
Introduction

Lez Rayman-Bacchus

London Metropolitan University,
Faculty of Business and Law,
84 Moorgate, EC2M 6SQ, London, UK
E-mail: lezmichael@gmail.com

Philip R. Walsh

Ted Rogers School of Management,
Ryerson University,
Toronto, Ontario M5B 2K3, Canada
E-mail: prwalsh@ryerson.ca

Biographical notes: Lez Rayman-Bacchus is a Senior Lecturer at the Faculty of Business and Law, London Metropolitan University, London, UK. He founded the Centre for Corporate Responsibility at London Metropolitan University, and the international symposium on Corporate Responsibility and Sustainable Development. His research interests include the practice of strategy and international management, SME issues and social network behaviour. He teaches on strategy, corporate responsibility and sustainability, corporate ethics and corporate governance.

Philip R. Walsh is an Associate Professor in the Ted Rogers School of Management at Ryerson University, Toronto, Canada. He teaches and researches in the Mining Management specialisation of the MBA Program and in the Environmental Applied Science and Management Program. He is also a practicing registered professional geoscientist.

The papers in this special issue of IJSD represent broad directions taken from the *2nd International Symposium on Corporate Responsibility & Sustainable Development*:

- exploring public policy mechanisms that support sustainable development
- innovations in developing sustainable business strategy in Chinese enterprises
- barriers to embracing sustainability strategy practices among Chinese SMEs
- whether there is a clear link between the social and environmental performance of extractive firms and their financial performance, and lessons for Chinese firms
- shining a light on safety, health and environment (SHE) work in large Chinese petrochemical companies
- an overview of trends in the growth and recognition of corporate responsibility within China.

Integral to these broad directions, the selected papers shine a light on Corporate Responsibility & Sustainable Development through adopting one of the three approaches. One is *Practice*, highlighting innovative policies, exemplary practices and programmes in the community or workplaces and other settings. Here, practice is presented in the form of case studies and narratives. A second approach is a *research focus*, involving original research based on the systematic collection and analysis of data. The third approach represented here has a *theory focus*, broad and generalising, systematically reflecting upon systems of thought and referenced against one or more bodies of literature. In some cases, these approaches are cross cutting, so that some of the papers presented here reflect more than one approach.

A key theme of the symposium was on corporate strategy and public policy, with papers reporting on a range of projects from local initiatives to international studies. The context of many of these presentations is the global economy and its impact on local practice, for example through the passage of business standards along the supply chain, and the diffusion of codes and legal frameworks through intergovernmental bodies such as the World Trade Organisation (WTO) and the International Labour Organisation (ILO). International supply chains have been both cause and consequence of the ongoing integration of our global economy, wherein multinational companies (from the developed world) have looked to generate economic value by seeking out low-cost labour and scarce resources to supply rich economies with a diverse array of products. At the same time, governments of aspirational industrialising economies compete to attract these companies. These supply chains, in combination with other forces (telecommunications, transport and intergovernmental initiatives), are also unwittingly transmitting a range of social values (e.g., on health, safety and environment, as it affects employees and consumers and communities) of the developed world to the industrialising economies. It is thus inescapable that the corporate responsibility/sustainability agenda of the developed world be transmitted to the fertile soil of industrialising economies, such as the BRIC (Brazil, Russia, India, China) countries. In his paper, 'A study of the new trend in the development of corporate social responsibility in China', Youhuan Li traces the growing attention of various stakeholders across China to corporate responsibility, including the media, local government and state-owned enterprises. He found that during the last six years there has been a dramatic rise in the number of reports of all kinds, identifying that many of these initiatives stem from a range of regional and trade associations, and centres for the promotion of corporate social responsibility (CSR). Nevertheless, Li notes there is much work to do, as there remains a narrow understanding of CSR as being about philanthropy. Furthermore, too many companies have seized upon this as a way to make claims that polish their image, and many certification agencies have appeared seeing this space as a new business opportunity, but of dubious qualification. He then suggests how companies can use corporate responsibility/sustainability to actually make a difference to both their own business development through focusing on a number of areas, while at the same time delivering social justice and environmental stewardship.

Companies at the upstream end of these global supply chains are also looking for ways to transform their own relationship with the supply chain. For the last decade, China's coastal regions such as the Pearl River Delta have been investing in ways to move their economies up the value chain, from being reactive low-cost producers to becoming proactive value-adding innovators. In many cases, the multinational customer at the downstream end of the supply chain, such as Nike, sees value in such

ambition and so provides help and encouragement. Lei, Moore and McCarthy highlight business leaders' investments in innovative programmes, and promoting a shared understanding and vision among employees as part of a strategy to shape corporate responsibility/sustainability practices and show leadership within the international supply chain. In their paper, 'Managing for business sustainability in China: a case study of Shoetown Footwear Co., Ltd.', Lei et al. provide an in-depth study of a Chinese shoe manufacturer as part of the examination of the importance that a Made-by-China, as opposed to a Made-in-China, strategic approach has to the future sustainability of the business. In contrasting these two approaches, the authors have identified the role of Chinese innovation and the creation of high-skilled workers as crucial to the continued success of the Chinese economy and its society as a whole. They link the theory of business sustainability to the firm's ability to encourage employee engagement and organisational innovation that ultimately enhances the buy-in to new initiatives and their implementation. Employing a case study method, Lei et al. interviewed a number of employees and managers at Shoetown to illustrate how business sustainability works in practice and within the Chinese context. Given that one of Shoetown's major customers is Nike, the mutual desire of both firms to address sustainability issues within the Shoetown operation was a principal observation. The success of Shoetown's sustainability strategy can be attributed to the adoption of a triple bottom line approach of 'profit, people planet' (Elkington, 1997) that introduced elements of environmental sustainability, human resource management, health and safety, lean production methods and energy efficiency. This integration of economic, social and environmental sustainability initiatives resulted in innovation that improved efficiencies, reduced manual work, lowered costs (including energy) and led to a more consistent quality of products. The authors recognise that each business is subject to its own unique operating environment but the case of Shoetown exemplifies the role a comprehensive sustainability strategy can have in encouraging the development of a Made-by-China approach.

Just as globalisation encourages cross-cultural imitation between economic cultures, we can also witness the ongoing diffusion of standards, regulation, law and legal change across borders. Sometimes, legal change is forced on other countries as the price for being part of the global economy. For example, witness the diffusion of manufacturing standards {ISO 9001 (Quality), ISO 14001 (Environmental management)}, law through the requirement to adopt the US-led anti-money laundering regulation, manifest as the *Financial Action Task Force on Money Laundering*, an intergovernmental body set-up to combat money laundering (FATFC), or direct regulation of corporate action such as the UK Bribery Act (2010) and UK Companies Act (2006). Legal change also takes place through choice, as countries with undeveloped appropriate legal frameworks or weak governance institutions seeking to be a full member of the global economy search out ideas from countries with stronger frameworks and institutions. In his paper 'US and UK social enterprise legislation: insights for China's social entrepreneurship movement', Gil Lan explores the idea of transplanting to China the legal framework underpinning the social enterprise as developed in the UK and USA. His starting point is the observation that China is experiencing serious pollution and worrying levels of inequality, born of its stellar economic development over the last 30 years. He proposes the Chinese government build on the growing interest in social entrepreneurship in the country, and explores the extent to which UK and US legal approaches to encouraging and regulating a social enterprise economic model could be adopted by China given its particular

historical and contemporary context. Importantly, in the process he also acknowledges China's current antipathetic regulatory attitudes to organisations that have any socially focused mission. Still, Lan puts forward good reasons for why the Chinese government should consider importing the essential structure of, for example, the British legal framework towards enabling social entrepreneurship.

Similar to Tsoi (2010), we have found that where linkages with international supply chains are absent, so too is the transmission of global standards. One such example is the industrial cluster. Industrial clusters have long been an important part of economic policy, of both developed and industrialising nations, and as argued by Porter (1990, 1998) a significant source of competitive advantage for nations. The power of clusters lies in the complimentary interests and capabilities of firms in proximity, but more precisely effective clusters are composed of entire value chains and networks, of distributors, manufacturers, suppliers and support services. Moreover, as Delgado et al. (2010) point out, clusters are also important incubators for entrepreneurial endeavour. Rayman-Bacchus and He examined the practices of SMEs operating in a ceramic tile manufacturing cluster, in Southwest China, serving only the local market. Ceramic tile manufacturing is both a very high energy consumption industry and a serious polluter, and so provides a strong context for examining how small businesses deal with the challenges of high production costs, environmental regulation, and a strengthening social consciousness towards social justice and environmental stewardship. Rayman-Bacchus and He surveyed and interviewed SME owners and senior managers about their attitudes towards corporate responsibility/sustainability, and analysed the responses in light of Bourdieu's notion of practice. Their approach involved drawing a parallel between individual behaviour and SME practice on the basis that SMEs practices are shaped by the business owner's attitudes. Their findings highlight the importance of social and stakeholder networks as conduits of influence, promoting collective more than individual strategy responses, and the significance of local government as both direct and indirect influencer on practice.

Another key theme of this symposium was that of sustainable development and the extractive industries. The papers presented ranged from those specific to sustainable development activities within the mining industry to those that addressed renewable energy, cleantech and the petroleum sector. Of course, the mining sector is arguably controversial when it comes to sustainable development. The operating activities of mining firms, by their very nature, require large-scale disruptions of the landscape and the society where these activities are undertaken. Furthermore, companies operating in that sector have a global reach that exposes them to complex issues related to local development concerns while at the same time being subject to international oversight. These issues address the combination of economic, social and environmental sustainability. Within the context of China and sustainable development, there is an ever-increasing need for Chinese mining companies to understand these issues. In their search for new resources to supply the Chinese economic engine, China's multi-national resource companies are extending beyond their own boundary in search of resources such as oil, natural gas and base metals in multiple jurisdictions around the world. Recent papers by Maurin and Yeophantong (2013) and Zhao et al. (2014) have highlighted the activities of Chinese mining companies and their approach to sustainable development when extracting resources globally and at home. Accordingly, China's mining companies, like mining companies throughout the developed world, are facing the

dilemma of evaluating the financial benefit to the firm of improving corporate environmental and social performance (CESP).

There is evidence to support the role CESP can take in its contribution to low cost and differentiation strategies and the creation of a competitive advantage (Walsh, 2009). What is less clear is whether the costs associated with investing in such an advantage is justified by the economic benefit that might be derived from that investment (Hilson, 2012). Addressing the relationship within the mining industry is further complicated by the relative lack of historical empirical studies specific to the industry. Only recently has there been an examination of the CFP-CESP link within the mining industry with mixed results, consistent with previous industry studies. In the paper, 'A license to operate? An empirical examination of the influence of environmental and social performance on the financial performance of mining sector firms', Walsh examines the relationship between corporate financial performance (CFP) and CESP with specific reference to the mining industry. Walsh tested the extent to which there is a statistically significant link between firms' intention to invest in sustainability activities and the financial performance of those firms. He collected and analysed financial and non-financial performance data reported by a sample of large mining firms. Employing a statistical approach, the paper seeks to determine if increasing the sustainable development activities of the mining firm, as measured by CESP, leads to a measurable improvement in the financial performance of the firm. The results suggest that the relationship of improved CESP is not statistically significant in impacting the CFP of the mining firm. This evidence has implications for mining firm managers, one of which is to recognise the limitations of using aggregated sustainability metrics to determine the level and quality of sustainability actions. Furthermore, it raises the possibility that the true measure of the positive relationship between improved CESP and CFP is one that takes a more holistic approach by addressing a mining firm's business behaviour processes, including its principles, process segments and outcomes.

In a different context, Yang and Luo, in their paper 'The development of corporate responsibility practices in Chinese petroleum enterprises', plot the progress of large petrochemical enterprises as they develop and implement improved responsibility policy frameworks and structures, enabling an enhanced capacity for delivering SHE in the workplace, and a growing awareness that such thinking contributes to operational effectiveness. Other papers presented on this topic highlighted such matters as the roles of SHE culture and leadership in assuring a sustainable organisation. Research in this area has provided support for the application of initiatives in health and safety as part of an organisational strategy of sustainability and stewardship with the result being an improvement in profitability and the loyalty of both employees and customers (Weiss, 2013). Health and safety plays a significant role in the internal social aspects of corporate sustainability through the use of programmes that prevent dangers to employees and limits risk to their health and welfare (Baumgartner and Ebner, 2010). In the Chinese context, the role of SHE has seen mixed messages. Kolk et al. (2010) point out that the role of SHE is limited because of the desire to maintain lower labour costs within industry and to limit expenditures that might improve working conditions. This impression of the Chinese working conditions is further exacerbated by the media coverage of certain isolated industries while the larger state-owned companies have incorporated systems that encourage a culture of SHE within the organisation (Chen and Chan, 2010). In their paper, Yang and Luo provide the history of the development of SHE systems in the China National Petroleum Corporation (CNPC),

the China Petrochemical Corporation (Sinopec) and the China National Offshore Oil Corporation (CNOOC). By examining the background, process, measures, problems and achievements of these organisations, they identify the role SHE has in achieving some of the social responsibilities of China's petroleum enterprises. A significant element of this evolution was the use of innovation in promoting SHE practices within these firms. Such innovations include Sinopec's plan-do-check action cycle that integrated SHE into its management framework and encouraged its use among suppliers, contractors and other organisations within the overall supply chain of the business. CNOOC created a continuous improvement programme within its SHE activities that was applied to its entire operation and CNPC has innovated upon its original SHE management process to allow for the integration of the concepts of environmental protection, safety, quality and people-oriented practices. While there remains some problems in fully achieving their SHE goals, due mainly to residual cultural effects of performance at all cost, the authors conclude by stressing the continued need for improving ideas and practices related to SHE by China's petroleum enterprises.

Overall, the symposium presentations and these selected papers confirm that, in China, corporate responsibility and sustainable development is very much a work-in-progress. Of course, this is true the world over: there is always room for improvement in mature, industrialising and developing economies. Clearly, these differing contexts host particular strategic challenges and public policy priorities. China's challenges include the need to deal with serious pollution, the threat of growing social inequality, and the need to develop appropriate legal frameworks that both provide continuity and accommodate change. These are well documented and recognised by its leadership. While individual economies are on differing journeys and trajectories, their sustainable development is tied to that of the global good. We believe these papers have contributed additional insights to these developments, through a mixture of papers focused on practice, empirical research and theoretical reflection.

This symposium also highlights that international supply chain linkages, intergovernmental institutions and China's policy commitments all play a fundamental role in the diffusion of ideas and innovative practices around corporate responsibility and sustainable development. However, the absorption of these ideas and practices vary with particular product-markets, and the extent to which Chinese firms have acquired international experience. This suggests we can expect to see convergence of practices, and importantly the capacity to innovate, where key components are imported, where investments in responsible practice (or claims to that effect) can be made straightforwardly and independently verified, where domestic firms have acquired international experience, and where there are international competitors in the local market.

References

- Baumgartner, R.J. and Ebner, D. (2010) 'Corporate sustainability strategies: sustainability profiles and maturity levels', *Sustainable Development*, Vol. 18, No. 2, pp.76–89.
- Chen, M.S. and Chan, A. (2010) 'Occupational health and safety in China: the case of state-managed enterprises', *International Journal of Health Services*, Vol. 40, No. 1, pp.43–60.
- Delgado, M., Porter, M.E. and Stern, S. (2010) 'Clusters and entrepreneurship', *Journal of Economic Geography*, Vol. 10, No. 4, pp.495–518.

- Elkington, J. (1997) *Cannibals with Forks: The Triple Bottom Line of 21st Century Business*, Capstone Publishing, Oxford, UK.
- Hilson, G. (2012) 'Corporate social responsibility in the extractive industries: experiences from developing countries', *Resources Policy*, Vol. 37, pp.131–137.
- Kolk, A., Hong, P. and Van Dolen, W. (2010) 'Corporate social responsibility in China: an analysis of domestic and foreign retailers' sustainability dimensions', *Business Strategy and the Environment*, Vol. 19, No. 5, pp.289–303.
- Maurin, C. and Yeophantong, P. (2013) 'Going global responsibly? China's strategies towards sustainable overseas investments', *Pacific Affairs*, Vol. 86, No. 2, pp.281–303.
- Porter, M.E. (1990) *The Competitive Advantage of Nations*, Free Press, New York.
- Porter, M.E. (1998) 'Clusters and competition: new agendas for companies, governments, and institutions', in Porter, M.E. (Ed.): *On Competition*, Harvard Business School Press, Boston.
- Tsoi, J. (2010) 'Stakeholders' perceptions and future scenarios to improve corporate social responsibility in Hong Kong and Mainland China', *Journal of Business Ethics*, Vol. 91, pp.391–404.
- Walsh, P.R. (2009) 'Is sustainability sustainable?: An investigation of the concept of sustainable business and its influence on financial performance and competitive advantage', *International Journal of Environmental, Cultural, Economic and Social Sustainability*, Vol. 6, pp.135–148.
- Weiss, M.D. (2013) 'Leveraging best practices to promote health, safety, sustainability, and stewardship', *Workplace Health & Safety*, Vol. 61, No. 8, pp.365–370.
- Zhao, Y.S., Du, X.L. and Yang, P.F. (2014) 'Discussion about the sustainable development way for China mining', *Advanced Materials Research*, Vol. 869, pp.479–483.