CSR Performance of Foreign-invested Enterprises in China

Driven by Young Consumers and Office Employees

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Abstract

Primary research on sustainable development has suggested that Corporate Social Responsibility (CSR) activities can create a positive effect on employees and consumers. In order to improve CSR outcomes internally and externally, it is necessary to consider the ever-growing expectation of primary stakeholders in different business environment. This study explored the roles of young consumers and office employees in affecting CSR activities of Foreign-invested enterprises (FIEs) in China. Besides a large number of literature reviews, two surveys involved in this study to investigate in practice, the sentiments and expectation of Chinese young consumers and office employees towards FIEs’ CSR behavior in host country-China. To achieve this goal, theories on stakeholders, Maslow’s hierarchy needs and social responsible consumer behavior are main fundamental adopted. As a result, this study emphasized that as significant stakeholders, interest and expectation of young consumers and office employees positively affect FIEs’ sustainable business activities in China, and more importantly, survey in this study presented a clear view on their attitude and expectation on CSR activities of FIEs in China.

Keywords: Corporate social responsibility, Stakeholders, Foreign-invested Enterprises, Driving force, Young consumers, Office employees, China
1. INTRODUCTION

The initial chapter will provide a background about the role of FIEs in the process of CSR development in China, and how this issue emerges from this background. The purpose and research questions that the study attempts to answer will be described, followed by validity and contributions of this research.

1.1 Background

For Foreign-invested enterprises (FIEs), Corporate Social Responsibility (CSR) communication with home-country may build a favorable and friendly image and relationship with local stakeholders, such as customers, government, media as well as employees. Thereby FIEs’ investment in CSR activities is not only responsible for society and environment where their business is operating, but also contributing to their survival and development in dynamic business environment of home country. China as one of the most important business market and labor market, Chinese public awareness on CSR has been enhanced along with a number of multi-national enterprises expanding their business into Chinese market since China joined the World Trade Organization (WTO) in 2001. As a result, for a sustainable development strategy, today’s enterprises have much more pressure than ever before on considering the interests of stakeholders as a vital task while pursuing economic values. The latest figures show that from January to August of 2012, there are 15777 new foreign-invested enterprises established in China, the investment fund of those FIEs up to 749.94 billion US dollars. The globalization of firms is encouraging the spread of CSR practices, and it is becoming increasingly clear that we need to understand the antecedents of such practices (Gunther, 2005). From an external perspective, this is an inevitable request from outside business environment. On the other hand, CSR issue also is an opportunity with huge value in it. This attention stems largely from the realization on the part of organizational leaders of the potential strategic value in compliance with CSR policies and law (McWilliams and Siegel, 2001; McWilliams et al., 2006). However, Managers also found that CSR performance is a big challenge since lack of clear understanding on characteristic driving forces in China, the survey from Terence and Bak (1998) showed that the highest cause of difficulties being expatriate managers is lacking knowledge of the Chinese environment (29 out of the 56 Chinese managers surveyed).

In such a case, it’s significant to know Chinese CSR situation well for managers of FIEs while seeking a good CSR performance in almost every business field in China. That means if decision makers understand the attitude and expectation of primary stakeholders, relevant CSR investment will achieve their sustainable development
strategy efficiently.

Particularly, this article is aimed to investigate sentiment and expectation of young consumers and office employees as primary stakeholders which mainly effect on decision-makers of FIEs in China. Meanwhile, exploring this issue in Chinese background implicate the way Chinese office employees are motivated and how the young consumers’ impact on FIEs in China. Thus study on this issue has significant meaning for FIEs emerging into China’s business environment.

Young consumers in this paper refer to individual public of China whose general age from 20 to 34 with high education background, purchasing products or services for private purpose.

Office employees in this paper refer to Chinese individual in a relationship recognized as an “employment relationship” in national law or practice with FIEs in China. They usually work in offices instead of workers at production line or do manual work at factory.

1.2 Problem Discussion

CSR implement in practice is a complex task with individual diversity. The way to achieve an efficient CSR implementation should particularly emphasize on different components according to company’s own specific condition, such as internal resource, business type, and different business stage they are in. However, paying attention to the expectation and attitude of consumers and employees in China is important and can be applied to almost every industry.

There are several reasons for choosing young consumers as a research group. Firstly, Young consumers of China have the relatively independent purchasing behavior due to less interference factors involved. For example, they don’t have much economic pressure. Unlike western and European young generations, Chinese college students are still financially dependent on their parents. They can in a sense represent the purchasing ability of their families. However, most of college students gain much more economic pressure after they become independent in economy since the gap between wage and goods price. Secondly, according to the data on population of China in 2010 released by US census bureau\(^1\), people age between 20 to 24 occupy the most population in young people age from 20-34. Thirdly, in terms of individual influence on society, Young consumers are the representative group touches the changes of rapid development of informationization in China. They have most influence on manager’s CSR decision than ever generation. Meanwhile, their attitude

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\(^1\) China population pyramid for 2010. [http://www.nationmaster.com/country/ch/Age_distribution](http://www.nationmaster.com/country/ch/Age_distribution)
on company may impact on people around them, especially to their families. What’s
more, FIEs are expanding quickly and it is necessary to attract the best talents for the
future. Young consumers with high education background are also regarded as very
important potential office employees to FIEs in China.

There are several reasons for emphasizing on office employees instead of general
employees as a research group. First of all, factories in China are regarded as the
biggest “Blood sweat factory”. It is found that majority researchers studied on CSR
performance of China are from the perspectives of international norms with an
emphasis on labor condition, environmental pollution, and poor product safety (Chan,
2002). Those issues are all focus on basic human needs, so it is worth exploring the
higher needs emphasizing on office human resource in China. On the other hand, decent salary is no longer main competitive advantage for FIEs on attracting high
quality employees, due to the wage gap between state-owned enterprises and FIEs has
been decreasing in recent years. To fill this change, meeting office employee’s
individual needs and expectation by CSR internal investment has become an ever-
growing factor in attracting and maintaining office human recourse. At last, office
employees who have high education background are also important group paying
attention to CSR issue in China, and they are more possible to be CSR conscious
consumer.

1.3 Purpose and Research Questions

The purpose of this study is to explore the attitude and expectation of young
consumers and office employees as driving forces on FIE’s CSR performance in
China. Given above, three research questions have been purposed:

Q1. What are the driving forces of young consumers and office employees towards
CSR performance of FIEs in China?

Q2. As an internal driving force, how do office employees view CSR performance of
FIEs in China?

Q3. As an external driving force, how do young consumers view CSR performance of
FIEs in China?

1.4 Contribution of Study

◆ This paper seeks to contribute to CSR issues in China by reflecting the attitude

and expectation of office employees and young customers. Their views regarding FIE’s CSR performance are illustrated via survey conducted in Beijing, China.

・ “2PM primary stakeholder Mode” is a CSR driving force mode as a result of putting classic stakeholder theory into characteristic business environment in China.

2. METHODOLOGY

This methodology part will introduce the empirical method, validity, reliability and limitation and a structure of this study will be provided.

2.1. Empirical Methods

The investigation divided into two questionnaires by two different sample groups. One is for senior students of China Broadcasting and Communication University (CBCU) and Beijing International Studies University (BISU), and another is for employees from Beijing headquarter of Siemens Ltd., China. Those two surveys were conducted in Beijing, China in 2012. Questionnaires for student were distributed and collected face to face during break time between two classes. Questionnaires for employees were sent and collected as e-mail with the help of the manager of human resource department. All questions are based on theoretical framework and aim to answer research questions of this study in different aspects. The scale of questionnaires refers to “Likert scale” as measurement instrument. In order to ensure feasibility of questionnaires, pre-survey is conducted before formally distribution in CBCU. After collection all questionnaire, statistical methods used to sum up the result of survey.

2.1.1 Questionnaire design

Questions in investigation were formulated according to several aspects to answer research questions of this study. In terms of the questionnaire for consumers, questions focus on consumer’s purchase behavior designed from two directions, which are “willing to purchase” and “willing to pay a premium price” based on Gupta’s (2002) Social responsible consumer behavior model. 16 questions involved in this questionnaire were designed to know respondents’ view on the following aspects of young consumers:

<table>
<thead>
<tr>
<th>Question number</th>
<th>Aspect aim to reflect by question (Appendix 1)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Q1—Q5</td>
<td>Awareness and knowledge on company’s responsibility on society</td>
</tr>
<tr>
<td></td>
<td>Attention paid on related CSR issue of FIEs</td>
</tr>
</tbody>
</table>
Expectation on CSR performance of FIEs
Satisfaction on CSR performance of FIEs
In what extent company’s reputation effect on their view

- Q6—Q15 Connection between CSR and their purchase behavior and influence on people around them
- Q16 Consider CSR factor as job seeker after graduate

Table 1: Questions design for questionnaire on employees (Author’s own: 2012)

In terms of questionnaire for employees, questions 3 to question 13 are designed from three aspects: self-actualization needs, esteem needs and social needs which based on top three levels of Maslow’s Hierarchy of Needs (1943). 13 questions involved in this questionnaire aim to know respondents’ view on following aspects:

<table>
<thead>
<tr>
<th>Question number</th>
<th>Aspect aim to reflect by question (Appendix 2)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Q1, Q2</td>
<td>General working statue in current working environment</td>
</tr>
<tr>
<td>Q3–Q6</td>
<td>Belonging and affection needs</td>
</tr>
<tr>
<td>Q7–Q9</td>
<td>Esteem (be recognized and respected, feeling of worthwhile on work)</td>
</tr>
<tr>
<td>Q10–Q12</td>
<td>Self-actualization (capability improvement and promotion opportunity</td>
</tr>
<tr>
<td>Q13</td>
<td>Satisfaction on company’s communication mechanism</td>
</tr>
</tbody>
</table>

Table 2: Questions design for questionnaire on consumers (Author’s own: 2012)

Likert scale was chosen to be an appropriate measurement instrument because it allows respondents to “express either a favorable or unfavorable attitude towards the object of interest” (Blumberg et al., 2005). Subjects responded to a “five-point” Likert scale which let subjects reflect their thoughts by choosing degree from ‘Completely disagree’ (1) to ‘Completely agree’ (5). A five-point Likert scale was adopted because it allows respondents to clearly indicate their propensity while still being convenient and not too difficult to handle (Blumberg et al., 2005, p.395). Concerning the survey design should make respondents easily differentiate from five degree choices and find one exactly indicate their propensity. A pre-test was applied to 3 pilot samples, it turned out that “five-point” Likert scale is exactly enough for them to express their propensities about all questions. “No more degree, five degrees are clear to tell and I can easily find one fits what I want to express exactly.” One of pilot samples feedback to the survey.

2.1.2 Distribution and collection

Questionnaires for customers were distributed to China Broadcasting and
Communication University for 80 pieces and Beijing International Studies University for 120 pieces. Totally 200 pieces of questionnaire were distributed and 198 were collected. 191 pieces are valid, and 18 of them left their telephone number or email on it which showing they would like to answer more questions and provide further information. In terms of survey for employee in Siemens, 77 electronic surveys were administered and collected through internet and 2 of them left their contact information on it, which suggest they are willing to provide further information by telephone interview.

Although the number of people who are willing to leave contact number is small both employees and students, but it doesn’t mean that the rest of responders are not interested in or don’t care about this issue. Because Chinese have relatively strong protecting awareness on private information, this factor is considered in the process of questionnaires design.

<table>
<thead>
<tr>
<th></th>
<th>BISU</th>
<th>CBCU</th>
<th>SIEMENS Beijing</th>
</tr>
</thead>
<tbody>
<tr>
<td>Distributed</td>
<td>80</td>
<td>120</td>
<td>77</td>
</tr>
<tr>
<td>collected</td>
<td>78</td>
<td>120</td>
<td>77</td>
</tr>
<tr>
<td>valid</td>
<td>78</td>
<td>113</td>
<td>77</td>
</tr>
<tr>
<td>interviewed</td>
<td>3/6</td>
<td>3/12</td>
<td>0/2</td>
</tr>
</tbody>
</table>

Table 3: Respondents distribution (Author’s own: 2012)

2.2 Validity and Reliability

In order to improve effectiveness of the survey, all questionnaires were distributed as groups of senior class with the permit of teachers. The survey focuses on senior student instead of freshman and juniors because senior student would be more mature and independent in many aspects, such as individual judgment, values and acknowledge range. For purpose of high collect rate, questionnaires were distributed to respondents as a whole class efficiently during a class break. Pre-survey is conducted before formally distribution and the feedback of operation ensured the questions design is validity. All of them suggested that they can understand questions of questionnaire with no problem at all, and five degree chooses are enough to let them choose from easily.

For the purpose of improve reliability, questions in survey designed based on theoretical framework part in this study. For example, questionnaire for consumers emphasis on CSR consumer behavior model of Gupta (2000)(see figure 4), questionnaire for employees emphasis on employee’s social needs, esteem needs and self-actualization needs which based on Maslow’s hierarchy of needs. Besides, questions were described with clear and concise words and as short as possible so that respondents have enough attention and patient to finish.
2.3 Limitation

The two parts of survey are conducted in Beijing of China. To a certain extent, respondents may exit limitation to represent all young consumers in China in an absolute broad sense. Since China is very huge county, geographic factor divided this vast land area into seven regional markets: South, East, North, Central, Southwest, Northwest and Northeast China (Cui & Liu, 2000). Different regional markets show different consumer behavior more or less, as different regional culture like sub culture, income disparities, and industrial structure. But Beijing is regarded as “political and culture center of China”. All in all, respondents in Beijing are the most representative comparing to other cities in China.

2.4 Theoretical Structure of this Study

![Theoretical Structure of this Study](image)

Figure 1: Structure of this study (Author's own: 2012)

The figure above is a theoretical structure of this study. Though a large number of literature review, “2PM” stakeholder model (see figure 8) is built based on classic stakeholder theory of Freeman (1984) to analysis four driving forces of direct primary stakeholders in China both internally and externally. Each driving force is supposed to be highly paid attention by decision-maker. Employee’s pushing force and consumer’s pulling force, this two dominated a “doing good” CSR behavior. Particularly, while
business environment is changing, these two human-oriented elements become more concentrate on specific groups, which are office employees and young consumers. Thereby, this study use Maslow hierarchy needs and social responsible customer behavior theory to explore the role of office employees and young consumers on positively affect FIE’s CSR performance in China, as well as tend to discover how their view FIEs’ CSR performance in China.

3. THEORETICAL FRAMEWORK

The theoretical framework part will describe conceptual framework of this study as well as explain main theoretical framework applied in this study.

3.1 Sustainable Development and CSR

3.1.1 Sustainable development

Sustainable development is an international concept which connects economic, social and environmental dimensions in achieving development includes both present generation and future generation. With limit natural sources in planet, it’s necessary to maintain the earth’s capacity to support the needs and aspirations of future generation while pursuing interest of stakeholders. As Zadek stated "Corporate sustainability is the ability of an organization to meet the needs of direct and indirect stakeholders (employees, shareholders, community, suppliers, customers, regulators, etc) without compromising its ability to provide for the needs of future stakeholders as well.” (Zadek, 2002). This definition followed the publication of the report of the United Nation Word Commission on Environment and Development in 1987 “sustainable development is about meeting the needs of present generation within the planet’s ecological limits, without jeopardizing the ability of future generations to meet their needs.”(Word Commission on Environment and Development, 1987). It starts with the notion that companies need to develop with an eye on preserving the environment and natural resources for long-term growth (Kuhn & Deetz, 2008). More recently, it has been extended to incorporate economic and social sustainability which includes equitable development and the maintenance of desirable social values and institutions (Fergus & Rowney, 2005).

3.1.2 CSR

CSR is a broad concept, various meanings of this term were found during the process of literature review. According to ISO 26000, the term social responsibility came into widespread use in the early 1970. This study adopted Carroll’s definition which has received the most attention. “Social responsibility of business encompasses the
economic, legal, ethical and discretionary expectations that society has of organizations” (Carroll, 1979). It is the most appropriate definition for this study. As the definition suggested, enterprises have four responsibilities:

1. Economic (e.g., profitability)
2. Legal (e.g., respect laws and regulation in host-country)
3. Ethical (e.g., environment friendly)
4. Discretionary (e.g., philanthropy)

According to Mohr, Webb and Harris (2001), the societal marketing concept can be used to define CSR at a more abstract level. Petkus and Woodruff (1992) defining CSR to involved “avoid harm” and “doing good”, which is important to this study.

3.2 Stakeholders and Stakeholder Theory

3.2.1 Stakeholders

Each dimension of CSR relates to several stakeholders of organization. According to Jeremy (2006), while Carroll’s (1979) work described what a firm’s responsibilities might be, Freeman’s (1984) landmark book helped to more accurately describe to whom the firm is responsible. As “father of stakeholder concept” Freeman’s definition of stakeholder received the most attention and broadly adopted: Groups and individuals who can affect or are affected by, the achievement of an organization’s mission (Freeman, 1984). In 2004, this definition was renewed as groups who are vital to the survival and success of the corporation.

Identification of primary stakeholders is fundamental to CSR managers. According to Clarkson (1995) and Starik (1995), some literatures discern primary stakeholders from an “internal and external” perspective. In terms of external environment, customer is the key stakeholders that affect CSR performance in practice, since customized-management is vital for foreign company operate efficiently in China. Freeman (2004) stated that “Stakeholders may bring an action against the directors for failure to perform the required duty of care”. In order to avoid failure on CSR performance, a firm needs to “gain keen knowledge about its market, turn that knowledge into a customer value proposition that is superior to its competitors while at the same time continuously adapting to market changes (Kohli & Jaworski, 1990; Narver & Slater, 1990; Jeremy 2006). From the internal environment, employee is an important stakeholder not only engages in CSR activities, but also with a “critical eye” on organization. Importantly, determing the interest and expectation of main stakeholders who have more powerful influence on current situation can help decision-makers understand what should be emphasized. Friedman (2006) identified the main groups of stakeholders are:
✓ Customers
✓ Employees
✓ Local community
✓ Supplier and distributors
✓ Shareholders

From another perspective, several individuals and groups also are considered as stakeholders in Friedman’s literature of 2006, such as media, future generations, the public in general, NGOs and government, as well as competitors (Friedman, 2006).

3.2.2 Stakeholder theory

Stakeholder theory is a social-based management theory. The stakeholder theory of CSR states that corporations operate with a system of stakeholders within a particular society and need to respond to the interests and requirements of these stakeholders (Mele, 2008). Thus stakeholder theory also can explain why people hold different expectation on CSR performance of enterprises from different countries.

Freeman (1984) indicated that stakeholder theory is a management theory originally. The validity of applying stakeholder theory is controversial in terms of the separation on managers’ ethical manner and instrumental manner (Philips et al., 2003 and Rene’ Orij, 2010). However, Deegan and Unerman (2006) suggest that separation means that companies deal with stakeholders in either an ethical or instrumental manner, but more likely a combination of both. In this study, stakeholder theory is applied in a pragmatic way and the outcomes describe managerial practice instead of managers’ ethics. In practice, managers regard stakeholder theory as an approach to build and maintain favorable image and reputation of company. Stakeholder management is the attempt to integrate groups that affect and are affected by the organization. For example shareholders, employees, consumers, competitors, suppliers, the local community and general citizens (Schwartz and Carroll, 2003) into manager’s decision-making processes (Garriga and Melé, 2004). Managers understand and handle companies’ social responsibilities by managing their relationship with key stakeholders (Clarkson, 1995).
CSR is expected far beyond treating the stakeholders of the firm ethically or in a responsible manner. The wider aim of social responsibility is to create higher and higher standards of living while preserving the profitability of the corporation, for people both within and outside the corporation (Michael Hopkins, 2003). Thus stakeholder theory has been applied widely in empirical practice on relations between enterprises and stakeholders. Furthermore, salient attributes of stakeholders are more pronounced in a international context, the attributes are applied as situational factors (Smith et al.2005). For foreign invested enterprises, specific orientation on stakeholders in different country influence managers’ behavior.

### 3.3 Maslow’s Hierarchy of Needs

Maslow developed the hierarchy of needs model in 1940-50s in American, this theory remains widely valid for understanding motivation of human-need today in different fields. Satisfaction of employee’s needs and expectation is significant for employee’s engagement. Soft working environment and platform which help fulfill self-actualization of office employees today are relevant than ever. Maslow’s Hierarchy needs states that among the five stages of needs, only when the lower order needs are satisfied are we concerned with the higher order needs.
**Physiological need:**
Physiological need is basic need for human beings keep alive, paying wages to employees for affording their basic food, drink, and breaks warmth, etc. Appropriate salaries are supposed to be enough to purchase basic necessities of employee’s live, which is the lowest function of salaries.

**Safety needs**
Enterprises have responsibility of making sure their employees are working under a safe environment, which protect them from harm and unhealthy factors. What’s more, economic security and freedom from threats is also deep meaning for safety.

**Social (belonging) needs**
Beyond the physiological needs, people are “social people”, social activities never leave away from interaction with other people in work place no matter as individual or group. People may have different level of tide link with different group, they belong to some specific group when certain social activities were done. That’s why “acceptance” is important in a group. Thus harmony relationship with colleagues and work groups is employee’s basic sentiment need in team work.

**Esteem needs**
Employees expect to be appreciated and rewarded by company when accomplishing their targets. Recognition from boss and respect among colleagues give employee prestige which will make employees feel worthwhile with what they paid.
Self-actualization needs

As far as the former four levels of needs are satisfied, employees will try to behave in more ability to exceed targets assigned by boss. Meantime more challengeable work should be assigned to employees for a more innovative working performance. To realize employee’s self-actualization by providing higher position is also a way to show managers’ recognition and trust. Company is supposed to have responsibility of helping employees fulfill their personal growth along with the development of company.

The responsibility of sustainable success is built on commitment to build up good communities, which help people identify, pursue and reach their own personal potential. Maslow’s also explained that only when low need is satisfied, the upper need will occur. Preston and Post (1981) divided enterprises involvement in social responsibility into two level: Primary involvement refers to “the essential economic task of the firm”, for example locating and establishing its facilities, engaging employees, carrying out its marketing products. Then secondary involvements arise as consequences out of the primary ones, such as career opportunities for employees, which come from the primary activity of selection and advancement of employees (Preston, Post 1981). However, hierarchy order arrange in Maslow’s hierarchy needs has been criticized by many researches. According to Orlando (2011) many studies have focused on how to rank needs within a given hierarchy, relevant studies include Max-Neef (1992), Nussbaum and Flover (1995) and Sirgy et al. (1995). The criteria of ordering needs is hard to formulate because need's fulfillment may does not need to be completely satisfied before the next level's need emerges in practice.

3.4 Socially Responsible Consumer Behavior (SRCB)

Market is an invisible hand to enterprise’s CSR performance, social responsibility can not only be examined from the corporate side but also from consumer side. Webster (1975) provides a definition of socially conscious consumer: Who takes into account the public consequences of his or her private consumption or who attempts to use his or her purchasing power to bring about social change. This definition suggested that, socially conscious consumer may base his or her consumer behavior of products on a desire to minimize harmful effects, at the same time maximize the beneficial impact on society. The model adapted from Gupta (2002) can illustrated socially consumer behavior in a comprehensive way.
This model above suggested that socially conscious consumer consider both corporate ability (such as products and services enterprises provide) and CSR performance of organization. According to those two factors, consumer will make a SRCB, for example, the willingness to purchase product and services from these enterprises, and the willingness to pay an extra price for products and services of enterprises with a good CSR performance. However, in this study, SRCB is more complex since the influence of “willingness to recommend” factor cannot be ignored.

3.5 “2PM Model” ---in the context of business environment of China

This model is stakeholder theory based model, and it is trying to analyzing how key driving forces affect enterprise’s CSR behavior in the context of Chinese business environment. Understanding CSR through a divergence perspective calls for an examination of how CSR is defined, practiced, and discussed in different parts of the world in relation to their specific cultural and social contexts (Chapple & Moon, 2005). When FIE is facing changeable environment in China, the change can be pinned down more tangibly with the aid of long-term trends in public attitudes (Lewis, 2003). The figure below (Figure 5) may provide a framework for enterprises considering making a more appropriate CSR behavior in China.
Business environment contains internal and external environment. Many scholars likewise suggest that primary stakeholders can be discerned in an internal and external perspective. Enterprises have obligations and strategic considerations for both internal and external stakeholders (Clarkson, 1995; Starik, 1995; Kanter, 1999; Porter & Kramer, 2002; Post et al, 2002; Gago & Antolin, 2004; Jeremy, 2006). More specifically, “internal” primary stakeholders include constituents such as employees and shareholders while “external” primary stakeholders include customers, government entities, communities, suppliers and environment. Such a perspective suggests that enterprises are facing with the challenge on addressing multiple constituents when seeking advantages from a primary stakeholder orientation management. Thereby it is important to balance a variety of expectation and needs of primary stakeholders.

Figure 5: 2PM Stakeholder model in China (Author’s own: 2012)

The model above illustrates main CSR driving forces effect decision maker in China. Employee’s value and interest is a force pushing company’s CSR performance internally, customer’s need and expectation stimulate company fulfill CSR externally; Company’s business strategy should also coherent with value of government, NGOs and Watchdog, such as media and independent NOGs (for example: China Labor Watch³).

- **Horizontal direction- “Doing good”**
  
  *Employees:* Enterprise’s internal element, such as employees, group value and

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leadership form pushing force by improving profitability and reducing cost. A large number of researchers have found that CSR is an approach of attracting, remaining, and motivating office employees. For example, reducing company’s expenditure about human resource as well as improving employee’s working efficiency. According to Balakrishnan and Sprinkle et al. (2010), CSR may engender altruistic firm-contributions from employees and facilitate the use of implicit or trust-based contracts.

“We can see that CSR has become really important for our employees; they are proud to work for a responsible company. We are expanding quickly and we need to attract the best talents for the future. CSR has become more and more important when young professionals are choosing an employer. Much of what we do for the environment also helps us to save resources.”

----Interview of HM’s CSR report 2008, pp5

Studies has shown that CSR activities can help spur financially valuable innovation by developing a variety of competencies, including teamwork, planning and implementation, communication, project management, listening skills, and customer focus. In this article, “pushing force” towards enterprises is a internal motivation. Related CSR activities can motivate individuals to behave responsibly, in the sense that the desirable intrinsic characteristics of those behaviours (Deci &Ryan, 1985), perceived as, for example being respected, self-determined, competence-enhancing and self-actualization. Thereby we can see the significance of fulfilling employees’ needs on the middle and top of Maslow’s need hierarchy.

Another recent phenomenon make FIE’s CSR investment in China become more important in terms of employee’s “pushing force”. Nowadays in China, salary gap between FIEs and nation-owned enterprises is much smaller than many years ago and can be regard as the biggest attraction to quality workforce in China. However, for now the speed of wage increase is decreasing. From this angle of change in China, office employee has more reason to choose FIEs with more consideration to company’s image and CSR investment in organization.

Consumer: Consumer as a driving force has vital effect on pulling enterprise towards good CSR performance. As terminal purchasing action taker, decision-maker believes reputation for good corporate citizenship can help attract new consumers and maintain

\[\text{4 Source: CSR report of HM, 2008}\]

confidence of regular consumers. Meanwhile, consumer trust is built in a complex way though image built and reputation maintain. When consumers’ expectation move to the top of Maslow’s Hierarchy of Needs, and their purchasing behavior are increasingly driven by self-realization, it is natural that ethics and values will play a more prominent role in their consumer choices (Lewis, 2003). More importantly, young consumers in China have another “indirectly purchasing behavior” in the sense of affecting other consumer (friends and family).

- **Vertical direction**—“Avoid harm”

  **Government and NGOs**: Government plays a role of shaping and modulating CSR trend in macroscopic view, especially for FIE, policy reformation related to enterprises business pointed a direction and standard for FIE. Schwarze (2003) suggested that CSR decisions are often made not within individual organizations, but as a result of inter organizational relations such as state–corporate interactions (Schwarze, 2003). CSR strategy which supported widely by government is one of the most important elements for decision maker to choose a right act when facing alternatives. The corporate–state tie is especially important in the emergence and development of CSR in China because Chinese governments at various levels still maintain control over most of economic resources (Tang, & Li, 2009).

  NGOs have played a critical role in influencing multinational corporations to adopt code of ethics voluntarily and in enacting legal standards of CSR (Winston, 2003). This study puts Government and NGOs together is in chart, because in China, several main NGOs are suspected and controlled by government, so they are categorized to “Governmental nongovernmental organizations”. The semi-governmental status gives these NGOs legitimacy and institutional support to operate in China (Young, 2002, p.35). Therefore, NGOs in China is a modulating executive method of government through building CSR alliances and relevant implementing cooperation with enterprises. They are often perceived by companies, especially multinational companies, to be more credible, transparent, and accountable (Gerson, 2007).

  **Media and watchdogs**: The role of this dimension is spreading and conveying among CSR communication. With the CSR related social problems occurring frequently in the past 5 years, media bring this international concept to Chinese public. CSR performance of enterprises is frequently reported by Chinese Media, such as newspaper, television, and newspaper, trade journal, magazine and internet. “All involved media” is current popular phenomenon in China, which means nowadays, people is not only just stay on the news receiving side, more importantly, ordinary people have been engaging in broadcasting, particularly to new generation.

In recent years, enterprise’s good deeds are reported widely in China. On the other hand, once improper behavior of enterprises is reported, managers should never underestimate the potential risk. In some cases, severs negative news of enterprise CSR behavior may even a disaster for it. There are several former events like Chinese
milk scandal (2008) was as a milk and infant formula safety incident, which broken out firstly in such a large scale in China and caused extremely negative influence on dairy industry of China. Furthermore, many enterprises are committed to fulfill CSR, but fail to communicate actively, they need a transparent information actively, annul CSR report is vital way to bridge the gap between media and enterprises.

4. CSR DEVELOPMENT AND CSR IN CHINA

This part aim to provide a background on FIE’s CSR performance in different respects, though an amount of literature review on CSR development and mainly refers to China’s CSR development along with FIEs emerging.

4.1 Historical Background

Early in the 1950s, the concept of CSR has evolved considerably since it first emerged in 1950s (Freeman, 1984). Bowen, the “Father of Corporate Social Responsibility” (Caroll, 1999) stated social responsibility of businessmen as “It refers to the obligations of businessmen to pursue those policies, to make those decisions, or to follow those lines of action which are desirable in terms of the objectives and values of our society” (Bowen, 1953). People agree with company is responsible for relevant relent consequences of business activities to the society while many businessman hold critical eye on the relationship of social responsibility and the financial interests. Until 1960, Davis firstly brought up the relationship between CSR and firm’s financial performance by arguing that socially responsible business is paying back by bringing long-run economic gain to the firm (Davis, 1960). This opinion caused controversy among academy and commercial world. At the same time, businessmen were aroused to consider social responsibility not only responsibility they must hold, but also a part of long term business investment. In the history of putting CSR into legal obligation dates back to 1963, in Mac Guire’ book “Business and Society”, he stated that corporations do not only have economic and legal obligations but also responsibilities towards society (McGuire, 1963). Several countries have introduced legislation that requires enterprises to report on CSR issues. EU commission published announcement that encourage CSR action take ILO standards and OECD guidelines as basic standard. Latest standard about CSR is from ISO 26000.

The responsibility of an organization for the impact of its decisions and activities on society and environment, through transparent and ethical behavior that

- Contributes to sustainable development, including health and the welfare of society
- Takes into account the expectation of stakeholders
Is in compliance with applicable law and consistent with international norms of behavior
Is integrated throughout the organization and practiced in its relationships.

---ISO 26000, Guidance on Social Responsibility

4.2 Carroll’s CSR Pyramid:

Carroll elaborated a model suggests CSR can be divided to four levels and crossed with the various groups of stakeholders. This model can serve as reference to define the various categories of social and environmental performance that have to be estimated (1991). Each of those responsibilities depends on those which precede it.

- Economic responsibility: Be profitable is required as the foundation upon other three components.
- Legal responsibility: Obey the law is the rules company is required to observe.
- Ethical responsibility: Obey the values of society and principle of justices is expected by community.
- Philanthropy responsibility: Be a good corporate citizen, contribute internal sources to society, and improve the quality of life of human beings is wished.

![Carroll’s CSR Pyramid, 2004](http://www.csrquest.net/default.aspx?articleID=12770&heading=)

In Carroll’s model, responsibilities on the bottom of pyramid are economic and legal

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responsibilities which are the most important and fundamental to enterprises. Schwarrz and Carroll stated philanthropy is less important comparing to the other three. They think the nature of philanthropy is discretionary. However, current situation in China is philanthropy is the most important and widely spread way to realize CSR implement. So it’s may not the best approach to illustrate the relationship among four dimensions of CSR in China.

Corporate social responsibility is always following the expectation of society. Early on CSR issue, manager’s attitude towards CSR it is a controversial issue for manager to return company’s interest to society instead of maximizing financial profit. It became apparent soon, as corporate citizen, managers realized the importance of performing in a manner comply with expectations of government and local regulations. However, legal responsibility connect with ethical norms tightly, ethical responsibility is prohibited by society even though without regulation to force company obey. Good corporate citizenship is regarded as doing what is expected ethically and beyond laws. As globalization of economy, a good corporate citizen has responsibility to provide a “quality life” for community. Communities expect company contribute their resources, such as money, employee working time, technology as well as facilities to society. But comparing to the former three responsibilities, philanthropy is more discretionary and not required. For example, company will not be looked as depart from corporate citizen responsibility if it didn’t participate in philanthropy.

4.3 CSR development and future trend in China

Scholars of China started to introduce the western notion of CSR and promote it as a model for Chinese companies to emulate in the 1990s (Yang, 2007). At that time, majority of Chinese scholars hold a skeptical view towards CSR. However, until 2006, there are 32 enterprise in China had their own CSR report. The Chinese Central Government started to promote Chinese own blue print in 2007, and top university in China has been stared to establish academic CSR research center, such as China philanthropy research institute of China Normal University (2010). In the 17th Central Committee of Chinese Communist Party, president Hu proposed “strengthen the importance of resource saving and ecological conservation on the road of sustainable economic development”, he stressed that it’s necessity to “put people first” in order to achieve a “balanced and sustainable development” (Hu, 2007). At the same year, the first Labor Contract Law is passed in aim to protect Labor with compulsory methods. To the year 2009, up to 533 enterprises published CSR report (Figure 7). Without any conformable standards in CSR performance and report edit rules, a lot of deficiency and limit has been existed until first Chinese CSR guide published in 2012. To a certain extent the first CSR guide may also meet problems when apply its function into practice. But it indicates that China is more and more concerned about
committing to Chinese special business environment and finding a characterized way.

![Figure 7: Number of CSR Reports Published in China, 1999-2011, An & Bai and et al, 2011. pp.7](image)

According to the research of “The Sino-German Corporate Social Responsibility project” (2007), CSR development in China can divided into three stages (First three stages in figure 8). Before 2000 in China, rarely local manager knows the concept of corporate social responsibility. Public discussion on CSR is non-existent practically it is media brought the issue to the public. Until multinational corporations began to implement auditing of Chinese suppliers, Chinese suppliers started to get to know the relevant goods standards of foreign enterprises. After that, CSR is paid attention by government as a trade barrier since China joined the World Trade Organization (WTO) in 2001. Then commerce institute and academic organization start to study on CSR issue. Since 2005, CSR-related topics started to be published on newspaper and Chinese enterprises start to become active in this issue. And at the same time, managers realized CSR should be seen as an opportunity in business development in a long-term perspective.

The following table can show three stage of CSR development in China in the past decade.

<table>
<thead>
<tr>
<th>Until 2000</th>
<th>2000-2004</th>
</tr>
</thead>
<tbody>
<tr>
<td>- Public discussions on CSR are practically non-existent</td>
<td>- CSR is a trade barrier</td>
</tr>
<tr>
<td>- Multinational corporations begin auditing of Chinese suppliers</td>
<td>- Academics, international organizations and NGOs explore</td>
</tr>
<tr>
<td>- Little exposure to CSR</td>
<td></td>
</tr>
</tbody>
</table>

21
CSR
- The Ministry of Labor, Ministry of Commerce, and others establish CSR investigation committees

2004-2008
- CSR seen as an opportunity
- Chinese organizations start to become active in CSR-related topics
- CSR linked with concept of Harmonious Society in 11th Five Year Plan
- Chinese MNCs (multinational enterprises) and SOEs (state-owned enterprises) become early adopters

Since 2009
- CSR seen as an extremely urgent issue since “Chinese milk scandal”
- Chinese private entrepreneurs start philanthropy storm from “Wenchuan earthquake”
- CSR performance of enterprises has been brought into public eyes.

Table 2: CSR development and trends in China, modified from Dietmar, 2012, pp.96

4.4 CSR performance of FIEs in China

Since the Chinese economic reform has exploded in 1979, foreigners were permitted to establish equity joint ventures together with Chinese enterprises in China. Large numbers foreign companies have been running their main business in China for many years. Foreign direct investment more than doubled between 1987 and 1990 (Terence & Mette, 1998). According to the data released by the Bureau of Statistic of Ministry of Commerce of the PRC in 2007, foreign direct investment (FDI) of 2006 is 694.68 US dollar. The latest statics data released at September this year shows, from January to August of 2012, there are 15777 new foreign-invested enterprise established, investment fund up to749.94 billion US dollar in just eight months. However, many problems of international joint ventures in China associated with human resources management, especially in performance motivation and staff retention (Wang & Satow 1994). Bjoerkman and Lu (1997) report that 59 per cent of participants from foreign invested enterprises (FIE) concluded that recruiting and retaining managers and office employees, which is a huge input into human resource management, was the most serious problem facing FIEs in China.


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Content analysis of companies’ annual report and CSR report has been a frequently used method in the study of corporate social reporting in the social and environmental accounting literature since the 1970s (Milne & Adler, 1999). It is found that CSR communication in China mainly convey by CSR report and information on company’s website. The main four criteria are CSR management (CSR involvement, CSR communication) market responsibility (client, partner and shareholder), social responsibility (government, employees) and environmental responsibility.

![Figure 8: CSR Performance Index in Different Enterprises in China, Cheng & Huang and et al, 2011, pp.39](image)

This figure reflects a comprehensive score of CSR performance in all types of enterprises in China, which evaluated by Cheng et al (2010). In China, state-owned enterprises are classified into three sub-types according to degree of assert domination. All those three sub-types can be classed to “state-owned enterprise”. Thereby the index of “state-owned enterprise” can be regards as average index of all types of enterprises. It is important to note that, Chinese state-owned enterprises (SOEs) only needed to be accountable to government authorities (Qu & Leung, 2006). Form the figure 8, average CSR index of FIEs is relatively low, the distance between them and state-owned enterprises is apparent, slightly behind private enterprises in China. However, FIE form different home country present obvious different CSR performance (Figure 9)

The data depend on the top 100 samples in China. Several factors affect this index of FIEs from different home country, such as number of enterprise and business field. Daily chemical industry and IT service and IT device manufacture industry have huge advantage comparing fashion industry and transportation industry.
In terms of CSR performance of FIEs in China, the index of environmental responsibility is very high (CSR blue book in China, 2011). FIE make a point of doing investment in environmental responsibility. On the other hand, social responsibility (which refers to government-related, employee-related and work safety in this book) and marking responsibility (which refers to customer-related and partner-related) have more space to improve for FIE in China. Another problem for foreign enterprises is CSR management is falling behind CSR practices. The reason is closely related to the current main approach of realizing CSR investment is donation and charity, which means the cooperation with NGOs in China is very important. However, operating system of NGOs in China is still far from perfect. The different culture and system have negative impact on FIE’s CSR practice tracking and management. Thus the acknowledgement of NGOs operating in China and bridge the gap between different cultures are significant for FIEs fulfill CSR efficiently.

Furthermore, Comparing to 2010, there are 124 enterprise rose in the rank, 52 of them is FIE, that means FIE’s CSR performance improved a lot in 2011, in the way evaluated by CSR research center in China.

5. RESULT

This result part is a data statistics on questionnaires for young consumer and new office employees. Several parts of interview on young consumers will present in

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Figure 9, CSR Performance Index in FIEs in China, Cheng & Huang and et al, 2011, pp.39
5.1. Young Consumers

Q1 to Q5 aim to know respondent’s perception and attitude towards CSR performance of FIE in China, thus those five questions reflected the acknowledge, involved level, expectation level and satisfaction level.

![Figure 10: Results from Q1 to Q5 of Questionnaire I](Author’s own 2012)

The figure above illustrates results of Q1 to Q5. “Awareness” reflected by Q1 means consumer's general awareness and knowledge about enterprises’ responsibility on society. “Attention” reflected by Q2 means attention level consumer paid on related CSR issue of FIEs in China. “Expectation” reflected by Q3 refers to consumer’s expectation level on CSR investment of FIEs in China comparing to other enterprises. “Satisfaction” reflected by Q4 means customer satisfaction on CSR performance of FIEs in China. Propensity reflected by Q5 means in what extent the reputation and image of enterprises affect consumers’ propensity on goods.

“FIE have more CSR practical experiences, advanced technology in CSR practice, such as energy saving and environmental care.” One of student from CBCU gave her explain.

(--Interview 1)

Another respondent told “FIEs cannot reducing their standard when doing CSR in China in spite of Chinese relevant legislation isn’t require than much, I expect more and more good FIEs can leading local enterprise in CSR management.”
Purchase behavior: The data of Q6 suggested that, 45% respondents prefer to buy products of company has a good performance in the long term. According to Q14, only 25% of respondents show same behavior in the short term in terms of current news about positive CSR event. However, from Q13, 65% of respondents suggested a “avoid behavior” if negative CSR event occur, which means they will apparently consider more about other products in the short time. More interesting (see Q11 and Q12), when goods have the same price, 80% of respondents will prefer the one of CSR enterprises, when price distances is reasonable and tiny, this data reducing to 60%, and 40% of respondents showed they are not willing to pay premium price for enterprise’s CSR activities in spite of it’s reasonable.

“I am not willing to pay any extra on goods; I believe my repeat purchase is a way to support their CSR input.”

Sometimes I prefer to international brand goods because I believe they have strictly same standards request on product no matter where they produced.

“If their CSR performance in China is in accordance with developed country, I think I am more willing to trust the quality of their goods also strictly in line with worldwide.” One respondent told on phone.

“We cannot directly ask company stop doing harmful behaviour, but if I continue buying its product, which means I accepted the way it was produced. As for me, I will take this brand out of my consideration, many kinds of alternatives I can choose from.”

Influence behavior: 40% of respondents discuss CSR events with friends, they are willing to tell others what they know and make a comment while 30% of respondents gave a moderate answer to Q 9. The answer of Q7 is ambiguous, 40% of them have a moderate attitude towards their purchase behavior when received recommendation from friends in an affectional propensity on enterprise’s CSR activities. On the other hand, 25% of respondents are willing to take this recommendation into purchase action in the future. However, 60% of respondents will join a boycott action if they friends reject some goods since business activities have a serious negative impact on society, environment and children. 70% of respondents suggested that their attitude and purchasing behavior influence their family directly.

Job prosperity after graduating: 45% of respondent will take FIE’s social reputation into consideration about job hunting after they graduate while 35% of students will
not consider CSR performance into criteria, other 20% gave an ambiguous attitude to this question.

5.2 Office Employees

FQ 3 to Q6, 35% of respondents suggested lacking of affiliation in organization while 45% of respondents present an ambiguous answer “neither agree nor disagree”. In terms of felling of being valued and respected, 60% of respondents gave a positive answer while negative answer is 30%. Meanwhile, 75% employees suggested they have a positive attitude on work. 40% of them suggested an ambiguous answer on creative and innovative performance on work, and 15% of them gave a clear answer show them prefer to be conservative to work. Furthermore, sub-question show that 70% of them more or less attribute their conservative attitude to “a feeling of not belonging, esteem, or self-actualization”.

According to Q7 to Q9, respondents represent majority of them are treated equally in terms of gender, race and other objective factors. Only 15% of them represents a ambiguous answers. More importantly, Majority of them also show a very positive attitude on Siemens’s citizen image in China, which means them feel proud of what kind of enterprises they work for. However, only 40% of respondents agree their leader always recognize their good working performance which makes them feel worthwhile with what they did.

See the data of Q10 to Q12, 80% of respondents satisfied with the ability development opportunity the organization provided, 15% of them think organization can do more about what they need on personal development. However, 55% of respondents are unsatisfied with their promotion opportunity, and only 10% of them believe they will get promoted in a near future.

6. ANALYSIS

This chapter will analysis the data of the survey, survey on those two group will not only support the perspective but also explore the causes towards FIE’s CSR performance in China.

6.1 Consumer’s Perspective

Survey in this study suggests that consumer of new generation have significant meaning in influence on other’s purchasing behavior, thought exchanging attitude on
specific CSR event. Particularly, this kind of influence act obviously on purchasing behavior of their family. Thereby, executives of FIE regard CSR as a strategic marketing approach of boosting sales in China, mainly aim to affect mainstream consumer’s behavior though good CSR performance. Public have more expectation to FIE’s CSR performance comparing to other enterprises, particularly to enterprises from developed countries. From the investigation data, majority of respondents (65%, see Q1) have a clear view on CSR, and 40% of respondents especially pay attention to FIE’s CSR events. (See Q2)

FIE’s good image on CSR have a positive effect on consumer’s “preference purchasing behavior” on a long view. It’s a recent phenomenon that Chinese consumer are increasingly in favor of international brand, since emerge of negative CSR events on own brand came one after another in last four years. The reply from investigation of this study gave more implication on this phenomenon:

Therefore, consistent CSR behavior in China with developed home country is a positive signal to public helping built confidence with social conscious consumer. According to Davis (1973), In order to be seen as socially responsible firms have to go beyond the minimum requirements of the law. Meanwhile, countries are different in cultural and geographical characteristics. For FIEs in China, their CSR behavior in every country should conforms to a same esthetics vision instead of same standard, no matter some laws in China is imperfect.

Negative effect of bad CSR news has more influence than positive effect of good CSR news in a short term. Unethical behavior created such a negative attitude towards the company that even the best sound quality could not convince customers to buy these products (Folkes & Kamins, 1999; Mohr et al., 2001).

65% of respondent will present a “avoid purchasing” behavior in a short term when a negative CSR new emerge to public, which emphasized the point that CSR input is supposed to be long-lasting behavior associated with enterprise’s sustainable development strategy, meanwhile, CSR risk management is a significant to enterprise in China.

From this survey, an obvious positive connection between CSR activities and purchasing behavior when ignoring price factor (see data of Q11 and Q12), the survey of Creyer and Ross(1996) suggested people even stated to be willing to pay higher prices for products of companies which are clearly operating within ethical constraints. In this study, 60% of respondents willing pay higher price while 40% of them unwilling to pay premium price for enterprise’s CSR input in spite of the price distance is slight and reasonable. Thereby, young consumers’ willing pay premium price and repeat purchase behavior have absolutely a positive effect on FIE’s CSR performance without pay premium price.
Another result from this survey is, young consumers’ influence behavior has a positive effect on FIE’s CSR performance, practically in family purchase decision. Smith (2003) stated that consumers today have the possibility to easily access and gather information regarding enterprises’ activities due to large information flow that the internet has given rise to, which very applicable to the new generation of China. Information exchange fast among young consumers’ individual social circle, what they inform and are informed on CSR issue have an effect on people around them, especially to their families.

While wage gap between FIEs and SOEs is getting small, FIEs can attract a larger pool of quality applicants by being known for positive CSR performance. These future job applicants “would have more positive self-concepts if they worked for firm with strong CSP” (Greening & Turban, 2000). This perspective is best applicable for new generation of China. The result of Q16 suggests 45% of respondents will take CSR performance and reputation into account in upcoming job offer acceptance. As prospective job applicants, new generation will report stronger job pursuit intention towards FIEs with positive CSR performance than other generation before.

6.2 Employee’s Perspective

From a sociological viewpoint, CSR behavior on improving employee competence involve both economical input activities (For example, internet-based skill-development courses, external skill exchange) and non-economical input activities (Such as learning in the process of fulfilling new work tasks with resource exchange in organization). According to the results of survey, majority of respondents satisfied with the competence development company provided, which means Siemens is doing good on employee economical input in terms of competence development. On the other hand, majority of respondents suggested from the results of Q1 and Q2 that creative and innovation behavior need to be encouraged.

Many researchers suggested that relationship between colleagues is very important in building a wellbeing soft working environment. Furnham (1997) points out that in most workplaces the employees are dependent on their colleagues to perform their work tasks and that co-operation should be of a supporting and helpful nature. However, only a quarter of respondents think they can get useful help from colleagues when facing problem at work. Physical working environment plays a fundamental role in employee productivity. More importantly, a strong connection exists between soft working environment and employee wellbeing. Enterprise is a group organized with employee in different position acting to achieve company’s goals. According to Frida and Persson(2004), not only the goals of the company should be met but also the emotional needs of the group members. (Frida and Persson, 2004)

Another positive measure for employees’ personal growth is providing fair
promotional opportunities. In China, FIEs are deemed to have more fair promotional opportunities comparing to other enterprises, since state-owned enterprises consider personal relation factor in employee’s recruitment and promotion. From the results of Q10 and Q11, there are much more employees unsatisfied with promotion opportunities comparing with competence development opportunities. More interesting, employees in a junior manager position have a positive attitude about the possibility of promotion in 3 years (5 of 7).

Many studies have focused on how to rank human needs within a given hierarchy of Maslow theory, and also a lot of studies hold the perspective of summarizing or dividing human needs and work values instead of ordering needs, such as Cole (1995) and Schwart (1999). The results for employee respondents in this study supported that there is no necessity for ordering different type of needs into hierarchy structure. The reason is the emergence and fulfillment of human needs may does not need to be completely satisfied before the next level's need emerges in practice. Particularly the result of Q7 and Q11 evidently showed the esteem needs can be fulfilled when social needs didn’t be satisfied. Another reason for a critical view on Maslow’s hierarchy needs theory is employees’ needs and expectation also change over time and vary across subgroups of employees (Wiley, 1997), which refers to individual factors such as gender, age, education background and occupation in company. Combing Q11, Q12 and basic information involved in questionnaire, the result showed middle managers have less satisfaction on promotion opportunity comparing to junior managers. However, results in this study suggested that gender factor may have slight influence on promotion motivation between female and male employees of Siemens, on other words, they present overall similar satisfaction level to current position.

Furthermore, a two-way communication itself as a behavior that brings a positive message that decision-maker respects everyone’s needs. In order to create an efficient and productive organization, internal communication is supposed to be transparent, high quality, and bidirectional. Therefore, a tow-way communication is important for decision-maker to receive information on the different state of organization and expectation of employees. Feedback is a way to “strengthen an employee’s confidence and wellbeing as it gives direction and instructions on how the employee is doing”. Ray and Bruce (1994) discuss the necessary for the management to listen, to support the employees and to show concern, understanding, compassion and consideration.

All in all, to maintain office working force, self-actualization need is high valued by nowadays office employees. Enterprises can help employees fulfill competence improvement and provide equal promotion opportunity as much as possible. One the other hand, in most cases the fulfillment of the employee’s affection needs and esteem needs is a requirement for the success of FIEs, as employees need to be a affective-warm soft working environment and feel be respected and worthwhile in order to be creative and productive.
7. CONCLUSION AND FUTURE RESEARCH

This last chapter will give answers to research questions and fulfill purpose of this study, as well as give suggestions for future research towards this issue.

7.1 CONCLUSION

Both theory and empirical findings in this study stated that as the most important stakeholders, employees and consumer’s expectation on company’s CSR activities positively effect on economic performance in a sustainable perspective. For FIEs in China, office employees are one of the most important stakeholders, and young consumers is a potential future talent resource they hope to attract. As consumer, new generation is the most social conscious generation who are main CSR communication group.

A number of theoretical contributions explain that CSR can positively impact on the value of shareholders by reducing firm risk, improving reputation, enhancing employee’s commitment and productivity, in short, through increasing the stock of intangible assets available to a firm (Gardberg & Fombrun, 2006). Thus CSR performance of a firm is likely to have a major impact its interactions with its stakeholders and is a matter of significant managerial interest.

The incentives for FIE to invest in CSR are from stakeholders, every groups of stakeholder has its unique driving force towards on FIE’s CSR behavior. In China, there main stakeholders a decision-maker is supposed to consider refers to employee, consumer, government which NOGs involved, and media which consumer is also participate as watchdogs. For employees, positive CSR performance has not only a positive effect on attraction to office work-seekers, but also helps enhance loyalty of current office employees in organization. Meanwhile, efficient CSR investment on employees from top of Maslow hierarchy needs may promote more productive and creative employees improve their performance. Especially for now day’s Chinese business environment, in terms of wage level, foreign invested enterprise provide less attraction to employees than before, investment on CSR in perspective of employees can fill the gap, more importantly, according to David (2001), it seems clear that organizations must make the effort to at least meet employee expectations at each level in the hierarchy. Because the need order of this hierarchy may change in different environment and needs may not satisfied even after the next level's need emerges. The result of survey in this study also suggested that the esteem needs can be
fulfilled when social needs didn’t be completely satisfied. But it is clear that in terms of office employees, more needs located at middle and top of hierarchy needs to be fulfilled, “only pay attention to worker safety and labor right” is outdated thoughts which may not apply to optimize office employees nowadays in China. For consumers, enterprises’ CSR performance consequently have positive effect on purchasing behaviors since CSR behavior can build a favorable image and maintain good reputation. It was found on the survey that consumer will present an inexorable decline to its product when FIE’s negative publicity occurs. On the other hand, some consumer indicated that favorable image and good CSR reputation will lead their direct purchase behavior. What’s more, as the new generation of China, subject in survey is typical to represent main trend consumer who have extremely more influences than any former generation, since they are the main force in the process of information zed revolution in China. More importantly, they involved in news broadcasting on tremendous extent and the impact of this kind of broadcasting does cannot be ignored. As the survey shows, for young consumers, their attitude towards FIE’s CSR behavior can impact on people around them, particularly on their family members.

Public benefic activities and charity are the main approaches for FIE fulfill its CSR in China, consumer of China would willing to support good CSR performance company with various type of behavior than before, such as pay reasonable extra price on goods, influence people’s attitude and behavior. What’s more, for employees in such an enterprise, CSR help enhance their sense of organization identity, which perceived as in the sense of self value realization in different level. On the other hand, new generation of consumer also holds critical eye on the FIE’s business behavior, since they are the main group that participating in CSR communication in informational age of China. Risk management on CSR is become trickier in China, so maintain a good image with consistently CSR behavior has more important meaning.

In brief, managers of foreign invested enterprises in China should realize the increasing CSR driving force which bring by human-oriented stakeholders, to communicate effectively with customers and employees. In the sense of decision-maker consider their needs and expectation from top of need hierarchy instead of only see responsibility from the low hierarchy needs. Especially to high-educated employees and customers, paying attention to their expectation and build an efficient two-way CSR communication mechanism could have profound impact on FIEs from internal and external environments. The research questions of this article may provide a broader explanatory assumptions for FIE’s CSR development in China, based on prior theory fundament and research findings. However, CSR behavior related office employees and young consumers of China are supposed to be a research trend not only for FIE, but also for local enterprises in China. A proper understanding of their view and expectation can help remove the tension caused by regional difference between business and society. More importantly, it is significant for enterprises to balance a variety of expectation of different primary stakeholders in dynamic business
environment of China.

7.2 Suggestion for Future Research

If CSR communication between enterprises and stakeholders is efficient customers and employees may be able to base decisions or relevant purchasing behavior on socially conscious. However, inhibitor of consumer and employee’ responsiveness to CSR can be a lack of awareness. FIEs may need to adjust the way to communicate its CSR activities with primary stakeholders internally and externally, as well as control CSR transparency. That would be another interesting issue. On the other hand, this study may provide a new angle to CSR performance of FIEs in China in the context of business environment transformation in China, how to shape their needs is another angle view (from enterprise’s perspective) to explore this issue.
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Appendix 1: Questionnaire for Young Consumers

(English version)

Thank you for your participation this survey! This survey is only used in research study which aims to analysis consumer attitude and purchase behavior toward Corporate Social Responsibility. The information you provided is anonymous, your feedback is very important to the research and your support is appreciated. If you are willing to communicate more about this issue, please leave your contact information on the bottom of questionnaire.

Please mark with a cross before your choice.

Basic information

Gender:
Male
Female
Questions

1. I know corporate have duty of being responsible for society, and the concept of CSR is not new for me.
   □ Strongly agree
   □ Agree
   □ Neither agree nor disagree
   □ Disagree
   □ Strongly disagree

2. I pay close attention to news regarding to CSR related behavior of foreign enterprises in China.
   □ Strongly agree
   □ Agree
   □ Neither agree nor disagree
   □ Disagree
   □ Strongly disagree

3. I think foreign enterprises from developed countries should take more responsibilities and promote the development of CSR in China.
   □ Strongly agree
   □ Agree
   □ Neither agree nor disagree
   □ Disagree
   □ Strongly disagree

4. I'm satisfied with the CSR performance of foreign enterprises in China
   □ Strongly agree
   □ Agree
   □ Neither agree nor disagree
   □ Disagree
   □ Strongly disagree

5. Reputation or image of a company will affect my affectional propensity on their goods and services.
   □ Strongly agree
   □ Agree
   □ Neither agree nor disagree
   □ Disagree
6. I prefer to buy products and services of the company that have positive reputation on CSR.
   - Strongly agree
   - Agree
   - Neither agree nor disagree
   - Disagree
   - Strongly disagree

7. When my friends recommend some products of a company with telling me the company presents environmental behavior, disadvantaged group care, or donation behavior. I am willing to try its goods in the future purchasing.
   - Strongly agree
   - Agree
   - Neither agree nor disagree
   - Disagree
   - Strongly disagree

8. If my friend reject some product of company which has negative impact on society, environment, or children. I would join him or her.
   - Strongly agree
   - Agree
   - Neither agree nor disagree
   - Disagree
   - Strongly disagree

9. I talk about CSR events with my friends if news spread and give my own comment on those events.
   - Strongly agree
   - Agree
   - Neither agree nor disagree
   - Disagree
   - Strongly disagree

10. I propensity to commodities from foreign brand than local brand.
    - Strongly agree
    - Agree
Neither agree nor disagree
Disagree
Strongly disagree

If your choice is agree or strongly agree, which causes can explain your propensity on product of foreign brand:

- Good image and reputation
- Good teleology and quality
- Scale and strength
- I just can’t tell clearly

11. In the case of two goods with same price, function and quality, I prefer the one produced by company which present more social responsibility on business.

- Strongly agree
- Agree
- Neither agree nor disagree
- Disagree
- Strongly disagree

12. I am willing to pay a reasonable extra price on enterprise’s CSR activities, for example, original price of a can of coke is 2.6 RMB, I am willing to spent 2.8 RMB in the case of company claimed that 0.3 Yuan to be donate to hope project with per sold out.

- Strongly agree
- Agree
- Neither agree nor disagree
- Disagree
- Strongly disagree

13. If bad CSR behavior comes to the company which product is my purchasing propensity, I will consider products of other companies in the future.

- Strongly agree
- Agree
- Neither agree nor disagree
- Disagree
- Strongly disagree

14. The current news about FIE’s positive CSR event influence on my purchasing behavior in the short term.

- Strongly agree
□ Agree
□ Neither agree nor disagree
□ Disagree
□ Strongly disagree

15. My attitude and purchasing behavior influence in my family.
   □ Strongly agree
   □ Agree
   □ Neither agree nor disagree
   □ Disagree
   □ Strongly disagree

16. I will take the FIE’s reputation and CSR performance into my consideration about my future job hunting.
   □ Strongly agree
   □ Agree
   □ Neither agree nor disagree
   □ Disagree
   □ Strongly disagree
Appendix 2: Questionnaire for Office Employees

(English version)

Thank you for participating in this survey!
This survey is only used in research study which aims to analysis consumer attitude and purchase behavior toward Corporate Social Responsibility. The information you provided is anonymous, your feedback is very important to the research, your support is appreciated. If you are willing to communicate more about this issue, please leave your contact information on the bottom of questionnaire.

Please mark with a cross before your choice.

Basic information

1. Gender:
   □ Male
   □ Female

2. Age:
   □ Under 22
   □ 22 – 32
   □ 33 – 45
   □ 46 – 55

3. Education level
   □ High school
   □ Bachelor degree
   □ Master degree
   □ PHD or above

4. Occupation
   □ Ordinary staff
   □ Junior manager
   □ Middle manager
   □ Top executive manager
Questions

1. I am always positive to my work and desire to make a useful contribution in my company.
   - [ ] Strongly agree
   - [ ] Agree
   - [ ] Neither agree nor disagree
   - [ ] Disagree
   - [ ] Strongly disagree

   Sometimes I have relevant negative attitude on work because a feeling of not belongings, esteem, or self-actualization. (Only for those who didn’t choose “strongly agree” on question 2.)
   - [ ] Strongly agree
   - [ ] Agree
   - [ ] Neither agree nor disagree
   - [ ] Disagree
   - [ ] Strongly disagree

2. I am creative and innovative to my work instead of behavior conservatively.
   - [ ] Strongly agree
   - [ ] Agree
   - [ ] Neither agree nor disagree
   - [ ] Disagree
   - [ ] Strongly disagree

   Sometimes I prefer to behavior conservatively because a feeling of not belongings, esteem, or self-actualization need. (Only for those who didn’t choose “strongly agree” on question 2.)
   - [ ] Strongly agree
   - [ ] Agree
   - [ ] Neither agree nor disagree
   - [ ] Disagree
   - [ ] Strongly disagree

3. I have perception of affiliation in organization.
   - [ ] Strongly agree
   - [ ] Agree
   - [ ] Neither agree nor disagree
   - [ ] Disagree
   - [ ] Strongly disagree

4. I feel be valued and respected in organization, not just for what I did for others and company.
   - [ ] Strongly agree
   - [ ] Agree
   - [ ] Neither agree nor disagree
   - [ ] Disagree
   - [ ] Strongly disagree

5. When I facing problem at work, I can get help which I need from my manager and colleagues most of time.
   - [ ] Strongly agree
   - [ ] Agree
   - [ ] Neither agree nor disagree
   - [ ] Disagree
   - [ ] Strongly disagree

6. Interpersonal communication among colleagues makes me feel comfortable both at work and at daily life.
   - [ ] Strongly agree
   - [ ] Agree
   - [ ] Neither agree nor disagree
7. I feel being treated equally by my boss at work in terms of gender, race and other objective factor.
   - Strongly agree
   - Agree
   - Neither agree nor disagree
   - Disagree
   - Strongly disagree

8. My boss always recognizes my good working performance with certain way, and makes me feel worthwhile with what I did.
   - Strongly agree
   - Agree
   - Neither agree nor disagree
   - Disagree
   - Strongly disagree

9. I am proud of contributing this group when I realize Siemens has a good citizen image in China.
   - Strongly agree
   - Agree
   - Neither agree nor disagree
   - Disagree
   - Strongly disagree

10. I am satisfied with skill development opportunity provided by my company.
    - Strongly agree
    - Agree
    - Neither agree nor disagree
    - Disagree
    - Strongly disagree

11. I am satisfied with promotion opportunity provided by my company.
    - Strongly agree
    - Agree
    - Neither agree nor disagree
    - Disagree
    - Strongly disagree

12. I have confidence about my promotion in three year if my performance is going up.
    - Strongly agree
    - Agree
    - Neither agree nor disagree
    - Disagree
    - Strongly disagree

13. I think communication mechanism is efficient when it comes to manager get to know the needs and expectation from staff.
    - Strongly agree
    - Agree
    - Neither agree nor disagree
    - Disagree
    - Strongly disagree
### Appendix 3: Answers of the Questionnaires

#### Consumer Questionnaire

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#### Employee Questionnaire

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