INTRODUCTION

Many leading multinational enterprises (MNEs) are found to practice fewer corporate social responsible actions in developing countries even though they are legally mandated by their global supply chain partners (Abdul-Gafaru, 2009; Murdoch & Gould, 2004; Philipp, 2009; Rondinelli, 2006; Stiglitz, 2006). Will the voluntary corporate social responsibility (CSR) initiatives of foreign multinational enterprises in China be a better alternative than legal regulations in a country where there is a weak legal enforcement system? Many foreign MNEs have already established a set of codes of conduct which “can increase their accountability to developing economies, coordinate the expectations among MNEs and stakeholders, and establish norms of conduct for persons in the organizations” (Hsieh, 2006). Some comply with numerous international codes of conduct and monitor the social and environmental performance of their affiliated companies and many suppliers in different industries in China (Asia Monitor Resource Centre, 2006; Christmann and Taylor, 2001; Meyer, 2004; Murdoch and Gould, 2004; Tateisi, 2004; Welford, 2006; World Business Council for Sustainable Development, 2005). These foreign MNEs address “some of the problems facing the world, not in a philanthropic way, but in a core, strategic way” (Manzoni, 2006). However, many foreign MNEs tend to increase their emphasis on the developed countries’ CSR principles and to decrease their emphasis on the Chinese CSR principles when they are confronted with more pressure from their consumers and investors in developed countries (Schepers, 2006). Many corporate social responsibility activities are criticized as a mask of these corporations’ abusive labor and environmental problems in China (Harney, 2008:20; Rosoff, 2004; Sum and Ngai, 2005; Yu, 2006).

The author’s recent studies about the perception of 26 Chinese executives concerning corporate social responsible programs of seventeen subsidiaries in China (Lam, 2006, 2007, 2009a; 2009b; 2010a; 2010b) find that 14 subsidiaries are in the elementary stage of corporate citizenship even their headquarters are in the advanced stages (Mirvis and Googins, 2006) and are complimented as good global citizens (A White Paper from the Business Rountable, 2000; Logson and Wood, 2005). Ten American multinational corporations coming from different industries, including telecommunication and health care businesses, have not developed integrative structures—processes and systems to implement their values of corporate citizenship in their Chinese subsidiaries listed in their corporate social responsibility reports. Social accountability is narrowly defined as a process of documentation and reporting rather than broad relationship management. Their description of corporate social responsibility programs in China demonstrates that philanthropy is a way to develop harmonious relationships with the Chinese government. Their strategic intent is to seek legitimacy to operate in China. The key challenges of moving Chinese subsidiaries to be better corporate citizens in China are specific obstacles: Chinese business culture, intellectual property rights, internal due process, insufficient government support, and lack of knowledge of Chinese subsidiaries (Lam, 2009a).

It is a great question for Chinese subsidiaries and foreign MNEs to increase socially responsible actions which “benefit society beyond the requirements of the law and the direct interest of shareholders” (see McWilliams and Siegel’s
(2001) definition of corporate social responsibility) or “take into account the interests and rights of others” (see Coleman’s (1990: 556) definition of CSR in 1990) in a transient economy in which there are neither well-enforced state regulations nor strong private independent organizations to monitor the behavior of MNEs. Is it possible not to use legal regulations to enhance the moral responsibility of corporate executives working in developing countries, such as China? Will there be any new organizational structures to enhance the capacity of subsidiaries to go beyond legal compliance? In this paper, a framework that incorporates social movement theory, institutional theory, and the corporate citizenship development concept in the process of developing Chinese subsidiaries will be used to explore possible institutional changes and organizational transformations for foreign MNEs in China. The framework will show how foreign multinational enterprises are motivated: actualize existing political opportunities in China, mobilize the Chinese partners in the global supply chain, and increase their own subsidiaries’ implementing corporate social responsibility capacity. The framework will inspire Christian business educators to know how to link with, leverage on, and learn from a network of organizational actors to practice Biblical values of community, justice, and stewardship in Chinese subsidiaries. This study will also help Christian business educators to respond to the challenge of implementing corporate social responsibility (CSR) in a transition economy such that our students can become agents of the Kingdom of God—“offering to all our neighbors the good news of God’s mercy in Jesus Christ, of God’s forgiveness and healing and direction, of moral truth and living hope” (Dawn, 1997:147) – in the global market economy.

**LITERATURE REVIEW**

According to the social movement theory, organization actors will initiate some innovative changes in the market when they perceive that they can actualize their available political opportunities, organization capacities, and group resources for collective actions. They will prioritize the external demands and deal with the power and politics within the organization and its relationship to the environment (McAdam and Scott, 2005). Political opportunities, mobilizing structures and framing process are the three broad sets of factors in analyzing the emergence and development of the social movement (McAdam, McCarthy and Zald, 1996). Institutional entrepreneurs are very crucial to lead efforts to identify political opportunities, frame issues and problems, and mobilize constituencies (Rao, Morill and Zald, 2000:240). Several studies show that activist shareholders are more effective than legal regulations in changing the corporate behaviors when there are changing political opportunity structure, homogenous interest among themselves, and shared identity (Davis and Thompson, 2004; Lee, 2007). However, non-government organizations in China are in the infant stage of development and are still highly restricted by the Chinese government (Lam, 2008b; Lam, Lam, Lam, 2010). Since 2004, the corporate social responsibility movement has been mainly driven by the State, and not by the civil society. Many foreign corporations treat their corporate social responsibility programs as political relationships with the Chinese government (Lam, 2010b).

Institutional theories can explain what makes many large foreign MNEs provide similar corporate social programs in China. When there is a great distance between market for branded merchandise and manufacturing sites in China, foreign MNEs will gain legitimacy, reduce risk, and seek an improved reputation by following similar international codes of conduct (DiMaggio and Powell, 1983; Oliver, 1991). Some foreign corporations asked their Chinese suppliers to learn the international codes of conduct listed in their CSR reports on one hand while on the other hand demanding lower prices and quicker order-fulfillment from their Chinese suppliers. Many codes of conduct are used primarily to look good in the international media (Harney, 2008:20; Sum & Ngai, 2005; Yu, 2006). Many unethical practices are not reported in the local media as the local government wants to keep the confidence of foreign investors. Many foreign multinational enterprises raise industry standards through their corporate social responsibility programs, but only
How does corporate citizenship development enable Chinese subsidiaries to be more responsive to local and global initiatives? Mirvis and Googins (2006) present a normative five-stage path in the development of corporate citizenship along with seven dimensions: citizenship concept, strategic intent, leadership, structure, issue management, stakeholder relationships, and transparency. These five stages are elementary, engaged, innovative, integrated, and transforming. In the elementary stage, firms focus primarily on economic responsibility to the society and legal compliance. Leading foreign MNEs, which are in the advanced stage of corporate citizenship (i.e., innovative, integrated and transforming stages), are proposed to be capable of moving their Chinese subsidiaries forward from the elementary stage of corporate citizenship to adopting more integrated and comprehensive citizenship agenda because these companies have developed blended structures, processes, and systems to implement their values of corporate citizenship. These companies that are in the advanced stage show deep commitment in their stated values and work closely with many partners to address societal problems. Their strategic intent is to set a business case, to propose certain values, and to create some market changes.

**PROPOSED FRAMEWORK FOR BETTER CORPORATE CITIZENSHIP IN CHINA**

How can Chinese subsidiaries become better corporate citizens when many foreign multinational enterprises (MNEs) are not motivated to develop their Chinese subsidiaries to be beyond the present stage of legal compliance while these MNEs have more power than their Chinese subsidiaries? What institutional incentives can
be used to advance the development of corporate citizenship of Chinese subsidiaries? What are available political opportunities, resources, and organizational capacities for collective actions toward better corporate citizenship in China? Which constituencies should be mobilized? The proposed framework will show the interactions among mobilizing structure, political opportunities, and the framing strategies of foreign MNEs in the process of creating new organization forms among Chinese subsidiaries (see figure 1).

The author will begin with political opportunities available to foreign MNEs in China. These political opportunities include the increasing attention of key shareholders and international media upon China business and elite Chinese institutions upon corporate social responsibility (CSR) issues. In the recent years, the Chinese government has established several CSR committees that include leading foreign MNEs and its state-owned multinational enterprises. The Chinese Enterprise Reform and Development Society has created Chinese CSR standards. The local industrial associations have initiated voluntary corporate social responsibilities. The Chinese government expects corporations to approach economic growth, social progress, and environmental protection in a “holistic and integrated manner” (National Development and Reform Commission of China, 2009). More and more Chinese entrepreneurs expect leading foreign MNEs to exemplify good practices in the industry (China Entrepreneurs Survey System, 2007). There are more discussions on “social responsibility of Chinese MBA education” and conferences about social responsibility of corporations in China. The Chinese government requires large state-owned enterprises to fulfill more social responsibilities and encourages listed companies in China’s stock market to pay more attention to corporate social responsibility issues (Syntao, 2010). The Chinese government and Chinese entrepreneurs are more open to practices that can generate good capital through protecting the local environment and labor. The development of corporate social responsibility in a corporation is becoming an important criteria for the future success and development of a corporation in a global market economy.

For the mobilizing structure, foreign MNEs, that are in the advanced stage of corporate citizenship, are perceived by the Chinese government and Chinese entrepreneurs to have the expertise of implementing corporate social responsibility in China. These good foreign MNEs have formal authority to transfer their know-how of corporate social responsibility to their Chinese subsidiaries and can easily gain legitimacy by being key members in Chinese committees which foster economic development. They also can use their expertise and referent power to mobilize their existing partners and even competitors to develop industry norms or industry codes of conduct. They also can mobilize their Chinese suppliers to follow their standards of practices and help the suppliers to learn world-class practices in a global market economy. For example, one leading American electronic multinational enterprise initiated the development of electronic industry citizenship coalitions (EICC) code of conduct and collaborated with members to improve “social, economic, environmental conditions in the global electronic supply chain through use of standardized code of conduct” (EICC, 2010). In return, the leading enterprise seriously developed and implemented the code through its existing global leadership network and partners in its current organization culture. It also collaborated with other groups in the EICC sector and welcomed inputs from many stakeholders including non-government organizations. Thus, the enterprise can use its leverage upon existing resources and the linkage with existing international partners to foster the learning process of its own Chinese subsidiaries in the process of developing EICC and applying the EICC code of conduct to its Chinese suppliers. Consequently, the company’s subsidiaries in China earn trust from its Chinese suppliers through its dedicated process to help its Chinese suppliers to understand the rationale behind the code of conduct and to access the global production network. The learning of the employees in the subsidiaries in China can enable its corporation to know how to mobilize its members in the EICC to adopt the best corporate social responsibility practices in the five areas: labor, health and safety, environment, management system, and ethics (EICC, 2010). Through
the practices of new norms, standards, and values advocated in the EICC, the leading enterprise’s Chinese subsidiaries has developed stronger internal culture and become better corporate citizens in China.

When Chinese subsidiaries implement the corporate social responsibility programs that are integrated with the corporations’ global corporate citizens’ values and strategies, they need internal organizational change and need to enhance their dynamic organization capacity. When Chinese subsidiaries of foreign MNEs exemplify new practices to their partners in China, they must be well-equipped to be better corporate citizens.

Their Chinese staff members must know how to respond to many issues beyond the narrow economic, technical, and legal requirements of their own firms. Managers at headquarters and subsidiaries need to develop new skills and knowledge to diffuse the concept of social responsibility across different functional areas in their Chinese subsidiaries. They must invest in the social capital that facilitates the transfer of comprehensive corporate social responsibility programs and their experience from the headquarters to their Chinese subsidiaries. These social capital investments include personal transfers between their headquarters and their Chinese subsidiaries, low turnover of expatriates in the Chinese subsidiaries, shared visions and goals about corporate social responsible practices, accommodation of local Chinese culture and concerns of local staff members, and more communication between Chinese employees and employers in the intracorporate networks. These foreign MNEs should promote and hire Chinese executives with values and experiences in environmental management or human rights management. The human resource department of foreign MNEs must integrate corporate social responsibility across corporate functions through aligned incentives and consistent messages which derived from their MNEs’ corporate responsible strategies. Employees are encouraged to translate their contributions of specific functions to corporate social responsibility through some corporate social responsibility checklist (Accountability & Reporting Orbits, 2004).

Foreign MNEs which are in the advanced stage of corporate citizenship must create conditions that encourage personal and organizational integrity in their Chinese subsidiaries. They must examine what these incompatible norms are and how these norms can work under their universal values and principles established by their headquarters. They must examine their problems when they over-rely on systems and structures to manage the behavior of Chinese executives. When many middle-level managers are under pressure to meet many short-term goals, they can easily be very cynical toward the codes of conduct. These senior managers at MNEs must use the performance appraisal system which incorporates the values listed in the codes of conduct and also keeps on seeking and responding to feedback from their Chinese executives. Furthermore, these senior managers at headquarters or subsidiaries must examine their present internal due processes in their Chinese subsidiaries and examine how unilateral levels of control violate their organizational integrity and suppress indi-
owned organizations. Some foreign MNEs train their constituents in China to be their partners who can implement social services and perform government functions. They learn from their social experiments and their partnerships with various constituents in China. Thus, the capacity of the Chinese subsidiaries will develop to the advanced stage of corporate citizenship through the new organization forms that are grounded on linking with existing partners in the global network, leveraging upon existing resources, and learning of Chinese subsidiaries. These foreign MNEs develop new norms, values, and practices that fulfill the increasing demand of the Chinese government and key shareholders concerning their practices in the local and international communities. These new industry norms can be new benchmarks and inspire Chinese organizational buyers to demand better practices from corporations in China. Thus, foreign MNEs and their Chinese subsidiaries can work toward a culture of continuous learning through a commitment to regular, broad-based and systematic stakeholder engagement… (Ashridge Centre for Business & Society, 2004)

IMPLICATIONS FOR CHRISTIAN BUSINESS EDUCATORS

The study shows that Chinese subsidiaries can become better corporate citizens when their foreign multinational enterprises (MNEs) initiate better practices through linkage with, leverage on, and learning from existing global partners and non-government organizations. When Chinese
subsidiaries are required to teach better practices to their external business partners and develop good capital for the future development of their companies in China, the capacities of their subsidiaries to implement broad ranges of corporate social responsibility programs will be increased. The proposed framework of improving corporate citizenship of Chinese subsidiaries can give us some insights on how to mobilize collective actions for Christ’s Kingdom. It also can inspire Christians how to mobilize resources in business as ministry (BAM) movement in China.

Christian business educators must pay attention to the context in which businesses operate and explore possible collective actions and opportunities for moving American MNEs to be better corporate citizens in China. We must seriously tackle many issues of labor rights so that the Gospel can adequately respond to the needs of people and society of this time. We have to serve humanity through the Lord, not serve our own cause or legitimatize the dominate positions of American MNEs at the expense of local welfare in China. Business as ministry movement (BAM) can be very political as it deals with many conflicting interests at international, national, and industry level.

Christian business educators may explore possible opportunities to enhance the spiritual development of many business executives in China when their subsidiaries are struggling to become better corporate citizens (Vaill, 1996; 1998). We must help our students in the United States to take corporate social responsibility seriously and to be prepared for many conflicts and uncertainties in managing corporate social responsibility in a transitional economy. Students are encouraged to be accountable to the Lord and experience spiritual growth through listening to the voices of local communities and working with a broad range of stakeholders. We also need to equip our students to know how to give their voices in their professional careers after they have learned many ideas of corporate social responsibility in their business schools (Lam, 2005). We can use many Christian resources to respond to various interpretations of corporate responsibility and greediness of many corporations in a global market economy (Brubaker, 2001; Dawn, 2003; Drimmelen, 1998; Goudzwaard, 2001; Malloch, 2008; Rundle & Steffen, 2003; Schweiker 2000, 2009; Stackhouse 2001; Volf, 2007). We can be agents of the Kingdom of God as Stackhouse (1972:106) described:

the kingdom of God is the normative political structure of the communion of the saints means that any project that hopes to establish love and spontaneity and immediacy between persons must at the same time give the participants in the community direct access to the structures and skills of power and to its legitimate value systems. Otherwise the community is not authentic. It will not bear the marks of the ultimate future and it will not endure.

With grace, it is possible to implement universal values listed in many well-established multinational enterprises’ (MNEs’) codes of conduct and give people esteemed identity in a community with the presence of Holy Spirit. Because of the faith in the resurrection of Christ and the communion of saints, we can believe that the resurrected order will be entirely different from the present and we are glad to join with the saints who were in the past and will be in the future in the movement that seek Shalom and justice for humanity.

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