSR, could possibly have an impact on the CSR in China as well.

To conclude, the framework of implicit-explicit CSR is valid to understand not only the formal institutions of national systems, but also the social norms, incentives, and rules that define corporate roles. Thus, it can be used to further understand which perceptions of CSR companies seek to live up to (Brown, Clark, & Buono, 2018; Matten & Moon, 2008). These are all preconditions for forming a CSR strategic pattern in a specific context, such as the Chinese private-owned sector, which is a free-oriented market but significantly influenced by government as well. Therefore, in this research, by analyzing the national institutional factors and societal environment, this framework provides the primary understanding for how CSR is perceived in the Chinese private-owned sector, as well as the external drivers for CSR.

### **2.3. CSR Communication**

CSR communication refers to the way in which a corporation communicates about its CSR initiatives, activities, and efforts. There exist various strategies for how a company communicates about CSR, as well as the way in which it distributes such information in accordance (Morsing & Schultz, 2006). Based on the implicit-explicit CSR framework, CSR communication can broadly be characterized into two strategic styles, that is, implicit CSR communication and explicit CSR communication (Matten & Moon, 2008).

Matten and Moon (2008) argued that what differentiates implicit or explicit CSR communication depends on the degree to which corporations strategically and deliberately communicate their CSR practices to stakeholders. Therefore, CSR communication can be seen as the way that corporations either implicitly or explicitly

respond to stakeholder expectations and pressure (Throne et al., 2015). However, such a statement might be ambiguous in practice, as what counts as implicit or explicit CSR communication is not always clear. According to Morsing and Spence (2019) propose a more operational definition, in which explicit CSR communication is more expressive in overt forms of communication, such as CSR policy, campaigns, advertising, codes of conduct, and social reporting. On the other hand, an implicit CSR communication style is embedded in more covert forms of communication, including cultural values, organizational practices, WOM advertising, and norms.

The distinction between explicit and implicit CSR communication is fundamental to the difference between explicit and implicit CSR itself, as CSR is constructed within its communication (Ihlen, Bartlette, & May, 2011). Indeed, as Foucault (1972) famously argued, communication itself construct social reality, conditions, and relationships, providing channels for ideas to be accepted, rejected, and circulated. Based on this, meanings are constructed and shared. Therefore, communication is useful to interpret socially constructed facts, and how these facts are used to justify actions (Hall, 1980; Hall, Evans, & Nixon, 2013). In other words, communication is fundamental both to the construction of meaning and the justification of actions. As Chaudhri (2016) argues, CSR communication also serves this function for CSR. For instance, when a company initiates a CSR program, it will be valueless if none of its stakeholders understand the meaning behind the action. Through CSR communication, the company not only justifies the CSR strategy, but also generates meanings to reinforce the strategy (Schultz & Wehmeier, 2010). Therefore, through the circulation of CSR communication, it can further reinforce and reinterpret CSR strategies.

### **2.3.1. CSR Communication Strategy**

Morsing and Schultz (2006) classify CSR communication strategies into three major categories: the stakeholder information strategy, the stakeholder response strategy, and the stakeholder involvement strategy. The most common is the stakeholder information strategy, where corporate CSR communication is centered on

information dissemination regarding to the company's CSR policies and activities. In this one-way communication strategy, corporations emphasize their CSR conduct and explain the meaning and value of such conduct. Thus, the goal of the stakeholder information strategy is "sense giving" to its stakeholders through CSR communication (Morsing & Schultz, 2006, p. 327). Adoption of the stakeholder information strategy can be attributed to the desire to efficiently stay in control of the source of corporate information, as otherwise uncontrollable information could be used against their communication purposes (Capriotti, 2011).

However, practical issues still remain. On the one hand, the selected information is designed to be appealing to its stakeholders in order to benefit the communication effect. As a result, companies will face the "self-promoters' paradox" (Ashforth & Gibbs, 1990, p. 224), where the disseminated information is perceived to be a self-serving image-building exercise (Dhanesh, 2015). On the other hand, nowadays, corporation's "promise-performance gap" increases consumers' skepticism. In other words, the gap between corporate rhetoric and actual corporate practice results in a perception of "corporate hypocrisy" among consumers (Wagner, Lutz, & Weitz, 2009, p. 145). As currently corporations' words and deeds are under intensive scrutiny of transparency and accountability of a company, if "what you say" is not in line with "what you do", this causes skepticism and even a negative impression to the brand.

The second CSR communication strategy is the stakeholder response strategy. Along with information dissemination, corporations also incorporate stakeholder feedback into the corporate strategy decision-making process, forming a two-way but asymmetrical communication strategy (Morsing & Schultz, 2006). Scholars advocate that corporations should initiate more bidirectional and symmetrical communication with their stakeholders, which has become possible in the social media era (Capriotti & Moreno, 2007). Indeed, stakeholders nowadays expect more interactive dialogues with corporations with regard to CSR communication (Jo & Jung, 2005). However, not many corporations fully exploit the

potential of this new communicative tool due to fear of loss of information control (Chaudhri & Wang, 2007; Coope, 2004).

Last, the third CSR communication strategy is the stakeholder involvement strategy, in which stakeholders can be included in the corporate decision-making process (Morsing & Schultz, 2006). In this case, instead of merely disseminating information, this two-way symmetrical communication will yield a value co-creation process with a maximum level of stakeholder engagement (Morsing & Schultz, 2006). However, this approach seems unpractical in corporate management, as it is impossible to continuously include all parties in the complete decision-making process.

### **2.3.2. Internal CSR communication**

CSR represents how a company views its mission, vision, and social value, it enhances the organizational culture when it is communicated, especially to the internal stakeholders such as employees (Bhattacharya, Sen, & Korschun, 2007). Internal CSR communication results in positive effects for corporate employees, such as higher morale and more self-development (Mamantov, 2009; Mirvis, 2012), identification with the corporation (Glavas & Godwin, 2012), and commitment to the corporation (Chong, 2009).

Nonetheless, all these positive effects are not easy to achieve, as internal CSR communication often arouses skepticism among employees (Morsing, Schultz, & Nielsen, 2008). To some extent, internal stakeholder skepticism can even have a negative impact on employees' job satisfaction (Vlachos, Panagopoulos, & Rapp, 2013). Therefore, Morsing, Schultz, and Nielsen (2008) describe internal CSR communication as a "catch 22" dilemma (p. 108): corporations are encouraged to align their internal stakeholders through CSR communication, but on the other hand, corporations are also discouraged to do so in order to reduce skepticism. In regard of minimizing employees' skepticism to CSR communication, Chen and Hung-Baesecke (2014) argue that the degree to which corporate employees participate in CSR activities influences their skepticism. As the authors suggest,

companies need to provide motivation as well as facilitation for employees' participation.

Indeed, examined from the point of view of the stakeholder involvement strategy, more participation means more interactions and conversations established between the corporation and its stakeholder, and employees are thus involved in the CSR communication process (Morsing & Schultz, 2006). By doing so, it contributes to decreasing employees' skepticism to CSR. Notably, it is more important to involve employees in the CSR decision-making process (Chen & Hung-Baesecke, 2014). If they are part of the decision-making process, employees will increase their commitment to the corporate CSR strategy, rather than question the corporate CSR purpose (Chong, 2009). However, to include employees in the CSR decision-making process is challenging in practice, as in most companies CSR execution is top-down from the management level, including decision-making and communication (Angus-Leppan, Metcalf, & Benn, 2010).

In sum, communication of CSR within an organization can have a positive contribution to both corporations and the employees, but the biggest obstacle of internal CSR communication is to reduce employees' skepticism. As most companies employ top-down management style, employees are not involved in CSR decision-making process, in which case internal CSR communication results in skepticism. Therefore, scholars suggest that before engaging in internal CSR communication, companies should first increase employees' participation to CSR activities in order to reduce skepticism.

### **2.3.3. External CSR communication**

Organizational impression management is one of the very first goals when corporations engage CSR communication to external stakeholders (Highhouse, Brooks, & Gregarus, 2009; Tata & Prasad, 2014). Defined as "purposefully designed and carried out to influence an audience's perceptions of an organization" (Elsbach, Sutton, & Principe, 1998, p. 68), organizations are motivated to present a desirable image to stakeholders through communication and actions (Brammer & Pavellin,

2004). More precisely, organizations attempt to convey an image that they are committed to CSR through CSR communication (Hooghiemstra, 2000).

From this perspective, CSR communication is viewed as a “public relations vehicle” aimed at influencing stakeholder’s perceptions (Hooghiemstra, 2000, p. 57), providing information about corporate CSR policies, programs, and actions, in order to project a socially responsible impression to stakeholders (Neu, Warsame, & Pedwell, 1998). Thus, Elkington (1997) describes CSR communication as an impression management tool “designed to offer reassurance and to help with ‘feel-good’ image building” (p. 171). By doing so, corporations intend to be perceived as a “good corporate citizen” and maintain their legitimacy (Deegan, 2002). However, in order to manage positive impressions, corporations tend to disclose “good news” rather than reveal “bad news”. As a result, corporate social and environmental disclosures are perceived to be “self-laudatory” (Hooghiemstra, 2000, p. 57).

According to Hooghiemstra (2000), four types of communication tactics are concluded in terms of impression management. First of all, it is the corporation in a proactive position to “maximize their desirable implications for the actor” through CSR communication (Schlenker, 1980, p. 163). Information is delivered to construct the best positive impression. On the contrary, what is challenging is how the corporation minimizes the negative impact (Hooghiemstra, 2000). In this situation, companies commonly deny responsibility (e.g. attribute the failure to the uncontrollable external causes), or, more interestingly, companies would admit the blameworthiness, but convince the stakeholder the failure should not be a representation of the company (Tedeschi & Riess, 1981). In this way, information is delivered to avoid negative impressions.

## **2.4. CSR in the Chinese context**

### **2.4.1. CSR development in China**

During the last several decades, China’s economic system has been transformed from state-controlled to market-oriented (Xu & Zeng, 2016). After the economic reforms, although many state-owned enterprises have been transformed into

publicly traded companies, the government remains the biggest shareholder and owns control of these enterprises (Wang, Reimsbach, & Braam, 2018). In this research, these enterprises are viewed as state-owned companies, while private-owned companies are seen as those cases in which the ownership of the company belongs to individuals.

In terms of CSR practice, China can be counted as a latecomer, as the concept of CSR was still very obscure before the 1990s (Lin, 2010). From the 1990s to 2004, CSR gradually become more current in the country, as China started to become more involved in the global trade and business (Shin, 2014). However, from 2005 until today, CSR practice developed very quickly in China, as during this period of time CSR was promoted by the government and protected by law. For example, in 2006, China Corporate Law came into effect. This law incorporates the concept of CSR, and thus the viewpoint of CSR has been codified and supported by law ever since then (Shin, 2014).

#### **2.4.2. CSR research in China**

So far, the previous research on CSR in China has focused on the entire Chinese business context, including both state-owned and private-owned sectors, and two major drivers for Chinese CSR are the government and business ethics (See & Kok, 2009; Geng et al., 2010; Yin & Zhang, 2012).

First of all, the Chinese government has a significant influence in initiating and promoting CSR, as well as sustainable business conduct in the country (See & Kok, 2009; Geng et al., 2010). Besides incorporating the CSR point of view into legal regulations, the Chinese government has developed its own specific CSR reporting standards for Chinese companies as well (Geng et al., 2010). For example, both Shanghai Stock Exchange and Shenzhen Stock Exchange, state-controlled institutions, issue guidelines and recommendations for corporations' CSR reporting on their social and environmental impacts (Lin, 2010; Moon & Shen, 2010). Moreover, prior research indicates that state-owned enterprises have a better CSR performance than other types of enterprises, as state-owned enterprises are under



more government and political influence in terms of CSR practices (Wang, Reimsbach, & Braam, 2018). In this sense, the government in China is seen as significant driver for corporations to initiate CSR policies and strategies (Xu & Zeng, 2016), but when the emphasis is on Chinese private-owned market sector, the nature of CSR and its drivers remain to be further explored.

Secondly, due to the historical and traditional impact on the Chinese culture, there is a strong emphasis on business ethic in the Chinese CSR (Yin & Zhang, 2012). A survey conducted by Fortune China Magazine suggests that 89% of Chinese executives defines CSR as two things, namely operating in integrity; and abiding by business ethics (Wang, 2015). According to Zhang's (2017) studies, contemporary Chinese business ethics is derived from various traditional Chinese philosophical schools of thoughts, all of which contribute to the contemporary CSR point of view. For example, Confucianism focuses on interpersonal harmony and altruistic dedication; Taoism emphasizes on being in good terms with nature; and Sunzi's *The Art of War* provides a theory of strategy and leadership (Zhang, 2017). These three schools of ancient Chinese philosophy explain the essence of CSR view point from different aspects. The combination of these viewpoints reveals how CSR is perceived in China from a traditional cultural approach.

With the respect of CSR communication in China, the studies appear limited. Previous research indicates that contemporary Chinese corporation tend to engage in one-way communication with stakeholders (Chen & Zhang, 2009), and that companies which disclose more CSR information (e.g. a higher quality of CSR report) perform better financially, as well as more government endorsement (Dai et al., 2018). Currently, general customers hold a positive attitude to companies that actively engage with CSR communication (Kim & Ferguson, 2016). Therefore, it seems that explicit CSR communication is expected in China.

Nonetheless, there is no previous research applying the implicit-explicit framework in China, especially in the private-owned sector. Although Lattemann and colleagues (2009) claim that, compared to India, China tends to be more implicit in CSR communication, such findings deserve more investigation. As this research was

conducted a decade ago, and CSR practice changes greatly in China during the last ten years, which could lead to changes in CSR communication as well. Therefore, an up-to-date investigation on CSR communication is needed.

Moreover, it is noteworthy that Chinese corporations turn to explicit CSR communication during some national catastrophic time. It is possible that the public expects corporations to contribute more through CSR activities during this time (Yin & Zhang, 2012). For example, after the 2008 Sichuan earthquake, multinational companies such as P & G, Coca-Cola, and Nokia were under consumers critics for their low-key and slow approach to organize post-disaster CSR efforts (Yin & Zhang, 2012). As another case in point, during the COVID-19 outbreak in China in 2020, companies were using their official social media platforms to constantly release information regarding to their efforts and contributions. It seems that remaining low-key in CSR is not a sensible option during such turbulent periods in China. It seems that CSR communication is more implicit, but that the public possibly expects explicit CSR communication. It is still unexplored in relation to these views. Hence, there is still quite substantially remaining to be unexplored in terms of CSR communication in China.

Another interesting angle to explore is how CSR is constituted in the Chinese private-owned market sector. Existing institutions form a highly complex business context, including the “State-Capitalism” market, the legal system with CSR incorporated, the influence from the government, as well as the traditional Chinese culture. With all these factors combined, it constitutes a unique business context different from the Western society. Therefore, it is worthwhile to explore how CSR is perceived in such a context.

Secondly, CSR perception is established from the existing environment and society and provides the reason for CSR conduct. So, the crucial link between CSR perception and CSR strategy is to understand the existing context. Although there is no previous research applying the framework of the explicit-implicit CSR to the Chinese private-owned sector, by doing so, it contributes to the understanding of what drives Chinese corporations to conduct CSR. Thirdly, CSR communication is another

way to gain comprehension of CSR, as the perception of CSR is translated in the form of its communication. With limited previous research on CSR communication in this sector, it is an unexplored area that deserves more in-depth inquiry, such as the employed strategy in CSR communication and the intended goal to achieve. To explore this topic more into depth, it is suitable to conduct interviews with those experts who are closely associated with CSR as well as private-owned corporations, such as CSR managers, Presidents/CEOs, or other related professionals in private companies.

## **Chapter 3. Methodology**

### **3.1. Research Design**

This research adopted an interpretive approach through exploring CSR strategies and CSR communication in the Chinese business context. Because of the different attributes of state-owned and private-owned enterprises, this research only focused on the private-owned enterprises. To be more specific, state-owned enterprises meant the companies were controlled by the government, and government was their biggest shareholder. Private-owned enterprises meant that the ownership of the companies belonged to individuals (Wang, Reimsbach, & Braam, 2018).

In order to answer the research question and sub-questions, a qualitative approach in the form of semi-structured interviews with an approximate length range of forty-five to sixty minutes was adopted for this research. The interviewees were the decision-makers of the companies' in terms of CSR strategies, projects, and communication. Therefore, the selection of the interviewees reflected significantly on how CSR was perceived among the Chinese private-owned enterprises.

Due to the under-research status of CSR strategy and CSR communication among private-owned enterprises in the Chinese business context, a qualitative was the most appropriate method of the research, as it could be employed for investigating new topics (Hennik, Hutter, & Bailey, 2010). The research question and sub-questions centered on two themes. The first was how CSR was perceived, and why so; the second was what CSR communication strategies were employed, and why so. In order to further explore the role of CSR and its communication, it was important that the researcher first gained comprehension on what drove Chinese companies to conduct CSR. Based on this, the perceptions and functions of CSR were clarified, as well as the strategy and communication of CSR.

It was expected that the perceptions of CSR resulted from companies' understanding and judgement of their surroundings, which reflected on the drivers for CSR, as well as the existing business and social context. Thus, it was also expected

that the reason why companies decided to choose some specific CSR programs could be understood through the way interviewees described their companies CSR programs. Due to the exploratory nature of this research, qualitative research suited the best, as it served for understanding a phenomenon “from the interior” (p. 3) and also provided nuanced details of the specific circumstances so as to better understand one specific phenomenon (Ritchie et al., 2014).

Furthermore, through semi-structured interviews, the topics of the interviews remained focused on the research question and sub-questions. Meanwhile, the flexibility of semi-structured interviews also enabled probing for details which could further lead to more in-depth exploration. Therefore, it was especially useful in the exploratory type of research as well as answering the research question.

### **3.2. Operationalization**

The research question focused on how Chinese private-owned companies perceived CSR, how they interpreted their CSR strategies and communication. The use of qualitative interviews allowed more flexibility in the data-collecting process as well as offered more in-depth analysis to the topic (Babbie, 2013). This contributed to the concept of CSR, CSR strategy, and CSR communication strategies in the Chinese private-owned enterprise sector. Further, because of the open nature of semi-structured interviews, the interviewees were able to apply more experiences and interpretation to the discussion (Edwards & Holland, 2013). The interview guide could be seen in Appendix A.

In addition, interviewing the experts whose professions were highly involved with CSR could provide the specific source of knowledge and information that were highly relevant to the research question (Van Audenhove & Donders, 2019); and through expert interviews, it was possible to reach out more expert interviewees, potentially open to snowball sampling (Bogner, Littig, & Menz, 2009). A topic list with pre-determined open questions was prepared so as to guarantee that all topics were covered. Nonetheless, the question list was only served as a guide as more new

related topics and themes were expected to emerge during the conversation (Edwards & Holland, 2013).

Based on the theoretical framework, the interview guide was designed with two themes with predominant emphasis on the understanding of CSR and CSR communication in Chinese private-owned companies. On the one hand, theme one focused on the perception of CSR and CSR drivers. On the other hand, theme two focused on the CSR communication strategy and the value created through CSR communication. To be more specific, sub-RQ1 and sub-RQ2 were explored in theme one; and sub-RQ3 and sub-RQ 4 were explored in theme two.

In the Chinese business context, theme one of the interview guide was designed to explore the perceptions of CSR through Carroll's (1979) framework of CSR pyramid concept, as well as the function of CSR according to Werther and Chandler (2006). Further, the external drivers for CSR could also be explored based on Matten & Moon's (2008) framework. Furthermore, theme two was designed to investigate CSR communication strategy based on implicit and explicit CSR framework according to Matten and Moon (2008). More specific communication strategies were inquired based on Throne et al., (2015) as well as Morsing and Spence (2019). Last, questions designed to explore the intended purposes and created value through CSR communication were based on Schultz and Wehmeier (2010).

In all interviews, the same interview guide (see Appendix A) was employed. Nonetheless, there were follow-up and probing questions during the interviews because of the open nature of the qualitative interviews (Edwards & Holland, 2013). Probes were used to further explain some specific terms or individual interpretations, therefore, each interview also yielded diverse results. Each interview started by informing the participants' right to withdraw at any time during the conversation. Then, interviewees' oral consents were given in terms of the researcher recording the interviews. The interviews started with more general questions on the interviewees' job in the companies and introduction of interviewees' company. The researcher kept notes during the conversation so as to gain correctness of the transcriptions (Mikecz, 2012).

### **3.3. Sampling and data collection**

In this research, a total number of sixteen experts ( $N = 16$ ) were interviewed. These experts worked at private-owned companies, CSR consultancy companies, and CSR associations.

The interviewees were selected through a purposive sampling based on their job involvement of the CSR practice, including their expertise in CSR professionalism, strategic planning, and assessment. Therefore, it was expected to collect more thorough and specific data through such a sampling method (Etikan, Musa, & Alkassim, 2016). Due to the lack of investigation of the research topic as well as the practical issues, the research adopted both expert sampling and snowball sampling in order to develop a comprehensive understanding of the topic, as well as to reach out more interviewees. The experts were classified based on their time period of working in the CSR field and their position within companies.

In total eleven Chinese private-owned companies were selected, covering both B2B and B2C business modules, both companies listed in stock market and unlisted ones. The smallest company had 400 employees, while the largest one had more than 20,000 employees. The selected companies included industries such as manufacturing, gaming, traditional energy, new energy, real estate, transportation, and food chain. The location of the selected companies included eight cities in China: Beijing, Shanghai, Shenzhen, Guangzhou, Chengdu, Fuzhou, Chongqing, and Hangzhou. The variety of industries and locations contributed towards the generalizability of the current research. In addition, three CSR consultancy companies were selected, whose expertise were specifically in designing CSR policies and programs for private-owned companies. Two local CSR associations, one was in Shenzhen and the other one was in Shanghai, were also selected. These associations were responsible for assessing companies' CSR performance. Therefore, the selection of companies and associations gained more in-depth comprehension of CSR in the Chinese private-owned business sector. To obtain a full list of the areas within which and where these companies operated, please refer to the following Table 3.1.

Table 3.1 Overview of interviewees

<b>Interviewees</b>	<b>Company</b>	<b>Industry</b>	<b>Location</b>	<b>Position</b>
<b>A</b>	37 Interactive Entertainment	Gaming	Guangzhou	CSR manager
<b>B</b>	DiDi Chuxing	Mobile Transportation	Beijing	CSR manager
<b>C</b>	Shen Nong Ji	Food Supply	Shenzhen	President
<b>D</b>	OCT Culture Group	Culture	Shenzhen	PR manager
<b>E</b>	Si Dao Cai	Chain Restaurants	Fuzhou	President
<b>F</b>	Shenzhen CSR Association	NGO	Shenzhen	Secretary General
<b>G</b>	Golden Bee	CSR consultancy	Beijing	Senior Manager
<b>H</b>	Anonymous	CSR consultancy	Hangzhou	Senior Manager
<b>I</b>	Anonymous	Electronic manufacture	Shanghai	CSR Manger
<b>J</b>	Shanghai CSR Association	NGO	Shanghai	Member
<b>K</b>	Anonymous	Manufacture	Shenzhen	CSR Manager
<b>L</b>	YaLing Energy	Traditional energy	Shenzhen	President
<b>M</b>	TianQi Lithium	New Energy	Chengdu	CSR manager
<b>N</b>	Anonymous	CSR consultancy	Beijing	Manager
<b>O</b>	He Zheng	Real state	Shenzhen	PR manager



<b>P</b>	Anonymous	Chain	Chongqing	President
		Restaurants		

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Among the sixteen interviewees, five of them were CSR managers from different companies, three were managers from CSR consultancy companies, and two were members from local CSR associations. For those companies without a CSR department, President/CEO or PR managers were interviewed, including four Presidents and two PR managers and they were all from different companies.

At the beginning, interviewees from CSR consultancy companies and local CSR associations were contacted through their website, as emails were sent with the intention to conduct interviews for the purpose of this research. Five participants (Interviewee D, F, G, H, and J) agreed to cooperate and provided their contact information. Later, the researcher asked these five interviewees to introduce more experts from their personal contacts or professional networks, such as CSR managers, PR managers or Presidents of private companies. As a result, eleven more participants agreed to be interviewed. The researcher explained thoroughly to each interviewee about the research purpose and the method of data collection through E-mails so as the participants could gain a holist understanding of the interviews. Later on, a consent for (see Appendix B) was sent to each participant after he/she decided to cooperate, then the exact dates and time were scheduled based on each interviewee's availability.

The data collection process took place from 2<sup>nd</sup> of March till 30<sup>th</sup> of April. Due to the time differences between Europe and China, all the interviews were conducted at seven or eight in the evening according to China standard time (UTC + 8), therefore, all the interviews were conducted when the interviewees were at home. Furthermore, due to the crisis of COVID-19 and its practical limitations, face-to-face interview was impossible in such a period of time, hence, the researcher suggested video conference or Internet phone call as solutions, and all sixteen interviewees chose Internet phone call. Therefore, all the interviews were conducted via WeChat voice call. Compared to face-to-face interviews, phone calls via the Internet might

lack certain of “personal relationship” (p. 353) between the interviewer and interviewees (Hamilton, 2014). Nonetheless, the home settings and time in the evening provided the interviewees with a safe and comfortable environment for genuine conversations and in-depth discussions. However, the only limitation of the Internet phone call was a stable Internet connection.

Before each interview, the interviewees were asked to introduce themselves and their companies. Through this introduction, the researcher was able to “break the ice” (p. 256) and establish more personal connection with the interviewee (Boeijs, 2010) (see Appendix A, Introduction). Moreover, each interviewee was clearly informed about their rights, including withdrawing from the interview at any point, reserving answers if they felt uncomfortable, and remaining anonymous if they requested. Then, the interviewees were informed that a recording device was adopted and the conversation was recorded as well, and all interviewees gave consent to be recorded. However, five interviewees requested to remain anonymous, and this resulted in all but eleven companies agreeing to be identified in this research.

The interviews with the experts focused on their perceptions of CSR in the Chinese business context, and what drove these private-owned companies to conduct CSR as well as what CSR programs they engaged. Also, how they communicated about their CSR in the Chinese business context. Although the theoretical framework shed light on the concept of CSR and CSR communication, the specific investigation within the Chinese business context was still a gap which needed further understanding.

Although this research was not oriented to explore the differences between private-owned companies’ geographic locations in diverse industries, it was essential to identify the areas that these companies operated, both geographically and professionally. Besides, it was also crucial to address that these differences were not taken into account when the purposive sampling method was applied.

All interviews were conducted in Chinese and transcribed verbatim in Chinese, so as to keep a record of the underlying meaning during the dialogues. Due to the limited time of the research, not all the transcripts were translated into English

after the transcripts were completed. Rather, only the content that contributed to coding process and quotes were translated into English.

### **3.4. Data analysis and coding process**

After the data gathering process, the data was firstly organized by transcribing the interviews. The interviews were transcribed verbatim in Chinese, which means nothing was altered through the transcription, such as pause or grammar. In such a way, it was beneficial for the researcher to establish first thoughts to the key themes and got acquainted to the data (Braun & Clarke, 2006). There were 133 pages of transcripts transcribed from the interviews. Some companies' names were identified during the transcription process except those who requested to be anonymized. Before the coding process, the interviewees were given a letter in an alphabetical order to establish a distinction, which resulted in codes such as: Interviewee A, Interviewee B, etc. Then, the data set organization was completed.

In this research, the researcher adopted an inductive and systematic approach of data analyzing through thematic analysis. Thematic analysis referred to a method of identifying, analyzing and reporting patterns (themes) within data (Braun & Clarke, 2006). The aim of thematic analysis was to find meanings from the repetitive patterns and present the overarching topics of the research. Due to the inductive nature of this approach, no coding frame was constructed in the initial phases of the coding process (Braun & Clarke, 2006).

The process of data analysis started after the transcripts were completed. The data analysis was guided by open, axial, and selective coding. The goal of these three coding phrases was to identify the underlying meaning, assumptions and ideas (Babbie, 2013; Strauss & Corbin, 1998). Hence, through an inductive approach, various segments within the data were put into different categories or sub-categories that constitutes of overarching themes. New categories and themes emerged until data saturation was reached, and the analyses did not yield any further categories or themes (Boeije, 2010; Saunder et al., 2017).

The coding process was conducted via Atlas.ti. Following Braun and Clarke (2006), in the stage of open coding, the process started by familiarizing the data set, or a “close reading” (p. 132) and deconstructing the text into sentences for segmentation (Boeije, 2010). Then, different segments of the data that were meaningful and relevant to the research topics were named as a code, and initial codes were generated from this segmentation. As the data was coded with Atlas.ti, the segments were tagged and named as different initial codes (see Figure 3.4), which were prepared for the next stage of coding.

Axial coding followed open coding where the initial codes emerged into categories and sub-categories to develop a trial coding frame. During the trial coding, categories and subcategories were open to expansion until all codes were categorized and no new categories emerged (Braun & Clarke, 2006). Meanwhile, the researcher constantly looked back at the research question and sub-questions as guidelines for identifying potential categories. Then each category and subcategory were compared for their differences and similarity for revising and modifying the code frame. The result of this process was a set of categories and subcategories which was not only mutually exclusive, but also able to cover all codes. Last, the existing categories were ranked hierarchically to build a code tree (Boeije, 2010). The main categories were marked and were automatically linked to the corresponding quotations.

Finally, the coding process reached the stage of selective coding, where the definitions of the dominant categories were developed through a consecutive refinement of the categories and sub-categories (Boeije, 2010). Based on these, concrete names for the categories and sub-categories were assigned and interpreted (Braun & Clarke, 2006). The themes that emerged from the analysis were linked to the respective sub-research questions, forming the basis for reporting on the results and further discussion of this research.

*Figure 3.4.* Atlas.ti example of initial codes during open coding process.



### 3.5. Reliability and validity

In this research, the researcher adopted different strategies during the process of sampling, data gathering and data analyzing in order to safeguard the reliability and validity of the data.

With respect to reliability, firstly, purposive sampling led to a strict recruitment of the interviewees, who could offer a rich account of the topic through their expert knowledge (Morse, et al., 2002). As the researcher obtained a detailed description of the interviewees' professional profiles during the interview process, this ensured that all the interviewees' professional experiences involved with CSR so as to safeguard the results gathered from the interviews contributing to the subject matter. Further, a standard interview guide with the same questions helped to ensure the conversation remained focus on the same topics. By doing so, it did not bias the findings as well as contributed to the consistency of the interviews. Last, a reflexive note was conducted during the interviews, the note contained not only the viewpoints of the interviewees, but also the researcher's immediate reaction, attitudes, and thoughts when these viewpoints were presented (Boeije, 2010). By doing so, it kept track of the points where the researcher might be subjective rather than remaining

objective. Thus, by comparing the notes in the stage of data analysis, it prevented the researcher from interpreting the results with bias.

On the other hand, validity was considered as the measurement instrument “measures [...] what it purports to measure” (Crescentini & Mainardi, 2009, p. 436). The researcher aimed at gathering data that accurately represented the interviewees’ ideas, conceptions, and interpretations through each interview, therefore, some core topics were deliberately and repeatedly raised through different forms of questions in order to gather valid and representative data. In addition, the record of the interviews was conducted as detailed as possible in order to account for a transparent research design (Baxter & Eyles, 1997). However, all sixteen interviewees were from different companies, gaining some limitation for utilizing source triangulation. As source triangulation required to gather information from diverse set of respondents, it was limited to conduct source triangulation to each one company.

Moreover, to better establish transparency within the research process, as well as to increase reliability and validity within the data, the researcher took characteristics, such as professional background and gender, into consideration of the interview interaction, which could have an influence on the process of gathering and analyzing the data. In such a way, the researcher remained reflexivity during this process (Richards & Emslie, 2000).

## Chapter 4. Results

### 4.1. CSR Perception

To answer the RQ and sub-RQ one, the perceptions of CSR were gathered, and three major perceptions were determined. Firstly, CSR was seen as an entity of three layers of responsibilities, among which, complying with legal requirements and regulations were identified as the fundamental responsibilities. Secondly, CSR was also viewed as philanthropic donations because it was commonly witnessed and advocated by the government. Thirdly, the perception of CSR extended to the field of corporate management, as CSR contributed a referential value to sustainable corporate governance as well as risk management in the supply chain. A summary of the three different perceptions of CSR was organized, as shown in the following Table 4.1.

*Table 4.1. Perceptions of CSR.*

<b>Perceptions</b>	
CSR as three levels of responsibilities	First, to comply with legal regulations; second, to remain profitable; and third, voluntary contribution.
CSR as philanthropic donations	CSR was viewed as an altruistic philanthropic donation.
CSR as corporate governance	CSR was viewed as a corporate governance strategy to sustain business and minimize potential risks.

#### 4.1.1. CSR as three levels of responsibilities

When asked their perception of CSR in the Chinese private-owned sector, some participants (interviewees A, G, and M) concluded that CSR referred to three

different levels of responsibilities that a company could take: “must do,” “ought to do,” and “wish to do.”

First, the “must do” referred to the compliance and obligations for business operation, which means to comply with all legal framework and regulatory requirements in operating the business. For example, Interviewee A stated, “Whatever the laws and regulations require us to do, we will meet these requirements.” Thus, CSR was firstly viewed as a means to guarantee the business operation under the legal requirement. As Interviewee G concluded:

Some companies regard CSR as a kind of compliance, or as content to ensure the compliance operation of their business. My social responsibility is one of my basic obligations, and I can meet the relevant requirements of laws and regulations. Under the legal framework, I may do some corresponding things, such as the protection of employees, or some corresponding CSR projects in the relevant fields.

Secondly, the “ought to do” implied the economic responsibilities for a company to thrive, including increasing profit, paying more tax, providing more jobs, etc. Economic responsibility was the foundation for a company to further contribute to society. As Interviewee E stated, “Profit and social responsibilities are interconnected. The business will not survive if you are only for profit; however, you will consider what else you can contribute to society only when your business turns a profit.”

Additionally, companies also ought to expand their attention scope to include more stakeholders into consideration, and making “positive relations” with different stakeholder groups (Interviewee K and Interviewee J).

Thirdly, the “wish to do” was the voluntary contribution to the public good, either trying to solve societal issues or making donations to give back to society.



According to Interviewee N, “[u]sing business to leverage social resources and to solve societal issues is the ultimate goal of CSR. In this way, both business value and social value of a company can be achieved.”

The results revealed that CSR was viewed as three different levels of responsibility: legal, economic, and philanthropic. To some extent, the importance of legal compliance in operating business preceded profit in the Chinese private sector. Compared to Carroll’s CSR pyramid, economic responsibility was the fundamental and foremost factor, suggesting a contrast in the CSR concept between China and the West.

This could be explained from two perspectives. First, because the concept of CSR was incorporated into the China Corporate Law since 2006, it defined the corporate conducts that were considered socially irresponsible and its consequences (Shin, 2014). In this context, a company being socially responsible was not a moral choice but a legal mandate. As a result, CSR was viewed more as complying with the legal regulation, forming the perception with an emphasis on legal responsibility. Furthermore, the Chinese government tightly regulated business compliance (Moon & Shen, 2010; Shin, 2014), as quoted as Interviewee A, “[Pushing] against the government regulations sometimes can be a ‘deal-breaker’, directly pushing you out of business.” In this sense, if companies were “against government regulations”, they would encounter far more instant negative consequences threatening business survival than losing profit; therefore, the immediate threat to business survival determined the significance level of economic and legal responsibility to a Chinese company.

Another contrast in comparison was that not many participants stressed the ethical responsibilities in CSR, and the “ethic” component seemed to disappear compared to Carroll’s pyramid. The missing component of “ethic” could be explained from traditional Chinese culture, as what the essential CSR point of view was connected to ancient Chinese philosophical ideas, forming a strong emphasis on the business ethics (Yin & Zhang, 2012; Zhang, 2017). Furthermore, some of the traditional ethical ideas were so integrated into the Chinese culture that they even became common sense in China (Tian & Slocum, 2016). Thus, the ethical

responsibility in CSR, from the Western perspective, may already have been accepted as common sense in the Chinese cultural background. If so, then the expectation of corporations to be socially responsible and the standards to remain legitimate were rather high in the Chinese business context. With CSR being codified by law, what used to be a voluntary contribution was now legally mandatory, which mean it could not be used to gain legitimacy even if a company continued to do so. Thus, when considered from the point of view of the different components of CSR, only philanthropic responsibility could be considered as CSR in this context.

#### **4.1.2. CSR as philanthropic donation**

Philanthropy, charity, and donation reflected another major perception of how CSR was viewed among Chinese private companies. Most participants described a commonly witnessed phenomenon wherein many companies' practice of CSR merely took the form of philanthropic donations, resulting in the "most distinguished character in Chinese CSR" (Interviewee F). This was "because most of the companies view charity and donation as CSR" (Interviewee J). For example, when Interviewee L, the president of a company, was asked about her company's CSR programs, she said, "We actually do not have any other CSR programs, except for donations. Currently, we engage with a lot of charity and donation programs, I think these can be representatives of our company's CSR programs."

Interviewee J explained the logic behind this phenomenon: "These companies think like this: as a company, keeping my business operating is my corporate responsibility, and donation is my social responsibility. So, these two parts combine together, it forms their perception of corporate social responsibility."

Three reasons were attributed to this phenomenon. Firstly, charity and donations were relatively more approachable for these companies to fulfill their social responsibilities, as Interviewee A described it, "It is only a way of wealth transfer, meaning I spend the money that I have earned."

Secondly, companies' lack of comprehension of CSR resulted in connecting charity and donation directly to CSR.

For those companies [that] never practice CSR, their perception of CSR comes from a traditional understanding of ‘social responsibility’; it is a very basic way of understanding. These companies would think CSR is just a department of ‘spending money for a good cause’ (Interviewee G)

Last, some participants revealed that the government was a significant influencer to encourage philanthropic donations. For example, Interviewee A described the instance when his company was requested to disclose the annual donation amount to the poverty areas since 2016:

If you did not donate anything, you’d have to make an explanation. It was a form with several blanks for you to fill in the number of your donation. There is this underlying pressure to make you fill in something. I mean, we were never explicitly required to donate by the government, but the government is significantly influencing us to [donate].

Therefore, it was common for companies to choose to do a philanthropic donation as their “first step” to CSR in China, which was criticized by the CSR professionals (Interviewee G, I, M, and N) as “a narrow recognition of what CSR really stands for.”

On the one hand, Interviewee I agreed with such a critique. He commented that his company’s CSR actions were still very limited, but based on his description, his company’s CSR efforts contained all four components of CSR:

In our company, our CSR firstly is to provide a safe working environment for our employees with [the] necessary benefits. Also, we take care of the environment where our factories locate. Finally, we develop some charity and donation programs. (Interviewee I)

On the other hand, according to other participants, philanthropy was only supposed to be seen as the “wish to do” before a company could truly fulfill its “ought to do.” According to Interviewee M, “Honestly, philanthropy and donation are never essentially a corporate responsibility...Donating a part of the corporate profit can never solve societal problems, and societal issues can never be solved by a single company.”

The emphasis on philanthropic responsibility was less important than other responsibilities, which shared similarities with Carroll’s (1979) definition. However, the company’s philanthropic contributions suggested a paradoxical perception of CSR in reality. Participants believed that philanthropic donation was commonly chosen and easily achieved; consequently, the philanthropic donation was seen as something “basic” in CSR practice (Interviewee G, F, and J). In this sense, philanthropic responsibility was conceptualized as a basic choice of CSR in practice while it was also categorized as a high level of responsibility in the CSR concept, forming a paradox in Chinese CSR.

There was also a possible explanation that, in addition to philanthropy, CSR entailed responsibilities that were regulated by law or viewed as ethical common sense in the culture (Tian & Slocum, 2016). Therefore, with such institutional factors, it was possible that only philanthropy can contribute to how a company could be perceived as socially responsible. In this sense, the paradox could make sense.

Practically speaking, what a company could gain from charity and donation was relational assets (Godfrey, 2005). As those critical resources controlled by stakeholders, companies supporting philanthropic causes were considered a means to maintain relationships with these stakeholders to secure the critical resources they have (Fombrun, 2005). Similarly, in the Chinese private-owned business market, the government was seen as an important stakeholder who was in a dominant position to relocate critical resources, and companies would gain positive stakeholder responses through philanthropy and further secure their relational assets (Fombrun, Gardberg, & Barnett, 2000; Wang & Qian, 2011). Moreover, according to Wang and Qian’s (2011) findings, as gaining political resources was crucial to those private companies, the

benefit from philanthropy was more significant than the investment was. A more detailed discussion in terms of CSR facilitating the corporation-government relationship is provided in the section 4.2 CSR drivers.

#### **4.1.3. CSR as corporate governance**

In terms of the “true value” of CSR, some participants raised the notion that CSR was supposed to be viewed as a corporate governance strategy, which means the collection of mechanisms, processes, and relations by which companies are controlled and operated. Incorporating CSR into corporate governance mechanisms is seen as a strategic way to sustain business (Filek, 2015). In recent years, a large number of tools, commonly referred to as standards, have been developed to define a company’s responsible conduct, such as ISO2600, SA8000, ESG, or GRI, which already indicated the relevance of the concept of CSR itself in the corporate management field (Filek, 2015).

First, because of the wide range of CSR connotations, CSR should be designed into the framework of corporate management, which could contribute to sustainability in business operations. As Interviewee H explained:

...purchase, manufacture, design, etc. All these aspects combined shaping the entity of business operation. [...] Every aspect needs to be considered responsibly. So, CSR needs to be applied to every aspect of business. In this way, CSR is a strategic design for better corporate governance.

Furthermore, from the corporate governance perspective, CSR was seen as an effective tool for risk management. Currently, Environmental, Social, and Governance (ESG) provided the criteria for companies to better evaluate their business responsibilities and conduct. Similar to the “people, planet, profit” essence of CSR, ESG entails a systematic assessment in a company’s actions (Bennett, 2019). Therefore, ESG provided the evaluation standards to identify the potential risks within the corporations: “Through such a systematic standard, companies reflect their

corporate governance and business operation by comparing to these standards, then they can realize which area still [needs] more work or attention, and minimize the potential risks” (Interviewee G).

To view CSR as an effective corporate governance instrument was not considered in the theoretical framework of this research. Participants emphasized the value of CSR on enhancing corporate management, as CSR shared the same viewpoints with other corporate management standards and assessments, and thus CSR needed to be designed into the “gene” of corporate management (Interviewee F). Although CSR and corporate governance did share some interconnection, the relationship between these two should be complementary rather than being a case of corporate governance depending on CSR (Rosam & Peddle, 2004), because positive corporate governance was also a foundational pillar of a genuine and sustainable CSR development (Jamali et al., 2008).

## **4.2. CSR Drivers**

To explore the RQ and the sub-RQ two, participants were asked the reasons and motivations for corporate CSR initiatives, and answers to these questions contributed to the drivers of CSR. Based on Matten and Moon’s (2008) framework, institutional factors were first examined to conclude the external drivers for CSR. Surprisingly, participants also equally discussed the companies’ internal motivations and desires for CSR, forming the internal drivers for CSR.

### **4.2.1. Internal Drivers for CSR**

Rather than being describing as pressure, the internal drivers were described as an internal will or self-motivation to conduct CSR from a corporate perspective. In the category of internal drivers, the results revealed three major internal drivers for companies to initiate CSR: leaders, impression management, and branding. A summary of the three internal drivers is shown in Table 4.2.

*Table 4.2. Internal drivers for CSR.*

<b>Drivers</b>	
Leaders	Corporate leaders' personal dedication and preference to pursue CSR and philanthropy
Impression Management	Companies intended to construct, strengthen, and maintain a socially responsible image among stakeholders.
Branding	Companies intended to gain reputation, brand awareness, and exploit the potential market.

#### **4.2.1.1. Leaders**

In the Chinese private sector, one of the most evident internal drivers for companies to establish CSR initiatives was the leadership or founders' dedication to society. Seven participants (Interviewees A, B, F, G, H, J, and K) stated that leaders were a crucial internal force for a private company in China to pursue CSR. The leaders' personal decision to contribute to society was the first step for a company to develop CSR programs. For example, Interviewee A described how a corporate leader drove the company to the path of CSR.

Our company did not have any CSR initiatives at first, it was only because our boss himself has such a passion for charity and donation, then we started to establish philanthropic projects [...] So, the starting point of CSR in our company was merely to respond to our boss his own will of dedications.

Furthermore, leaders' personal preferences can significantly determine the corporate CSR strategy. For instance, leaders' concerns about specific societal issues can influence the topics of CSR that the company would focus on and invest in.

Therefore, leaders' concerns and interests needed to be considered when a CSR program was designed. Interviewee G, a CSR consultancy manager, said, "When we design a CSR program, we first need to fully understand the leaders' own preferences, passion, and vision, which sometimes is the representation of corporate mission, value, and culture as well."

Finally, as decision-makers of the company, leaders could decide whether a CSR program was valuable or how long the company could invest in it. Therefore, leaders' support determined whether a CSR program is sustained (Interviewee H).

Furthermore, results also revealed some psychological reasons for the corporate leaders to pursue CSR. Leaders of those well-established private companies had an "instinctive will of contribution" (Interviewee H), which can be attributed to their determination to lead the company to pursue CSR. As Interviewee H analyzed,

The most successful businessmen in China now are in their fifties to sixties. These leaders all had been through a period of tough time before their success, therefore, when their business grows, these leaders have such an 'instinctive will' to give back to society.

The "instinctive will of contribution" was also confirmed through other participants' discussions. For example, Interviewee L described,

[While] growing up, I deeply [understood] the struggle to survive. It is this society and this country [that] provided me with all the resources [for] today's success. Now I am able to help out those who need help the most, [so] why not?

Surprisingly, two kinds of emotions triggered these leaders' motivation to contribute: gratitude and guilt.



On the one hand, these leaders tended to owe their success to society and the country instead of their striving, resulting in their gratitude to society. Interviewee C says, “I started my business with nothing; it was this city and this country [that] provided me with great policy and market to flourish my business till today. As my business grows, I thank this society and this country.”

Similar gratitude was also observed in Interviewee L and Interviewee P.

On the other hand, personal success was regarded as something from the societal collective that could also lead to an underlying feeling of “self-unworthiness,” creating an imbalance between the recognition of “self” and “success.” Such an imbalance was easily triggered into another type of emotion—guilt—when the leaders were in a negative situation.

In this critical moment of our country (COVID-19), if I did nothing, I would feel I am in debt to society, which made me feel guilty [...] I feel people would accuse me of doing nothing. People would think I am a greedy businessman whose profit can only go in my pocket but never come out, especially at this moment (Interviewee C).

Similar guilt was also expressed by Interviewee E and Interviewee P.

Although it was called guilt, based on the participants’ descriptions, this feeling was closer to “fear,” where one was afraid of being accused and condemned as unethical and a “greedy businessman.” Therefore, the philanthropic donation could be viewed as “self-protection” that protects one from such an accusation. For example, Interviewee E said, “I donated money (during COVID-19) to [put] my conscience at ease.”

The result suggested that leaders of the companies had a significant influence on CSR decision-making, forming an evident internal driver for a company conducting CSR. This confirmed Wang’s (2015) research in which he stated that corporate top executives played a crucial role in CSR in Chinese private companies. Examined from the leaders’ perspective, their decisions regarding CSR were

influenced by their previous work, education experiences, and personal values (Wang et al., 2014). Nonetheless, deeper psychological motivations were never explored. The current result of two emotional triggers – gratitude and guilt – enriched previous research findings. To some extent, personal values developed from individual backgrounds and experiences that guide one’s decision-making, but personal values were specifically transformed into feelings of gratitude or guilt when the leaders were deciding on CSR or philanthropic donations.

#### **4.2.1.2. Impression Management**

In terms of impression management, results suggested that three crucial steps comprise this process, including impression construction, strengthening, and maintaining. Most of the participants stated that the goal of image management was primarily to construct and be able to present a “responsible” impression to different stakeholders.

To construct a “corporate citizen” image, companies conducted CSR to provide such an image with evidence and material support. In other words, CSR programs aimed at conveying the impression of “socially responsible” with solid proof. Being able to present a “corporate citizen” image was beneficial to enhance “business-government relations” (Interviewee J), which led to more communication opportunities with the government. However, initiating CSR consisted of accumulating the evidence so that a company would be able to present this image. Interviewee A commented, “The government will only communicate with you (company) when they trust you, knowing that your company is not just for profit but also responsible.”

In this sense, the trustworthy image served as an entrance ticket to initiate conversations with the government, and CSR actions helped to construct this trustworthy image. Results were in line with Brammer and Pavellin’s (2004) research on the connection between CSR and corporate impression management. Indeed, companies were motivated to present a desirable image to stakeholders, but results

here revealed that companies employed CSR actions to demonstrate the image during the construction.

Furthermore, CSR activities further strengthened this image among stakeholders: “You have to stress your company’s social value, and what you are contributing to solving one specific societal issue. Therefore, what we have conducted through our CSR programs gave me the confidence to keep presenting this image.” (Interviewee C)

Last, for some leading companies in their industries, CSR efforts were used to maintain the image. For example, according to Interviewee A, taking more responsibilities to influence its industry was one of the company’s CSR programs, because the company ranked as “the best CSR company” among all A-share listed companies in the gaming industry. Therefore, to maintain the “best CSR company” title, the company was also willing to contribute more. According to Interviewee A, “... our ranking and title give us more inner drive to take more responsibilities, and our endeavors will, in turn, enhance our leading image.”

To conclude, companies were motivated to construct, strengthen, and maintain a socially responsible image through CSR activities, and this motivation was a significant internal driver. Companies intended to project a desirable image to their stakeholders through communication, and CSR contributed to that responsible image (Elsbach, Sutton, & Principe, 1998). However, such a notion overlooked the reason a company initiated CSR, and the current result revealed some answers. In this context, companies intended to gain greater communication access with crucial stakeholders (e.g. the government), and building a trustworthy image would benefit that access. In this sense, to initiate CSR would provide evidence to create a trustworthy image, resulting in the starting point to pursue CSR.

Moreover, in terms of the purpose of impression management, current results also showed similarities to previous research, where the impression was constructed to maintain relationships and to cooperate with others (Leary & Kowalski, 1990). This also explained the function of a responsible corporate image, which could

contribute to maintaining the relationship with the government as well as attracting investors and customers.

#### **4.2.1.3. Branding**

Based on image management, branding was oriented to enhance a positive corporate image and to benefit the business. Thus, companies initiated CSR programs to gain a reputation or to explore the potential market. Some participants used a traditional Chinese saying, “to gain both fame and wealth,” to describe the connection between CSR and branding. For those companies whose CSR specialists were located under the PR department, the branding purpose for CSR programs was more evident.

First, CSR programs and reputation were connected through a trustworthy impression among corporate stakeholders. Through a company’s CSR conduct, the stakeholders associated a trustworthy image with the brand, and gaining reputation was then the positive feedback of such an impression. For example, according to Interviewee E:

Frankly speaking, what we gained through CSR is mostly ‘fame’, or ‘good reputation’. Having a good reputation among your employees, your customers, and your government is our biggest benefit. Does this benefit directly transfer into profit? Not necessarily. But these are potential benefits that can further contribute to our business.

Secondly, through CSR programs, a company could construct new social connections, which could increase its brand awareness, potentially expand its market, and bring new opportunities. For instance, Interviewee H mentioned that IBM China had provided a “consultancy and service donation” CSR project for over a decade, and the purpose of this project was to provide free digital design services in different communities. However, the brand was also promoted as the project spread out over different communities.

For those local governments or departments who happen to experience IBM's donation service, the brand of IBM will leave an impression. If they ever need similar services in the future, they will first think of IBM. To exploit the market might not be IBM's first intention to start this project, but there is such a potential benefit. Therefore, companies would prefer to implant their service and products into CSR programs (Interviewee H).

Nonetheless, using CSR programs as a tool to exploit potential market was criticized as a "separation" from the true CSR (Interviewee N), as the process of identifying stakeholders was not logical.

Those people in remote areas were never your stakeholders; this company was never responsible for them. It was only because of the need for expanding the market; the company one-side included these irrelevances into the corporate responsibility scope. In the name of CSR, it is truly marketing (Interviewee N).

Compared to impression management, branding was more a case of intentionally maintaining and enhancing the external corporate image perceived by stakeholders than constructing an impression. However, previous research indicated that CSR had a positive impact on branding, especially when CSR was designed as a brand-based strategy (Porter & Kramer, 2002; Werther & Chandler, 2005). More specifically, highlighting the economic and ethical responsibilities of CSR worked in favor of enhancing a corporate brand (Pratihari & Uzma, 2018). However, the result suggested that Chinese private companies had not clearly conducted CSR in a strategy-oriented direction.

On the contrary, when CSR was associated with branding and marketing, it increased scrutiny to question the corporate CSR sincerity (Jahdi & Acikdilli, 2009). This distrust was also reflected in participant discussions. The result revealed that, in the Chinese business context, the scrutiny of CSR was rather high; participants were

concerned that incorporating branding and marketing strategy into CSR was not praiseworthy, as if branding to some extent “tainted” the pureness of altruism in CSR. For example, Interviewee K called branding implanted in CSR as a “canny trick”; Interviewee N commented “see right through its intention” when he mentioned other companies’ CSR programs; Interviewee C and Interviewee P emphasized several times “no other intentions” when they talked about their companies CSR programs.

The results implied that, in the Chinese context, it appeared to be paradoxical if CSR addressed both ends of the business and the society, especially when CSR was conjoined with branding and marketing. On the one hand, participants acknowledged the potential marketing benefit of CSR, but they did not fully agree that CSR should be utilized as a marketing tool. On the other hand, participants seemed to expect CSR to be an altruistic dedication, which could be attributed to the traditional Chinese culture where altruism was highly praised and egoism was strongly condemned (Moon & Shen, 2010; Zhang, 2017). In this sense, branding and marketing were seen as egoistic behaviors because they aimed for profit and the companies’ benefit.

#### **4.2.2 External Drivers for CSR**

External drivers here referred to those institutional factors influencing CSR, and they were the drivers emerging from the existing environment. Based on the participant discussions, external drivers exerted pressure – rather than motivation – on the company to conduct CSR, including relational pressure with the government, peer pressure within its industry, and stakeholder pressure such as customer requests. A summary of the three external drivers is shown in Table 4. 3.

*Table 4.3. External drivers for CSR.*

<b>Drivers</b>	
Government Driver	Companies follow the national CSR agenda from the state government and

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	maintain positive relationships with the local governments.
Industry Driver	Companies conduct CSR to either “catch up” or “set rules” to remain competitive in the industry.
Customer Driver	Companies adopt CSR due to customer demands and requests.

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#### **4.2.2.1. Government Driver**

The government was one of the most significant external drivers for Chinese private companies to establish CSR. Companies designed their CSR programs according to the national political signals released by the state government. Additionally, companies also used their CSR and philanthropy to maintain positive relationships with the local government.

Firstly, the state government of China influenced the companies towards CSR through political signals and legal regulations. In a form of national campaigns, political signals set the national CSR agenda to influence the topics of companies’ CSR programs. For instance, nationwide popular topics were “Targeted Poverty Alleviation,” “War on Pollution,” “Garbage Sorting” etc. These topics were released as national campaigns through the form of political signals by the state government. Once they were released, the companies would follow up. Interviewee J stated, “Following the agenda of national political signals, companies initiate CSR programs to match up the political signals as well as their business strength.”

For example, “Garbage Sorting” was a nationwide popular topic in 2018, according to Interviewee A, whose company’s main business was online gaming. The company developed a free game app about garbage sorting tips to promote correct garbage sorting knowledge. Thus, the company incorporated its business strength into CSR programs and followed the national CSR agenda.

Furthermore, the local governments played a more significant role in companies initiating CSR programs. Firstly, the local governments were mainly responsible for regulating and evaluating corporate business conduct, such as environmental protection and manufacturing safety. Therefore, companies employed CSR to manage a trustworthy impression projected to the local government, as being a responsible corporation meant fewer inspections from the local government and more space for business operation.

Currently, local governments set high standards for factories to protect the environment. If the company ever fails to do so, the company will face [being] shut down by the local government for a while, which can be a huge financial setback for business (Interviewee J).

More importantly, companies initiated CSR programs into the local communities to maintain their relationship with the local governments. However, the investment in such CSR programs served as a resource exchange with the government rather than pure contribution. As Interviewee N commented, “[To] maintain a good relationship with the local governments, CSR programs or donations are just messages companies sending to the governments as a peace offering, in exchange for benefit or convenience later.”

In terms of the “benefit” or “convenience” that companies received, Interviewee I explained,

We have a huge factory in this tow. Before we request to enlarge our factory, the local government tells us their community problems (e.g. education or medical issues) and asks us to contribute to these problems. So, we design and conduct CSR programs for these specific problems in the community. If the local government is pleased with what we have done, we can expand our factories and operating business. Plus, we will also receive some tax benefits from the local government as a ‘thank you’ for our contribution.



To conclude, companies incorporated state government political signals into their CSR program design and maintained good relationships with local governments with their CSR efforts. This was the external driver from the government for companies to conduct CSR.

As most of the participants mentioned the Chinese term “*guanxi*” during the interviews, which literally means relationship, *guanxi* contained far more meanings than relationship in the Chinese context. Zhang (2017) discussed the concept of *guanxi* with government, suggesting *guanxi* could be viewed as favors in the Chinese cultural background when *guanxi* was involved with the government.

Previous literature stated that *guanxi* with the government led to corruption and nepotism (Gu et al., 2012). However, this was not how *guanxi* was viewed by the interviewees. Corruption would be companies directly transferring money to the government as a bribe. Instead, companies would use the corporate profit to help the local government with community development in terms of medical or educational issues, which were originally local government responsibilities. However, contribution to local community development appeared to be a favor to the local government. Hence, *guanxi* with local government was more similar to the concept of “exchange” than “contribution.” Companies initiating CSR, especially community development programs and philanthropic donations, aimed to exchange for more resources for business operating, or at least a good impression, from the government side. As the government in China played a dominant role in managing market resources, companies that maintain their political connection have more opportunities to establish dialogues with the government, based on which resources can further be exchanged.

#### **4.2.2.2. Industry Driver**

As an external driver for private-owned companies to conduct CSR, the industrial factor was not discussed by any previous literature. It emerged from the data analysis that industrial influences motivated a company to gain more

competitiveness among its competitors through its CSR. This meant a company's strategy to design their CSR programs was either influenced by the existing industry and competitors or to influence its existing industry.

For small and medium-sized companies, industrial influences were viewed as pressure to conduct CSR to remain competitive in the industry. In other words, in terms of CSR, what had been done in the industry set a standard for other companies to "catch up", thus forming the pressure. Interviewee I further explained this "catch up" mindset:

We feel great pressure from our competitors in our industry. The way I see it, the biggest problem in Chinese companies is that companies tend to 'compare' themselves with others. For example, what are my competitors doing in CSR, then I will have to do it as well. Otherwise, we will be left behind. So, I think this is a driver for us to do CSR (Interviewee I).

Furthermore, another industrial pressure for companies was the ranking assessed by the industrial associations. Serving as a third-party endorsement, a company's CSR contribution was evaluated by industrial associations and ranked accordingly. The ranking then worked as extra credentials validating a company's competitiveness in the industry. According to Interviewee A, their ranking had become part of the corporate identity and would be introduced to different stakeholders as "the ranking is rather objective". As a result, "to gain a high level in ranking" drove companies to initiate their CSR (Interviewee N).

The advanced companies with strong competitiveness felt more motivated to conduct CSR to influence the industry to secure their leading position among other competitors.

On the one hand, the leading companies would like to become the "rule setters" in the industry in terms of CSR (Interviewee M). By setting one's own standards to conduct CSR, being the "rule setter" validated a company in terms of its competitiveness. However, for these leading companies, setting the rules was seen as

a “voluntary contribution to the industry” instead of an effort to remain competitive (Interviewee A).

On the other hand, to demand its business partner in the supply chain’s CSR was another strategy for large corporations maintaining competitiveness in the business. In other words, a few elite companies took the responsibility to influence their supply chain partnership companies to engage CSR. For example, companies such as Huawei regulated their supplier companies’ CSR standards, and complying with these standards was the only prerequisite to becoming one of Huawei’s suppliers. Similar to the “rule setter,” large corporations enlarged their CSR influence scope to their supply chain. As Interviewee G summarized, “It is only because of their dominant position in the industry, companies like Huawei can regulate its supply chain to influence more companies to join CSR.”

According to Marín, Rubio, and de Maya (2012), strategic CSR benefited a company in its long-term competitiveness, and companies gained more evident competitiveness if the strategy was proactive. The results here confirmed these previous findings. In the case of leading companies, “setting rules” for CSR was strategically designed, proactively influenced the industry, and regulated its suppliers. On the contrary, companies that tried to “catch up” were following a reactive strategy. Therefore, conducting CSR for “catching up” was due to the peer pressure within the industry (Wang, Choi, & Li, 2008), where the positive affect of CSR on gaining competitiveness was not expressed.

Surprisingly, in Marín, Rubio, and de Maya’s (2012) research, the findings suggested that company size mattered, as larger companies would benefit more from CSR concerning competitiveness than smaller ones did. However, the current results here revealed otherwise. For example, Interviewee A’s company was only half the size of Interviewee I’s company, but the A company was in a more competitive position than company I was.

The current results suggested that the impact of CSR on competitiveness relied on its corporate CSR attitude and the degree to which the company actively engaged with CSR rather than company sizes. To be more specific, company A “feel

supported to initiate CSR from the executive board” and “conducted several CSR projects last year,” while company I “feel the boss does not think highly of CSR” and “only conducted one CSR project last year.” In this sense, the extent to which a company actively engaged with CSR affected its CSR performance and its competitiveness. In a way, size does not matter.

#### **4.2.2.3. Customer Driver**

Customer request was an evident external driver for those manufacturing companies engaging in business with foreign brands and corporations. According to the participants, companies involved with imported and exported business were the pioneers in the concept of CSR. Interviewee F said, “[To] attract business from international brands and customers, Chinese companies had to start to learn what is CSR. The only reason for these companies to initiate CSR at first was purely for business” (Interviewee F).

Interviewee I also confirmed that customers were their initiate driver to establish CSR programs.

We were one of the Amazon’s suppliers and Amazon made some requests in terms of CSR. Back then, we had no idea what CSR even meant, but we needed to stay in business with Amazon, so we had to explore CSR since then.

However, the situation did not change much, even until today, and participants described the CSR driver from the customers’ request rather passively: For instance, Interviewee I stated, “[CSR] is more like a task; we feel confined and even forced by customers’ requests, but [...] we need to do to sustain our business.”

As Interviewee K further explained, the companies needed to be assessed annually and evaluated by a third party in terms of their CSR, otherwise, the product they had produced would be rejected by the customers, which is fatal to the business survival.

Customers' demands of CSR conduct could be viewed as stakeholder pressure, which was one of the main drivers for companies to engage with CSR (Freeman, 1984). However, companies could only pay attention to the most influential stakeholders (Esty & Winston, 2006). Previous studies identified that the customer was one of the five types of stakeholders exerting influence on a company's CSR initiatives (Fineman & Clarke, 1996; Miao, Cai, & Xu, 2012), and this was reflected in participant discussions. Of course, when customers' requests could threaten business survival, the company would view customers as crucial stakeholders and respond to the pressure immediately. Yu and Choi's (2016) findings also suggested that stakeholder pressure had a strong influence on the company adopting CSR practice. However, the current results provided more details of how companies adopted CSR due to the stakeholder pressure.

Yu and Choi (2016) stated that stakeholder pressure, such as that of the customer, resulting in companies only focusing on short-term profits rather than long-term value, and thus managers might be "strongly tempted to implement CSR superficially and only for the short-term" (p. 233). This might be partially true, as participants discussed that the CSR driver from customers' requests served more as an "external force" than an "internal motivation," and it prevented the companies from committing to their CSR conduct. When CSR programs were viewed as a task to guarantee the business cash flow, it could result in companies practicing CSR in a superficial way rather than seriously fulfilling corporate responsibilities. This led to a result-oriented tendency for companies to conduct CSR, such as focusing on charity and donation, valuing the industrial rankings, etc., which was also criticized by the CSR professionals as a "narrow recognition." However, CSR would not sustain unless the company was financially sustainable (Interviewee E). Indeed, adopting CSR practice as a task was never "ideal" (Interviewee I) and, in circumstances such as this, CSR was a necessity to ensure business operation rather than a sincere contribution.

#### **4.3. CSR Communication Strategy**

Throughout the interviews, most of the participants agreed that companies adopted an explicit style for CSR communication. In terms of communication channels, in addition to corporate annual CSR reports, companies also used official websites, news media, and social media such as Weibo and WeChat to disseminate information about their CSR activities.

Results in this section aimed to explore sub-RQ three. Concerning CSR communication strategies, two major approaches were concluded through participant interviews: first, generating content fulfilled the condition of Information Prominence, and second, Identity Prominence, which highlights the corporate identity through CSR communication. A summary of the two approaches are shown in the following Table 4. 4.

*Table 4.4. CSR communication strategies.*

<b>Strategy</b>	<b>Goal</b>
Information Prominence	Companies generate the maximum content for information dissemination.
Identity Prominence	Companies establish CSR identity through “self-labeling” or visual characters.

#### **4.3.1. Information Prominence Strategy**

One evident strategy was to generate content that explicitly communicated about CSR, and companies attached importance to the amount of information that could be disseminated. More specifically, contents and materials were collected and distributed to better present the company’s CSR initiatives and programs. To some extent, the evaluation of the effect of CSR programs depended on the amount of information that could be exacted and generated for dissemination. For example, Interviewee A described it, “...you want to hear the sound when you throw a coin on the ground...” In other words, the more content that can be collected and utilized for

communication, the better effect a company would gain. According to interviewee G, “That is why we tend to choose a long-term CSR program so that it will provide us with continuous information for promotion. If a program can only generate contents for ‘one-time-thing’, it will seem like a ‘face-saving project’”

Therefore, the information prominence strategy was achieved through three different approaches. Firstly, the company would explicitly communicate about “what I have done” throughout the entire CSR program. Instead of communicating about a program as a whole, a company would respectively promote different stages of a program. By dividing one program into different stages, the total amount of information could be maximized, including program preparation, program development, program achievement, and program summary. Therefore, it formed a “closed cycle” of the program in communication rather than introducing the program just once (Interviewee M). As Interviewee G concluded, this “closed cycle” to fully disseminate information about one CSR project:

Before the start pointing of a program, we would build hype for its preparation; then during the middle of the program, we would keep reporting what we have achieved so far; when the program is finished, we can finish the promotion with a summary, especially what we have contributed.

Moreover, information could also be generated from the company itself. The company would explicitly introduce how each department fulfilled its social responsibility respectively instead of promoting the company as a whole. Thus, the company could generate more information to promote an in-depth socially responsible corporate image.

For example, in our HR department, they provide training and other benefits for the employees. Of course, this is part of their job, but what they are doing is also part of our company CSR, so communicating about what the HR

department is doing can also be utilized to promote our corporate CSR (Interviewee A).

As mentioned above, companies conducted CSR to maximize information for dissemination through each CSR program. In this way, information prominence was the goal of this approach, as the strategy was to attract stakeholder attention to influence their perception (Fogg, 2002). According to Penno and Stecher (2012), giving prominence to some specific areas would indicate to the audience that these areas were important to the company. In this case, it would be the corporate CSR efforts. In other words, thoroughly disseminating corporate CSR information aimed to convey the impression that the company highly valued and was committed to CSR, thus presenting itself as socially responsible.

Although the prominence of CSR information could influence stakeholder perceptions of a company to a positive impression (Chong & Rahman, 2019), the companies were utilizing a one-way communication style. Scholars contend that companies need to establish a two-way CSR communication, where companies not only informed “what they do” but listened to stakeholder feedback to gain stakeholder support and engagement (Chen & Zhang, 2009), especially on social media, a platform designed to be interactive, where dialogues and engagement were the fundamental concepts for communication strategy on social media (Golob & Podnar, 2011). However, the current results revealed that two-way communication was less adopted in Chinese companies’ CSR communication. As Interviewee M explained, the priority in CSR communication was different due to diverse business types:

[O]nly for those Business-to-Customer types of companies [is it] important to engage with the public on social media. As we are a Business-to-Business type of company, all we need to do (through communication) is to manage a good impression to our business partners and investors. So, engaging with the public is not our priority (Interviewee M).



#### **4.3.2. Identity Prominence Strategy**

The identity prominence strategy is linked closely to branding to create and present a distinguished corporate identity, and it is another goal for CSR communication. However, not many companies were able to succeed. According to Interviewee H, “to have a memorable feature in corporate identity sometimes is more important than explicitly CSR communicating.” Hence, the uniqueness in corporate identity establishment was the goal of this approach. Practically speaking, companies attempted to find the “perfect match” (Interviewee G, H, I, and J) between core business and CSR programs. Companies leveraged their business advantage to CSR programs through program design. In this way, communicating about CSR also promoted corporate business advantage.

One approach to build a corporate identity is through the enhancement of “self-labeling.” Based on the core business advantage, companies would firstly identify brand keywords and use these keywords as “labels” to establish a corporate identity. Then, CSR communication highlights these labels, thus enhancing the self-labeling. For instance, according to Interviewee A’s company, one of the corporate identity labels was “technology for the societal good”, thus the company adopted CSR programs to incorporate this label into the corporate brand, such as designing free game apps to promote the environment and wild animal protection. The labels would be implanted into the CSR communication to be prominently emphasized. Interviewee A stated, “We are constantly and consciously strengthening our labels. With this goal in mind, we collect and organize our content in communication to emphasize these labels” (Interviewee A).

Previous studies suggest that integrating the concept of responsibility can establish the distinctive characteristics of a company, and there should be an overarching design in CSR communication (Bhattacharya et al., 2004; Maio, 2003; Zollo, 2008). However, with every company emphasizing its being socially responsible, it was not distinctive anymore. Thus, the previous studies overlooked

how to link the social responsibilities with the distinctive characteristics to form a corporate identity. The current results contributed to a tactic.

The results indicated that the corporate characteristics should be combined with both “business strength” and “responsibility” and then identify the essence of these corporate characteristics. “Self-labeling” was an efficient approach, as it highlighted the corporate characteristics through emphasizing the keywords.

Another approach to create a corporate identity is by characterizing the brand with a specific figure, which could be the president, spokesperson, or a created virtual figure. In other words, the corporate identity is symbolized through the specific character to promote their CSR. In this way, the corporate identity is presented in the form of a symbolized character to be more appealing to stakeholders (Sahu & Pratihari, 2015). Serving as an ambassador, the created character is more approachable and memorable for the company to promote their CSR programs. Moreover, it also served the purpose of branding and marketing. For example, Interviewee D said, whose company was a culture and media organization,

Our goal of CSR is to promote good virtue to the public, so we established an anime figure and series of cartoons to speak for us, such as environment protection and devotion to family. [...] The ultimate goal is to promote this figure to become a household name that could lead to our merchandise sales.

Generalized from these two approaches, information prominence and identity prominence, the results suggest that the Chinese companies tend to be “telling, not listening” in their CSR communication (Grunig & Hunt, 1984, p. 23), which is a one-way stakeholder information strategy according to Morsing and Schultz’s (2006) modules. In fact, by emphasizing the amount of information or emphasizing a corporate identity, companies took a central role in determining “what to say” or “how to say.” Participants were generally confident about receiving positive feedback from their stakeholders, as “CSR is good, so information about CSR won’t be bad”

(Interviewee J and M). To some extent, they felt that it was unnecessary to receive feedback. However, this was not blind confidence, according to Kim and Ferguson's (2016) findings. Chinese customers have a positive attitude to companies' CSR communication without much skepticism. Therefore, it was possible that, in the contemporary Chinese business context, the one-way communication strategy could be effective.

#### **4.4. CSR Communication purposes and value**

To explore answers to sub-RQ four, the reasons and intentions of CSR communication were asked. Most of the participants (Interviewee B, E, F, H, I, and M) indicated that communicating CSR was primarily to deliver meanings and create value for CSR. As indicated by Morsing and Schultz (2006), "sense giving" (p. 326) was the priority in the stakeholder information strategy, as the companies tended to allow their stakeholder to see the meaning of the companies' CSR efforts through communication.

According to the current results, participants believed that the stakeholders did not understand the meaning of CSR, thus, the first mission in CSR communication was to allow the meaning to come across. Interviewee E even used "educate" as one of their goals in CSR communication. Surprisingly, when discussing the value of CSR communication, participants indicated that it is more valuable to communicate CSR internally within the organization than externally.

Firstly, the internal CSR communication contributed to the sense-making process within the organization, delivering meaning, and justifying values for corporate CSR initiatives. Participants stated this was significantly important. Generally, CSR was in a "marginalized" (Interviewee J) position in most of the private companies, as "CSR could not immediately generate profitable returning from a short-term perspective" (Interviewee I). CSR managers felt that most of the pressure emerged from within the organization (Interviewee B). Then, CSR communication needed to circulate within the organization internally to minimize the pressure and questions from organizational members. As Interviewee M explained, "We need to

clearly explain why we do CSR to every department and every employee, let them see the value and meaning of our CSR programs.”

Therefore, internal CSR communication garnered support from colleagues and top executives, contributing to additional budget allocations and resources to conduct CSR (Interviewee M). In other words, communicating CSR within the organization aimed to align internal stakeholders through a sense-giving process.

Secondly, internal CSR communication was also a method to improve organizational culture and value, which enhances internal cohesion. As Interviewee I recalled,

Some of the employees originally not think highly of our corporate culture; however, after we all participate in a program together, it helped them to contribute to society from a corporate perspective. This process influenced employees to share the corporate value.

As Interviewee H pointed out, the key in this process was the level of internal stakeholder involvement. Ideally, if every organizational member could participate in the CSR programs, it would formulate the meaning of CSR within the company.

Yu and Choi's (2016) findings suggest that a well-established CSR-oriented corporate culture benefited a company's view of CSR as a long-term value rather than short-term profit. In this way, a company could sustainably conduct CSR and retain its competitive advantage. As Yu and Choi (2016) proposed, companies could turn to traditional Chinese Confucianism wisdom and promote harmonious relationships as a core of CSR-oriented corporate culture. A “harmonious relationship” entailed the philosophy that individuals lived in peace with the society as well as the environment by considering others more than one considers oneself. This could also apply to business, as a company would address more concerns from its stakeholders and take more responsibilities rather than function merely for profit (Yu & Choi, 2016). Zhang (2017) also proposed that traditional Chinese culture shared similarities with the

concept of CSR. Therefore, turning to traditional Chinese culture can deliver the meaning of CSR more efficiently in Chinese companies.

The results here revealed that engaging with employees and enhancing the organizational members' involvement contributed effectively to increasing shared value within companies. It was also possible to combine the traditional Chinese culture with the CSR concept to allow the Chinese employees to grasp the meaning of CSR more easily.

## **Chapter 5. Discussion**

The current research centered on exploring two major topics: the role of CSR and CSR communication in the Chinese private business context. With a focus on the perceptions of CSR, what drove companies to conduct CSR was analyzed, both internally and externally. Concerning CSR communication strategies, the following was discussed: how CSR is communicated in China, the techniques employed, and the intended goal. All implications were made concerning the Chinese private - business sector, within which this research was conducted. As China is a rapidly growing economy, the market in China is developing into a free-oriented but highly competitive business context. Simultaneously, the market has a strong political influence. This business sector provides a new angle to explore CSR. Due to the lack of literature related to CSR in the Chinese private sector and CSR communication within the field, this research added value to this sector and calls for further exploration of the topics.

### **5.1. Theoretical Implications**

Concerning CSR strategy and CSR communication in the Chinese private-business sector, future research must keep exploring these topics and provide insights into the emerging trends in the dynamic Chinese business context. With a growing expectation from society, the perception of CSR is changing and CSR practice is enriching. It is important to continue updating the knowledge of CSR in China and provide theoretical and practical guidelines for private companies to perform social responsibilities and fulfill stakeholder expectations.

Firstly, the current research enriches the existing research on the conceptualization of CSR within the Chinese private-owned company sector. This study reveals the paradoxical perception of the role of CSR in China and calls for re-thinking the philanthropic responsibilities in the CSR framework. As it is argued that philanthropic donation is viewed as a discretionary responsibility for a company while

it is observed to be widely practiced in China, which indicates a conception of viewing charity and donation as the CSR itself in China. Furthermore, the study reveals that legal responsibility has priority over other responsibilities from the Chinese corporate perspective. Hence, it adds significant value and calls for re-thinking of the CSR pyramid framework proposed by Carroll (1991), especially in the Chinese business context. As Carroll's (1991) conceptualized framework of four levels of corporate social responsibilities was significantly influential, it was adopted to guide CSR studies worldwide. Nonetheless, this framework was proposed in the Western business context, illustrating a CSR concept embedded in an economic and political environment that is different from China. Specifically, in China, this research reveals a different perception of the role of CSR from Carroll's definition, calling for a new recognition of CSR. The current research confirms other CSR perspectives, as CSR is marketing-oriented designed to serve as a business instrument (Matten et al., 2003). Through the exploration of CSR concepts in China, the recognition of CSR extends beyond merely the "contribution to the societal good," reaching to the field of corporate governance, where CSR is viewed as a systematical corporate governance strategy that safeguards the business operation and minimizes potential risks. This also confirms corporate management studies by Jamali and colleagues (2008), who state that CSR can be applied to corporate management to sustain business. This research bridges marketing and corporate management – the two fields of CSR perceptions.

Secondly, this research adds to Matten and Moon's (2008) explicit-implicit CSR framework by exploring the CSR drivers in China. According to Matten and Moon (2008), a society that emphasizes a collectivist cultural background with a government-led business market expects CSR to be implicit. However, this research reveals that CSR in the Chinese business sector tends to be rather explicit, where CSR consists of companies voluntarily initiating programs, policies, and strategies to assume responsibility for the societal good. This result confirms the conclusion of explicit and implicit CSR strategy, but the current research adds variation to the original framework. Furthermore, concerning the external driver for companies to

adopt CSR, this research reveals that the government is a significant driver for CSR, which confirms Matte and Moon's (2008) statement. However, the research findings provide more in-depth observation. The government's role in the Chinese context goes beyond merely a regulator, and companies conduct CSR as a resource exchange to maintain a relationship with the local governments.

Thirdly, this research also reveals that corporate internal drivers can significantly motivate a company to initiate CSR, adding more value to Matten and Moon's (2008) framework, as it analyzes CSR from more than just national institutional factors, such as economic, societal, political, and cultural perspectives. Surprisingly, corporate leaders' dedication to society significantly influences a company to conduct CSR and to make philanthropic donations. Previous research on the relationship between the ethical leadership and CSR suggests that leaders' personal value is a crucial element (Wang et al., 2014), but current research reveals that two types of emotions trigger personal value into CSR decision and action, that is, gratitude and guilt. This finding further enriches Wang and colleagues' (2014) research, explaining why corporate leaders want to contribute to society and how it affects corporate CSR decision-making.

Last, the current research concludes the CSR communication strategy in Chinese companies and further demonstrates two specific strategic approaches to do so. In line with Morsing and Schultz's (2006) CSR communication strategy models, this research suggests that Chinese companies are adopting a one-way stakeholder information strategy, where information prominence and cohesion central. However, this research also reveals that companies use specific tactics to enrich their CSR information dissemination, such as "self-labeling." This adds insights to the stakeholder information strategy as companies aim to "stand out" and highlight corporate identity based on objective and coherent information dissemination.

## **5.2. Managerial Implications**

Developing from the current research, several practical implications can be drawn concerning CSR conduct and CSR communication strategy in the Chinese



private-owned business sector. Currently, as the public expectation that corporations be socially responsible is growing, companies are expected to act responsibly and communicate strategically to sustain business.

Firstly, from its long-term value perspective, CSR can serve to safeguard corporate governance efficiency and minimize the potential risks, thus, CSR should be incorporated into the framework of the corporate management strategy. The CSR department is better located in a corporate strategic position rather than under the PR department. As CSR entails response to different stakeholder expectations, it is important to address these expectations from a corporate top-management level and make decisions from an executive level. Locating CSR under the PR department leads to corporations focusing on some stakeholders that appear to be significant to company PR. This will result in corporate CSR conduct that is short-term, result-oriented, and cosmetic, which will not help the corporate business to remain competitive and sustainable.

Secondly, as most of the companies adopt one-way stakeholder information strategies in their CSR communication, the information is expected to be objective, authentic, and coherent. The concept of CSR was introduced to mainland China only a few decades ago, so society's skepticism of CSR has not reached the level of European countries, and Chinese customers are amenable to CSR communication (Kim & Ferguson, 2016). In such circumstances, a one-way stakeholder information strategy may benefit corporate branding and reputation building. However, the company needs to select its CSR information strategically and objectively. Overstating the company's CSR conduct can directly damage the brand, as in this highly transparent social media era, the gap between "what you say" and "what you do" can be instantly obvious.

## **Chapter 6. Conclusion**

To extend the concept and practice of CSR, this research focused on the Chinese private-company sector, where the business market is highly free-oriented but also strongly influenced by its government. As the concept of CSR was introduced into this business context, how CSR was perceived and practiced warranted study. Guided by the previous literature and frameworks within the CSR field, this research centered on how CSR was perceived in China, what drove companies to conduct CSR, as well as the CSR communication strategies that companies employed. To answer the research question, a qualitative approach in the form of in-depth expert interviews was adopted. For these semi-structured interviews, a purposive sample was chosen, and interviewees included CSR professionals, company executives, and PR managers. All these participants were from private companies in China.

A summary is presented of the findings in the current research, reflecting the unique characters of CSR in the Chinese private-owned business sector. Thereafter, limitations of the current research as well as suggestions for future research direction are discussed.

### **6.1. Summary of the research**

What was constantly associated with CSR in participants' discussions was an old Chinese saying: “名利双收,” which means “gaining both fame and wealth.” Participants viewed CSR as an instrument that contributes to creating a positive reputation and may lead to profit. While describing private-owned companies' CSR as merely for fame and wealth seemed impartial, the CSR in these companies did attract benefits related to fame and wealth for the company.

Firstly, there is a paradox in the perceptions of CSR in China, which is rooted in how the philanthropic donation is viewed. On the one hand, the philanthropic donation is seen as a voluntary contribution that should be considered

less important before a company could fulfill its legal and economic responsibilities. On the other hand, the philanthropy is also viewed as CSR itself. Therefore, companies conducting charity and donations believed they were practicing CSR already. The current research provided some explanations for this paradox. Because China had already incorporated the perception of CSR into its legal system, corporate responsibility was a legal mandate. Moreover, traditional Chinese culture also affected contemporary business ethics, where the altruistic contribution was highly praised. From this sense, a company that practiced CSR was viewed as praiseworthy and socially responsible, which is altruistic philanthropy.

Secondly, companies also conducted CSR under the influence of the national political advocacy to maintain a relationship with the local government. Indeed, the government was a significant driver for domestic CSR. In addition, the government also played a crucial role in encouraging companies' philanthropic donations. As the Chinese government was in a dominant position to relocate the resources, the power dynamic between corporations and government was not equal. Companies employed philanthropy and CSR to first create a responsible impression to the government, and then further investment in local community development and contribution could be seen as "favors" to potentially exchange for resources.

Thirdly, corporate leaders' personal influence could drive the company to pursue CSR, and the support from leaders affected CSR, not only concerning the budget but also concerning strategy. Because of the leader's individual dedication, a company could possibly invest heavily in philanthropic causes or specific CSR programs. However, when these leaders were asked about their decision-making process, two types of emotional triggers appeared: gratitude and guilt. Gratitude was the feeling that all business success ought to be attributed to the society instead of personal effort, while guilt was the urge to pay back as if he/she was given more than they deserved. These two feelings were intertwined and integrated, and these feelings, to some extent, could be related to the Chinese collectivism cultural background where individualism was suppressed and less valued.

Lastly, Chinese companies tended to employ one-way CSR communication where information dissemination was significantly important. During the communication process, the primary goal was to construct a responsible impression to critical stakeholders, such as customers, government, and employees. By generating content through one program, companies attempted to use the information to highlight their responsibilities and construct a “corporate citizen” image. Thereafter, companies would focus on securing such an impression and transforming it into a corporate brand. By highlighting the keywords in the brand, companies would establish the corporate identity through a “self-labeling” enhancement, where these keywords were constantly mentioned through CSR communication.

## **6.2. Limitation of the study**

This research aimed to study the role of CSR through the perception of CSR in the Chinese business context. The research focused on how companies themselves viewed their social responsibilities, what were the perceptions of CSR, and the reason why companies conducted CSR. Based on this, how companies communicated about their CSR, what dominant CSR communication strategies were discussed. These questions were explored through interviews to gather in-depth insights that reflect CSR in the Chinese private-business sector. However, the current study was still with limitations. One of the main limitations was the scope of different levels in terms of CSR performance. A purposive sample was taken from the private-owned company sector in China, representing an array of business operations as well as CSR performance. Nonetheless, some elite private companies were observed with extraordinary CSR performance and achievements, such as Alibaba, Huawei, Tencent, etc. The researcher, due to practical limitations, did not reach companies with excellent CSR achievements. These elite private companies have a strategically designed framework of CSR and mature CSR branding. With such development in CSR, these elite companies could be another representative of this research subject. Although the answers gathered provided interesting results and offered the researcher

an in-depth understanding of the subject, to some extent, the current results could not be generalized to represent the whole picture in terms of CSR in private companies in China.

Secondly, due to the limitation of time and practical matters, all the interviews were conducted through Internet phone calls, limiting the interaction between the researcher and the participants. Conversations via phone, to some extent, could hinder the rapport between the researcher and the participants, as the conversation between the two parties remained less interactive without witnessing facial expression or body gestures. This could lead to some sensitive questions left at a superficial level without further probing, and it could result in some subtle social cues being overlooked during the dialogues. However, all the interviews took place in a relatively comfortable and relaxing place for the participants, and such an environment could help the participants to “open up” and engage in genuine conversation with the researcher. Therefore, more in-depth insights could be gathered.

Last, due to the limitation of practical matters, it would be ideal to combine the field observations with the interviews to increase validity. As field observations served as an effective triangulation for in-depth interviews, it was essential for the researchers to gain as much validity as they could. Therefore, it would be ideal to conduct some observations in the interviewees’ companies to verify their point of view in reality.

In conclusion, CSR in general is still a developing concept in China and most of the private-owned companies are still exploring CSR. This might have affected participants’ perceptions in answering the questions. Although the participants were ensured that their participation is voluntary and they could remain anonymous, sometimes the participants still hesitated when answering some sensitive questions, such as commenting on the corporate executives’ decisions or commenting on the relationship with the local governments. This could be attributed to the traditional Chinese culture where individuals appear to be reluctant to criticize those who are hierarchically higher. Nevertheless, in such situations, the researcher probed with caution and left the participants the opportunity to speak freely on the topics. Despite

these limitations, this study provided valuable insights that could contribute to further CSR research on the topic.

### **6.3. Possibilities for future research**

Some of the future recommendations are proposed based on this research to improve current research or to extend the current findings.

Firstly, given that CSR is a constantly developing field of knowledge as well as a corporate practice, a specific academic focus on the CSR perception in China is highly recommended. As the concept of CSR has just been introduced to China in recent decades, the recognition and development of CSR in China are constantly changing, providing a dynamic field for further CSR study and the need for a knowledge update. Indeed, the well-known definition and framework of CSR are proposed based on a Western background, where the economic, societal, political, historical, and cultural context is significantly different from China. Thus, it is important to recognize CSR in the Chinese context. Based on the current findings, this research proposed some unique perceptions of CSR in China, which shows differences from the previous Western literature. Therefore, it is necessary to re-think the concept of CSR, specifically in the Chinese business context. Furthermore, different enterprise types in China also provide diverse perceptions of CSR, for example, Chinese state-owned companies' CSR conduct and strategies are very different from private companies, providing another possible angle to further explore the concept and perceptions of the Chinese CSR.

Secondly, current findings reveal that most Chinese companies use a one-way stakeholder information strategy in their CSR communication. However, the effectiveness of such a strategy in enhancing stakeholder alignment and branding deserves further investigation. Although according to Kim and Feuguson (2016), Chinese customers generally have a positive attitude towards CSR promotion, the effectiveness of engaging with stakeholders is still missing in the Chinese CSR research field. Therefore, it is recommended that future research focus on the

effectiveness of stakeholder engagement and alignment through CSR communication strategies in China, and these studies should serve as future guidance for CSR communication strategy for Chinese companies.

Thirdly, the current research reveals the interconnection between organizational culture, corporate identity, and CSR strategy. Participants mentioned that CSR could serve as the vehicle for corporate culture, and combining CSR with corporate culture is an effective way to establish a corporate identity. According to Yu and Choi (2016), a CSR-oriented corporate culture motivates companies to conduct CSR. Therefore, incorporating CSR into corporate culture to cultivate a CSR-oriented organizational culture is an interesting but practical angle for future academic exploration. For example, the Chinese company FOTILE develops its corporate culture and identity completely based on the traditional Confucianism concept, by emphasizing the essence of dedication, contribution, and respect, ideas lent from Confucianism, the company develops its CSR strategic framework. In this way, the combination of corporate culture and CSR form its corporate identity. Cases such as this deserve to be further analyzed, and results from these case studies can be enlightening for future corporate practice and management.

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## **Appendix A. Interview Guide**

### **1. Introduction--Opening question:**

#### **1.1 self-introduction, signing the consent forms**

Hello, my name is Violet, I am here to conduct an interview with you regarding your company's CSR communication strategies. Please notice that there are no right and wrong answers to these questions, and you have every right to withdraw yourself from the interview in case any question makes you feel uncomfortable. Your answer will be completely anonymous, and the data I collect here will only be used in this thesis research. Before we start, I need to inform you that this interview will be audio-recorded. If I have your consent to proceed the interview, could you please sign this consent form? Thank you.

#### **1.2. Warm-up questions.**

What is your position in the company?

How long have you been working here? Do you like working here? What do you enjoy the most working here?

### **2. Interview Theme One: *perceptions of CSR and drivers of CSR.***

- How do you perceive the influential institutional factors for your company?
- What are these factors?
- How are these factors facilitate with your business?
- How do you identify your important stakeholders?
- What are the corporate relations with these stakeholders?
- To your recognition, what does CSR mean? Why?
- Could you introduce me about your current corporate CSR programs?
- How are these programs designed and why you made such decisions?
- What influences you to reach such decisions?
- Through your efforts in these CSR programs, what does it mean to your corporate?

What are your goals to achieve? What are the difficulties in CSR execution?



### **3. Interview Theme Two: *CSR communications*.**

- How does your corporate communicate about your CSR? To whom? Through what channel? How often? What is the reason to do so?
- Why do you think it is (un)necessary to communicate CSR?
- How do you feel when you promote these CSR programs? Why?
- What is the general received reaction from stakeholders?
- Is the reaction similar/different from what you expected before? Is there tactic or strategies you (will) use to leverage the CSR communication?
- What is the role of CSR communication in your company?

## **Appendix B.**

### **CONSENT REQUEST FOR PARTICIPATING IN RESEARCH**

#### **FOR QUESTIONS ABOUT THE STUDY, CONTACT:**

Yuhan Cui,

Admiralteitskade 40, 3063ED, Rotterdam.

[494914yc@eur.nl](mailto:494914yc@eur.nl)

+31 648911778

#### **DESCRIPTION**

You<sup>1</sup> are invited to participate in a research about CSR in the Chinese private-owned companies. The purpose of the study is to understand the perception of CSR, the drivers of CSR and CSR communication in the private-owned business sector.

Your acceptance to participate in this study means that you accept to be interviewed.

In general terms,

- the questions of the interview will be related to CSR in China
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<sup>1</sup> In the case of minors, informed consent must be obtained from the parents or other official carers. They will have to sign this form. Please make sure to adjust this form accordingly.

Unless you prefer that no recordings are made, I will use a tape recorder for the interview group.

You are always free not to answer any particular question, and stop participating at any point.

### **RISKS AND BENEFITS**

A. As far as I can tell, there are no risks associated with participating in this research. Yet, you are free to decide whether I should use your name or other identifying information [as Interviewee A] not in the study. If you prefer, I will make sure that you cannot be identified, by general identification, such as the occupation and the company's industry.

I will use the material from the interviews and my observation exclusively for academic work, such as further research, academic meetings and publications.

### **TIME INVOLVEMENT**

Your participation in this study will take 40-60 minutes. You may interrupt your participation at any time.

### **PAYMENTS**

There will be no monetary compensation for your participation.

## **PARTICIPANTS' RIGHTS**

If you have decided to accept to participate in this project, please understand your participation is voluntary and you have the right to withdraw your consent or discontinue participation at any time without penalty. You have the right to refuse to answer particular questions. If you prefer, your identity will be made known in all written data resulting from the study. Otherwise, your individual privacy will be maintained in all published and written data resulting from the study.

## **CONTACTS AND QUESTIONS**

If you have questions about your rights as a study participant, or are dissatisfied at any time with any aspect of this study, you may contact —anonymously, if you wish— [contact person in the dept., faculty or university]

## **SIGNING THE CONSENT FORM**

If you sign this consent form, your signature will be the only documentation of your identity. Thus, you DO NOT NEED to sign this form. In order to minimize risks and protect your identity, you may prefer to consent orally. Your oral consent is sufficient.

I give consent to be audiotaped during this study:

Name

Signature

Date

I prefer my identity to be revealed in all written data resulting from this study

Name

Signature

Date

This copy of the consent form is for you to keep.