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China column: What's driving responsibility in China?

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It can be difficult to read the economic signposts in China, but a new report appears to be shedding light on the sustainability road ahead, says Paul French

It's hard to know in China how to gauge the extent and effectiveness of corporate responsibility activities by both foreign and domestic companies. China's economy is just so vast and so active that the numbers are bewildering in every sector.

Add to that all those western brands that source from China, as well as the local and foreign philanthropic organisations and NGOs as well as national government and supra-national efforts and it's mind boggling.

The problem of course is not the volume of supposed corporate responsibility initiatives but rather the value of those that really make some sort of difference and impact. China's economy is vast but many of its people are still poor; China's total corporate responsibility industry is massive but actual tangible corporate responsibility and transparency are a challenge to say the least.

Government attempts to get to grips with the vast number of corporate responsibility initiatives out there are problematic. The data is rarely made public and is subject to manipulation, and much of what passes for corporate responsibility is little more than press releases or donations to a chief executive's favourite cause.

Real change?

Worse, much can just be designed primarily to curry favour with the government rather than actually effect change. Sorting the wheat from the chaff, the bogus from the real is difficult, especially in a state with no tradition of a free media.

That's where the new survey from Ruder Finn, a leading independent communications agency with a series of China offices, comes in useful. Its Corporate Social Responsibility Index (CSRI) report, produced jointly with Beijing's prestigious Tsinghua University is, as far as this columnist can tell anyway, about the best guide there is.

This year's CSRI report highlights a company that few people familiar with the Chinese corporate landscape would have named as a corporate responsibility champion.

Geely Automobile is China's first privately run car manufacturer and the recent acquirer of Sweden's Volvo. For many years Geely was seen as one of the rapacious examples of a private company in China – non-transparent, not overly communicative to either analysts, journalists or NGOs and a business known for valuing growth and profits over all else.

Attitude change

So perhaps it's spending a lot of time in liberal Sweden? Or perhaps Geely harbours ambitions to sell its cars globally? Or perhaps it really does have a social conscience. Li Shufu, the founder and current chairman of Geely, has said: "An enterprise without a sense of social responsibility will be kicked out of the market sooner or later, and it can never achieve sustainability."

Geely's corporate responsibility campaign seems like a series of philanthropic activities. We have the Geely "fund for future talents" to help poor students from old revolutionary base areas (meaning where the communist Red Army ended up on the Long March) and ethnic-minority regions; the China education foundation that aims to help 1,000 poor students to go to college over five years; and donations to natural disaster areas in China including the Sichuan earthquake of 2008, the site of Typhoon Morakot in eastern China and Taiwan in 2009, and other disasters. Geely also sponsors a youth orchestra.

The campaign is, according to the Ruder Finn-Tsinghua report, working with the car-buying public. The report says that 92% of those surveyed observed that a car maker's performance in corporate responsibility plays a "very important" or "relatively important" role in building a strong brand; 25% of respondents said corporate responsibility will be the highest item on their priority lists when they buy a new car. Only 4% of all respondents said they had never given a thought to corporate responsibility.

Now, China veterans will undoubtedly roll their eyes at these percentages. The idea that China's voracious, and largely first-time, car buyers are putting corporate responsibility right up there with brand, style, performance and value for money seems a little bit of a stretch. But it just might be an enthusiastic indicator of a growing trend, though perhaps a little exaggerated.

So next time you see a Geely rolling down the streets of Beijing or Shanghai, is there really a 92% chance the driver bought that car because of Geely's corporate responsibility? Well, probably not. The truth is that while the Ruder Finn-Tsinghua report is a good start, we may have a way to go yet in finding a system to really rate and analyse corporate responsibility in China.

Paul French has been based in China for more than 20 years and is a partner in the research publisher Access Asia-Mintel.

Links:

[1] http://www.ethicalcorp.com/users/paul-french