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MPD in China 2013: Differentiating Corporate Responsibility in China and the U.S. ^[1]

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On a recent MPD trip to Beijing, a research group focused on Corporate Diplomacy. We listened to Chinese corporate social responsibility (CSR) experts including practitioners from a state-owned enterprise (SOE), a corporate philanthropy magazine, and several public affairs firms, all of whom shared their thoughts on the different concepts of CSR that currently divide the East and the West.

Traditionally, the main “responsibility” for a business is to make profits – financial incentives drive a company’s bottom line. However, over the past decade a predominantly Western notion has broadened a corporation’s responsibilities to include carrying out sustainable environmental and ethical practices in its day-to-day operations. CSR, which is also known as a corporation’s “triple bottom line,” advances a corporation’s social, environmental and financial performance. Businesses can gain a competitive advantage by communicating its



MPD students Frank Cheng and DC Nguyen meet with Senior Vice President Simon Webb of

Different political systems create different breeds of corporations and corporate practices. U.S. companies have a variety of stakeholders, including consumers, communities, suppliers, shareholders, the media, nongovernmental organizations and governmental organizations. These stakeholders – whose interests range from the environment to human rights – pressure businesses to uphold specific standards and operate responsibly. Chinese SOEs, on the other hand, are responsible to the Chinese Communist Party, first and foremost. Since the issues of environmental sustainability and human rights are not some of the Party's top priorities, the concept of CSR takes a backseat to crisis management and national security issues (with recent concerns ranging from territorial disputes in the East China Sea to hazardous air quality levels).

In order to positively impact China's society through SOEs, the Party must allow and incentivize companies to create corporate citizenship programs that can rival the Western private sector's programs. The mindset about CSR needs to be changed from merely a philanthropic write-off to a more complex strategic business plan that can cut production costs, increase an enterprise's financial sustainability and improve international perceptions of China as a whole. But, until protecting human rights and ensuring environmental sustainability becomes a part of China's national agenda, China's idea of CSR will continue to be a breed apart from that found in the United States.

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