

REVIEW AND REVISION: THEORY AND PRACTICE OF CORPORATE PHILANTHROPY IN CHINA

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Abstract: Corporate philanthropy has played an indispensable role in public welfare areas ¹ in China since its emergence in the 1990s. As an “emerging philanthropic market” (Michon & Tandon, 2012) where entrepreneurship or corporate citizenship is still to be entrenched in the society, the progress of corporate philanthropy in China is crucial for cultivating the philanthropic spirit of society and fostering the growth of civil society. Therefore, it is worthwhile to pay more attention and make more investigation into the theory and practice of corporate philanthropy in China (Lu, 2002; Ge, 2007). The present paper aims to make a general review of the state of this particular area and to discuss potential ways to optimize current frameworks.

Keywords: corporate philanthropy, civil society, institutional constraints, resources

The Emergence of the Theory and Practice of Corporate Philanthropy in China

The spirit of benevolence has been practiced by the merchant elite in China since the late 17th century (Tsu, 1912; Yang, 1963; Smith, 1987, 1998; Shue, 1998; Shah & Chen, 2010). Budding capitalism and emergent merchant gentry in the late Ming and the early Qing periods fostered merchant philanthropy, founding homes, and benevolent societies, and other welfare sponsoring institutions grew large and abundant. In the early 20th century, there appeared nascent entrepreneurship which promoted a retrieval of charitable enterprise in China (Tsu, 1912; Xin & Zhang, 1999). Charitable spirit and practice seem to rise concurrently with societal transitions in China. This may explain some of the characteristics of the beneficent tradition in China, such as liable to society, economic constraints of the transitional society, apt to be retarded by social instability and disintegration, as well as fugitive political agendas, and the tradition has kept being reconstructed in the changing context.

Corporate philanthropy has become a new version of the tradition. Corporate charitable activities started to increase in the early 1990s in China. In 1993, the first symposium on “corporation and commonwealth” was held in Beijing ² representing the primary collaboration among the government, corporations, academia, and the media and aiming to promote benevolent enterprises and to make favorable policies available to corporate charitable donations. In 1994, Provisional Regulations on Enterprises Income Tax was promulgated by the State Council ³. It stipulated for the first time fiscal incentives for corporate charitable giving. The severe flood in 1998 in China gave rise to a surge of corporate philanthropy to disaster relief ⁴, which led to the adoption of the Public Welfare Donations Law in 1999⁵, further authorized tax breaks, and prescribed rules on the management and protection of donated assets.

The burgeoning corporate philanthropy reflected drastic changes of the social and economic

landscape in China in the 1990s. Due to economic reforms and the open-door policy launched in 1978, the economic structure had undergone decentralization and diversification via the surging private business and foreign investment. As a result, the government's share of fiscal revenue dropped from one third of national income in 1978 to about one tenth in late 1990s (Xin & Zhang, 1999, p. 89) ⁶, and the non-public sector's ⁷ contribution to the gross domestic production (GDP) increased from less than 1% in 1978 to 55% in 1999 ⁸ with the accommodation of the employment up to 90% of the labor market (Zhang, 1998; Gu et. al., 2006). With the erosion of the government's capacity to deal with social needs, it had to transform its role from monopolizing the conduct of affairs to turning to more market-oriented modes. Corporate philanthropy thus turned to be a resource applicable for the public welfare enterprises.

Along with the process of reconstructing the social-economic resources, civil society emerged as public agenda in China since the late 1980s (Shen, 1986, 1990; Huang, 1988; Liu & Wang, 1988; Wakeman, 1993; Ma, 1994). The Party Central Committee issued a resolution in 1986 ⁹, aiming to promote legal knowledge among the people and strengthen socialist civic awareness. The government published a *Handbook for Citizens* in 1988 ¹⁰ to expound on civic concepts, such as democracy, rule-of-law, citizens' rights and duties, public ethics, social discipline, right protection, etc., although universal suffrage, parliamentarianism, multi-party system, and so forth were still labeled as capitalistic ideas. Nevertheless, such promotions and discussions played consciousness-raising roles towards corporate citizenship in the society and illustrated that there did not necessarily exist confrontation between civic power and the Chinese state (Wakeman, 1992; Duara, 1992)¹¹.

Following the civil society discourses, corporate social responsibility (CSR) issues started to become concerns (Lu, 1997; Wu, 1999). Since the early 1990s, a critical strand in CSR for multinational corporations (MNCs) in China has been a focus on environment and labor conditions in the supply chain. MNCs and domestic corporations in global supply chains started to report their codes of conduct and performance on CSR since 1997 (Wang & Juslin, 2011; Zadek, 2012). It has been increasingly recognized since then that the answer to this challenge could only be reached by building the management capacity of the corporations and the enforcement capacity of public institutions. This cognition turned to pressure on Chinese enterprises both from the government and from the public for pursuit of better behavior, including engagement in philanthropy. The pressure from the public existed as people tended to compare Chinese corporations with MNCs in China in respect of CSR performance and charitable practice, and they often conceived the former as much less satisfactory than the latter, although the former did donate more (Lu, 2002; Ge, 2007). This may show the impact of foreign direct investment on local perception and practice of CSR and philanthropy (Chapple & Moon, 2005), and show that CSR must evolve beyond its roots in philanthropy and compliance. However, for many domestic corporations, philanthropic engagement might be an easier way to establish more positive public images.

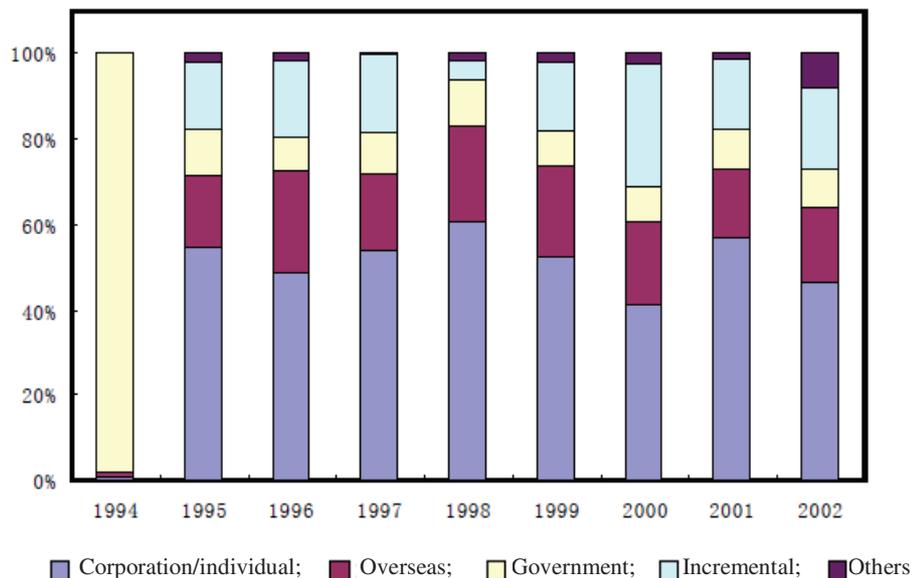
Chinese corporations, especially the privately owned, had to face another reality -- the accelerating development of the market economy during the 1990s shattered the old egalitarian socialism and dealt a fatal blow to its simple social structure, which boosted economic prosperity on the one hand and led to social and political problems on the other hand (Xia, 1999). Among the people who rapidly became rich, private entrepreneurs were beneficiaries of the government-dominated reallocation of social and economic resources. Their participation in social and charitable enterprises was sometimes interpreted as a means to maximize their economic and political interests or be legitimized from the society (Bian & Qiu,

2000; Su & He, 2010; Gao, 2011).

In brief, the emergent corporate philanthropy in the 1990s was as an outgrowth of the economic reforms. On the one hand, Chinese corporations were becoming increasingly autonomous from the state. On the other hand, they were also under tremendous social, economic, ideological, and ethical pressures. Corporate philanthropy at this stage was, thus, characterized by all these factors and started to become part of a new paradigm of conducts for Chinese enterprises. Although it has been recognized that corporate volunteerism and donations started to play critical roles in aiding the poor, improving education, providing disaster relief, etc. in the 1990s (Shue, 1998; Lu, 2002; Ge, 2007), research and firsthand data accounts of corporate charitable activities are far from adequate.

Shue (1998) categorized four Chinese philanthropic models: (1) state-initiated and managed activities at the national level, (2) state-initiated and managed charity drives and community-chest-like foundations at the provincial and local levels, (3) merchant-entrepreneurs and corporate giving, and (4) sporadic independent charity activists. Type 3 seemed to have failed her interest in sorting out horizontally organized and relatively autonomous associations of philanthropic undertakings, as she did not pay much attention to it. She drew the conclusion that the role merchant-entrepreneurs and corporate giving played reflected the government's attempt to impose a moral-social vision that comprehensively incorporates both official and nonofficial actions, which blurred the distinction between state welfare and private philanthropy (p. 351).

Nor did Este's (1998) investigation of Chinese foundations and private philanthropy in the 1990s contain much detailed information about corporate philanthropy, although he generally credited private and corporate donations as the main source of revenue of GONGOs. Xu et al (2005) exemplified this point with the case of the Shanghai Charitable Foundation (SCF, 上海市慈善基金会). The following chart indicates the sources of the funds received by SCF from 1994 to 2002:



SCF was set up by the Shanghai Committee of People's Political Consultative Conference in 1994. It is notable that since the second year, the government's fund was cut down sharply and corporate and individual donations became the main source of its funds. Here, the mixture of corporation and individual

donations again reflected the lack of detailed, well-organized accounts of the source of donations¹². Some researchers have pointed out the private or non-public corporations have played overwhelming roles in charitable enterprises compared to the state-owned or public corporations since the 1990s¹³ (Lu, 2002; Xu et. al., 2005; Ge, 2007), and corporate donations are not only made indirectly (via the third part, e.g. foundations), but also directly to aiding the charitable programs initiated by the government, NGOs, or corporation themselves (Ma, 1994; Lu, 2002; Utting, 2003).

There were two investigations with a focus on private and corporate philanthropy in 1999 and 2000, sponsored respectively by the Ford Foundation and UNICEF. However, only the first research was published (Lu, 2002), which presented general observations about 456 corporations' charitable and voluntary actions in Shanghai. The followings are Ge's conclusions drawn from the findings of these two studies (Ge, 2007):

- (1) Among 436 corporations in Beijing, Shanghai, Shenzhen, and Chengdu or 503 corporations including Shanghai, above 90% of which had donated money, products, other goods, and other forms of voluntary activities since they were set up.
- (2) Domestic corporations¹⁴ donated more than foreign or foreign-invested corporations in China. In 1999, there were 48% of the former and 42.3% of the latter in four cities that donated; the level of donation (sum of donation: total sales) of the former was 0.79% (private corporations: 0.87%, state joint stock corporations: 0.7%); the latter was 0.56% in Shanghai.
- (3) In terms of the paradigms of the charitable donations, domestic corporations were more altruistic, pointing to disaster relief, aiding the poor, supporting isolated areas, and educational sponsorship; foreign or foreign invested corporations were more mutually benefitting, mainly pointing to areas where their products or brands had influence¹⁵.

What Ge tried to argue was a) the efforts of corporations, especially domestic private corporations' contributions made to charitable enterprises, had not been adequately recognized and respected; b) corporate philanthropy in China should adopt a cooperative model, i.e. government encouragement of corporations to participate in public welfare enterprises in reasonable ways, while heavy scot burden and hypercriticism from the public were main obstacles for the development of corporative philanthropy in China. While looking from the civil society perspective (Shue, 1998; Este, 1998), lack of independence /autonomy for pursuing social and public well-being substantially hindered the development of corporate philanthropy in China.

No matter how vexatious it is to define or circumscribe the role of corporate philanthropy in the 1990s, it is obvious that it had become one of the main resources of charitable enterprise in China. This, again, has reflected the characteristic of the transitional philanthropy in China. As Smith (1987, 1998) noted, in spite of government's domination, social, economic changes can have even greater impact on the development of philanthropy in China. For example, merchant philanthropy in the early Qing dynasty distinguished philanthropy in the late Ming dynasty in that the moral-based gentry or scholar-official initiative model was weakened, and the more commercialized institutional charitable model obtained popularity. The underlying reason is that with the collapse of the Ming Empire and the justification of moral standards of the society (Yang, 1963; Smith, 1987), philanthropic activities were practiced largely by successful merchants with more concern for their business resources and the market in the Qing dynasty.

Mark Sidel (1997) compared Vietnam and China with respect to corporate voluntary and philanthropy. While he recognized shared similarities of the two countries, he also pointed out that the former was more integrated into the government-dominated charitable enterprise and, thus, had slower but smooth growth; the latter was more defiant, sometimes oppositional to the government-dominated model, which had led to even more care and the exercise of more control from the government. In other words, corporate philanthropy in Vietnam had less institutional pressure than that in China. Given that the high level of institutional pressure should continue while the roles of entrepreneurship should keep rising in the society, it can be expected that corporate philanthropy in China will develop on a large scale and in more strategic ways.

Breakthrough and Obstacles of the Theory and Practice of Corporate Philanthropy in China

It is notable that corporate philanthropy in China emerged in a particular context, which was characterized as “Guo-tui min-jin” (state retreat and civic advance) in social and economic areas (Wang & Yin, 2001; Yu, 2011)¹⁶. Although the situation has been different since 2000, the government reset its role in social and economic areas¹⁷ aiming to rebalance social and economic development;¹⁸ some have called this “Guo-jin min-tui” (state advance and civic retreat (Wu, 2009; Deng, 2010)); it is generally recognized that philanthropic enterprise has substantially progressed in China in the 2000s.

A UBS-INSEAD study of 2011 reveals that 72% of Chinese philanthropic organizations have been formed since 2000¹⁹ According to “The Statistical Report of Social Services Development in 2010” (Shehui fuwu fazhan baogao/社会服务发展报告) by the Ministry of Civil Affairs (Guojia minzheng ju/国家民政局), the third sector’s growth is on a steep rise. As of 2010, there were 444,000 social organizations registered as such, which does not include an estimate between 1 and 1.5 million of unregistered or under the corporate legal label; in 2001, they were 211,000. Moreover, the amount and the size of donations depict a decided upward trend, hitting a record high of RMB 76.22 billions (US\$ 11.55 billion) in response to 2008 Earthquake in Sichuan Province²⁰.

According to the UBS-INSEAD study, Chinese donors prioritize the four sectors: education, health, development and poverty, and disaster relief. They cumulatively account for roughly 60% of the total donations. The finding is in line with the Asian region's trend. However, development and poverty in China receives proportionally fewer donations than in any other country, and it is eventually surpassed by culture and arts (*Philanthropy Management*, 2012). The Hurun yearly China Philanthropy List of 2012²¹ reveals universities are currently the largest recipients of donations. This might be imputable to their higher transparency, as well as to an alignment with the interest of the government in raising the bar in the higher education.

Interestingly enough, we can observe a structural change in the composition of philanthropic donations over the years, which favors an increase in the proportion of local contributions over foreign aid²². Wang Zhenyao, director of One Foundation Research Center at Beijing University, observes China is undergoing a “mind emancipation movement” (*China Daily*, 2011). Leaders of this movement are high net-worth individuals and officials who are contributing financial and intellectual capital to the third sector. The monetary wealth of these entrepreneurs allows them more room to get through the costly registration process of private foundations (*China Daily*, 2011). Besides, the internet has contributed substantially to the increase in the public pressure to give (Zachary, 2012).

As strengthening evidence, Beijing Normal University's School of Social Development and Public Policy Report of 2011 have documented that private foundations have surpassed public ones for the first time²³. Nevertheless, according to the report, public foundations keep receiving a comparatively higher number of donations, which suggests that the government's influence is still strong. Indeed, the Charity Law of 2004 prevents individual private foundations from fund-raising with the public²⁴. A revision of the law is expected by December 2013 within the "five year charity plan." The updated provisions purport to establish a more favorable climate for NGOs and philanthropic activities. Something that has already occurred on a municipal basis, for instance, in Guangdong Province (*Philanthropy Management*, 2011).

The recent economic boom and the increased participation in the global dialogue have contributed to activate the interaction among the different levels of Chinese culture. This allows a thorough understanding of the "Mind emancipation movement" referred to by Wang Zhenyao in part one. Besides, the substantial national contributions to the Wenchuan Earthquake reinforce the argument in favor of the existence of the seeds of a systematic philanthropic effort at the outburst of the calamity in 2008.

Further, the high growth rates have attracted worldwide attention around the drivers and components of such an outstanding economic performance. Entrepreneurship, specifically social entrepreneurship, is an important dimension to be considered. In fact, it touches on fundamental issues, such as the space for individual initiatives and the role of the civil society (Lal, & Clement, 2005; Li et al., 2009). In a broader sense, social entrepreneurship addresses the issue of respect of human rights and disparity and inequality, which are among the most debated and controversial aspects of the China's growth (Bardhan, 2008; Wolf et. al., 2011). Thanks to its flexible forms and market-based solutions that generate employment opportunities, it is a powerful means to address the magnitude of problems of the Chinese case (*Philanthropy Management*, 2012). Social enterprises are, also, the most compatible with the new forms of philanthropy and impact investment discussed in the prior section of the paper. Indeed, being private-for-profit companies, they fall outside the scope of NGOs regulations about fund-raising. Thus, we believe the combination of the two phenomena will play a major role in the development of the third sector in China. To make this happen, however, present bottlenecks that hinder their interplay must be addressed.

However, true social enterprises have a great potential to exert a positive influence over the social and economic life of their community of origin, and they often face substantial management challenges. Attraction and retention of human resources, limited access to funding, and poor governance structures hinder their quest for sustainability, and they constrain a "scaling up" process, which could magnify their impact (Schoning et al., 2012). At the same time, philanthropists and investors lament the poor transparency of such entities. Although ready to give in principle, they do not trust the use of their resources. For these reasons, many attempts at professionalizing the sector have started in Western countries by private entities²⁵, as well as national governments²⁶, and Supranational Organizations. Measurement of social impact has emerged as a critical need of the enterprises both to understand the extent of the fulfillment of their mission and as a way to consolidate their business model (ICCR, 2011).

Given the local character of social entrepreneurship initiatives, field studies stress the role of contextual variables in their execution (Seelos et al, 2010). As a matter of fact, Cecilia Zhang from LGT Venture Philanthropy points to the inability of financial planning as unique to China. Chinese Social Entrepreneurs are often incapable of estimating their financial needs, and, instead of presenting budgets,

they ask the funds to give them “*how much they can*” (FYSE, 2012). On the other hand, lack of clarity in the requirements for funding eligibility boosts criticisms towards Chinese investors (FYSE, 2012). This evidence supports the fact assessment methodologies crated for social enterprises operating in developed economies might not be suitable to the context of the Developing World. Nevertheless, on one side, due to the relative youth of the phenomenon, and on the other due to resource constraints, few local actors from Developing Countries have engaged in the creation of ad hoc models (Shahnaz & Tan Shu Ming, 2009).

Social impact measurement of regular business, PPP and BOT in China, is in its infancy (Zhao & Wang, 2010; CSD, 2010), which adds to the poor availability of trained personnel that could help social enterprises develop their own. The Social Impact Assessment (SIA) is, in fact, still subsumed into the Environmental Impact Assessment (EIA) (Tang et al., 2008; CSD, 2010). Barrow (2000) has outlined the main differences between SIA and EIA. He has held the former participatory in nature, whereas the latter rather technical. The revised Chinese EIA guidelines have made it mandatory for stakeholders’ consultation (Xiao, et al., 2012). This, which goes into the direction of Barrow’s understanding of SIA, is in line with the Chinese government’s objective of achieving a harmonious “Xiao kang” (well-off society) by 2020 (UNDP, 2006).

Although, traditionally, there was no lack of philanthropic roots in the culture, the transition of the economy towards a market economy since 1980’s has cultivated entrepreneurship and corporate charitable culture gradually in China. Corporate philanthropy as a social enterprise is still immature and lagging behind China’s economic growth (Zhao, 2007; Su & He, 2010; Jiang, 2010). While the complexities have been explored and analyzed by some of the researchers (Lee, 2009; Lan & Galaskiewicz, 2012), it might be still necessary to address some key issues.

The concept of civil society (*gongmin shehui*) in China began to emerge in the late 1970s (Hua, 1990)²⁷ mostly thanks to the open door policy introduced by Deng Xiaoping. Therefore, its understanding has to be contextualized on the grounds of political and ideological influences. Non-governmental organizations’ (NGO) unclear status is a direct consequence of those influences. Gudrun Wacker of the EU Institute for Security Studies²⁷ points to two main aspects: on one hand, not all Chinese social groups would meet Western standards to be considered NGOs²⁸; on the other hand, government organized non-governmental organizations (GONGOs) form a self-standing category.

A number of factors hinder a backing of the movement of private and corporate philanthropy by the Central Government. Among these, ideological control plays a major role, with the recent scandals involving private not-for-profit organizations adding to the list of deterrents²⁹. One for all, Guo Mei Mei’s lavish life-style cast serious doubts about the accountability of The Red Cross Society of China and, by extension, of other philanthropic bodies (Wong, 2011). The young lady claimed a title as commercial general manager at the Red Cross. Therefore, the pictures of expensive cars and exclusive parties on her blog generated heated reactions from the public due to the dissonance with the institution she represented (Wong, 2011).

Conclusion

Discussions about Chinese philanthropy are often full of ambivalence. To some, philanthropy is rooted in the culture and plays dynamic roles in various contemporary contexts (Tsu, 1912; Jacobs, Gao, & Herbig, 1995; Smith, 1998). For instance, Tsu laid the spirit of Chinese philanthropy in the Confucian philosophic root “benevolence is love of human.” To him, Chinese philanthropy derived from benevolence as a

personal virtue (almsgiving) and then extended to social virtue, such as institutional charity in late empire times, and turned to be part of the institutional design (i.e. practical democracy and local self-government) in modern China. However, to others, such spirit and practice may be just substitutes of philanthropy, as Shue (1998, p. 351) claimed in that these charitable undertakings are in no way “even remotely resembling the horizontally organized relatively autonomous associations of the civil society model.”

In the particular area of corporate philanthropy, while criticisms seem quite popular, obscure motivation and goals, lack of accountability, and sustainability, etc. are frequent remarks towards the state of art of corporate philanthropy in China. There are also optimistic analyses that highlight the vigorousness and promising future of corporate philanthropy in China. For instance, in Michon and Tandon’s research (2012) based on a “robust market screening methodology” and already successful fundraising operations taken from the World Value Survey, China, along with Canada, the US, Australia, Switzerland, etc. was located in the first quadrant of the philanthropic market map, indicating a high rank of for private and corporate donations and potential for a philanthropic market.

It’s obvious that different views have derived from different approaches to corporate philanthropy in China, each of which might have offered some elements of the answer to the vexatious question: What is corporate philanthropy in China? However, the question that remains are, how should we construe these dichotomous analyses into a comprehensive understanding of the state of art of the subject in question? In order to approach such a comprehension, the first step is to establish a global view of corporate philanthropy like the following:

Dynamic-multiplied paradigm of corporate philanthropy in China

Economic paradigm:	State planned economy			Market Economy
Era:	1980s		1990s	2000s
Social-Economic Transition:	Centralized Power	Market Establishment (domestic)	Economy Transformation (globalized)	Social-economic Reconstruction (rebalanced)
Philanthropic Model:	Government-controlled philanthropic model		Cooperative model	Civil society model
		Government Foundations	GONGOs, Private and corporate Philanthropy	GONGOs & NGOs Private and corporate Philanthropy

The points of the above diagram include: 1) Other than approaching to corporate philanthropy in China in static, isolated fashions, the Dynamic-multiplied paradigm takes the progress of corporate philanthropy in China into a continuum in which each new advance makes some difference compared to the previous ones, and each new state of development is contextualized in its social-economic background. Thus, it can make us better informed about the characteristics of corporate philanthropy in China. The civil society model would only make some sense in understanding the dynamics of the progress of corporate philanthropy in China - since the progress would not have happened without discharging some elements of the old model and integrating into some new elements from the civil society model. 2) The implication of the Dynamic-multiplied paradigm also lies in the possibility to develop a new tool kit to observe, analyze, and measure the development of corporate philanthropy in China in both macro and

micro views. For instance, by integrating economy, market, government, and corporate philanthropic practice dimensions with calibrating means, developing an index could be established to measure the state of development of corporations. It is, also, possible to develop models for the reference of corporations to develop their own philanthropic strategies.

Here we'd say a few words about the development of a social impact measurement tool suitable to raise the budget planning capability of social enterprises and align it to philanthropists' requirements. One of the purposes of this paper is to provide a basis for applied research about New Philanthropy's role in the development of social entrepreneurship in China. Departing from the traditional theories of philanthropy, we have acknowledged the emergence of participative forms of philanthropic behavior, among which are impact investments. These are mirrored by the needs of the nascent sector of social entrepreneurship within the Chinese context. However, poor transparency and lack of trust prevent the establishment of effective channels of communication and resource transfers between the two parties.

Therefore, we propose development of a social impact measurement tool suitable to raise the budget planning capability of social enterprises and align it to philanthropists' requirements. We suggest a stakeholder³⁰ approach in order to enhance the participatory nature of SIA.

The relevance of such an endeavor stems both from its originality and from its practical utility. Indeed, it will go beyond merely describing a state of facts. Rather, it will provide social entrepreneurs with a tool they can use to assess whether or not they are satisfying the expectations of their stakeholders, and with a set of best practices and problem-solvers. Besides, SIA proves a powerful way to plan future action, which would substantially increase transparency and facilitate access to funding and grants.

We value the possibility of developing the research in an on-going activity of SIA modeling to be carried out at partner institutions. The network of selected players will both benefit from the benchmarking and collection of best practices, and from the development of the model in a standard version useful to impact investors in developing countries.

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Notes

¹ According to the Public Welfare Donation Law (Article 3), "public welfare undertakings" refer to following non-profit activities: (1) Activities carried out by social bodies and individuals to provide disaster relief, aid the poor, and give support and assistance to the physically disabled; (2) Educational, scientific, cultural, public health, and sports undertakings; (3) Construction of environmental protection facilities and public utilities in society; (4) Other public and welfare undertakings in society that aim to promote social development and progress.

² The symposium was co-organized by the government, state and private corporations and the media, and was

reported by the official magazine Trends in Philosophy (哲学动态), Vol. 12, 1993.

- ³ The symposium was co-organized by the government, state and private corporations and the media, and was reported by the official magazine Trends in Philosophy (哲学动态), Vol. 12, 1993.
- ⁴ I.e. Qiye Suodeshui Zanzing Tiaoli (企业所得税暂行条例), State Council 1994. It was revised and turned into the Enterprise Income Tax Law, i.e. Qiye Suodeshui Fa (企业所得税法) in 2008.
- ⁵ The flood caused direct loss of 300 billion in US dollars, more than three thousand casualties, and 2.23 billion of the I.e. Zhonghua Renmin Gongheguo Gongyi Shiye Juanzeng Fa (中华人民共和国公益事业捐赠法), adopted by the 10th Session of the Standing Committee of the Ninth National People's Congress on 28 June 1999.
- ⁶ According to the Development Index of Civil Economy and Society of the Ninth Five-Year Plan (“九五”时期国民经济与社会主要发展指标) of the Bureau of Statistics of China (国家统计局), government's fiscal revenue was 1/10, 1/11, 1/12, and 1/13 of the GDP from year 1996 to 1999. See: <http://www.stats.gov.cn/tjsj/qtsj/95/95.htm#top>
- ⁷ According to All-China Federation of Industry and Commerce (中华全国工商联合会), “Non-public economy” (非公有制经济) refers to those out of the state-owned or state-held joint and collective economic bodies, including domestic private economy and foreign (including Hong Kong, Macao, and Taiwan) invested corporations. See: http://www.acfic.org.cn/publicfiles/business/htmlfiles/qggsl/yjs_mjsj/200910/15283.html
- ⁸ According to the data from the above resource, 42.8% was from domestic private economy, 12.6% from foreign and Hong Kong, Taiwan invested corporations.
- ⁹ I.e. Resolution Concerning the Guiding Principles of the Socialist Spiritual Civilization Construction.
- ¹⁰ Xie Bangyu (ed.) 1988: Gongmin shouce (Handbook for Citizens), Beijing: Huayi Press, 560 pgs.
- ¹¹ Wakeman and Duara presented their standpoints on the Sino-US symposium on contemporary history of China, Fudan University (Shanghai), May 1992. Their points were summarized by Wang Licheng (1992) in "Probing contemporary China's modernization process," Fudan Journal (Social Science Edition), No. 4, pp. 85-89.
- ¹² It's also notable that compared to corporate donations, individual donations have been a very small portion of the charitable giving in China. The only exception was the donation for the Sichuan earthquake in 2008. See Lu, 2002 and Ge, 2007.
- ¹³ According to Lu(2002), private corporations outplayed the state owned or state joint stock corporations due to better fiscal performance, better management, and better understanding of corporate social responsibility (CSR).
- ¹⁴ In the 1990s, there had developed eight types of corporations according to the constitutions of capital assets and their status in the economy, which were usually classified into public and non-public economies, or the state-owned/state-holding, inner-capital (i.e. Neizi minying qiye) and foreign-capital (i.e. Waizi qiye) corporations. See the Bureau of Statistics of China: <http://www.stats.gov.cn/tjsj/qtsj/95/95.htm#top>, or All-China Federation of Industry and Commerce: http://www.acfic.org.cn/publicfiles/business/htmlfiles/qggsl/yjs_mjsj/200910/15283.html.
- ¹⁵ Lu (2002) only offered the following chart, which indicated ways of donation among the corporations

in his study. Types of corporation were not indicated:

Ways of donation	Donated before 1999	Donated in 1999
Total corporations: 503	465	335
Cash	90.5%	86.9%
Own products	30.8%	19.1%
Products of other companies	43.9%	22.4%
Charitable service	13.1%	11.9%
Charitable facilities	9%	6.3%
Others	2.6%	3.9%

¹⁶ According to Wang & Yin (2001), there were over one hundred and sixty eight thousand laid-off individuals from the state-owned corporations from 1996 to 1997.

¹⁷ For example, there had been experienced a great drop of its share of fiscal revenue from one-third of the national income in 1978 to about one-tenth in the late 1990s; this share returned to between 20-30% in the 2000s. See The Bureau of Statistics of China (国家统计局), <http://www.stats.gov.cn/tjsj/qtsj>.

¹⁸ For instance, there had been no new foundation registered from 1998 to 2004 due to the government's straightening. Since 2000, the government has more consciously highlighted its roles in public welfare and charitable enterprises. This includes consecutive declarations in the government reports and the five-year plans for the development of national economy and society, producing governmental compendiums of guidance as well as promoting comprehensive legal system to regulate and standardize charitable enterprises.

¹⁹ UBS-INSEAD. (2011). *Study on Family Philanthropy in Asia*. Retrieved on October 21, 2012 from http://www.insead.edu/facultyresearch/centres/social_entrepreneurship/documents/insead_study_family_philanthropy_asia.pdf

²⁰ Wang, M. (2009, May). *Reports on the Civil Society Action in the Wenchuan Earthquake: China NGOs in Emergency Rescue*. Social Sciences Academy Press, p.1.

²¹ <http://www.hurun.net/usen/NewsShow.aspx?nid=215>

²² The Beijing Normal University's report gathered the data from China Foundation Center, an NGO active in mapping foundations all over Mainland China among the other services. More on the findings of the report, which was presented in occasion of the Third China Private Foundation Forum, can be found at http://www.chinadaily.com.cn/china/2011-11/25/content_14158536.htm

²³ The Chinese Government is currently revising the Charity Law of 2004, with an updated version expected as of December 2012. Discussion about the topic and monitoring of the evolution can be followed on the website of The International Center for Not-For-Profit Law at <http://www.icnl.org/research/monitor/china.html>

²⁴ Although many examples could be made of successful social business incubators and promoters, the Skoll and Schwab Foundation for Social Entrepreneurship peak as main drivers and global influencer.

²⁵ Hua Yifu 1990: A reflection at the first anniversary of the June Fourth Incident from the perspective of political culture, *The Nineties*, June 1990, pp. 54-55.

- ²⁶ Wacker, G. (2012, October 5). Chinese civil society in a time of leadership change. *EU Institute for Security Studies*. Retrieved on October 21, 2012 from <http://www.iss.europa.eu/publications/detail/article/chinese-civil-society-at-a-time-of-leadership-change/>
- ²⁷ Wacker characterizes traditional Western NGOs as non-profit, private, voluntary, and self-governing
- ²⁸ UBS APAC philanthropy investment team leader D. Hayward-Evans imputes improper organizational practices and governance mechanisms were at the root of those scandals, rather than the individual culpability of donors. Eventually, this did not constitute an extenuating circumstance. http://www.philanthropy-management.com/news/Administration/Legislative_focus_on_philanthropy_in_China_set_to_accelerate.aspx
- ²⁹ Wacker, G. (2012, October 5). Chinese civil society in a time of leadership change. *EU Institute for Security Studies*. Retrieved on October 21, 2012 from <http://www.iss.europa.eu/publications/detail/article/chinese-civil-society-at-a-time-of-leadership-change/>
- ³⁰ The UN Global Compact Human Rights Working Group has further endorsed a Good Practice Note about stakeholder dialogue as a way for companies to align their business with the ten principles of the Global Compact Board of the Group available at http://www.unglobalcompact.org/docs/issues_doc/human_rights/Resources/Stakeholder_Panels_Good_Practice_Note.pdf

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