

**INSTITUTIONAL IMPRINTS: THE ENDURING EFFECTS OF PAST POLITICAL  
REGIMES ON CSR IN CHINA**

by

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## **ABSTRACT**

This research study explores how past political legacies have shaped the ways that Chinese organizations are conceptualizing and responding to recent pressures to engage in corporate social responsibility initiatives. While an established body of research has been devoted to unpacking the economic factors that motivate CSR activities, comparatively few studies have examined how past institutional arrangements may shape and channel contemporary responses to CSR. This oversight is surprising given that it is widely acknowledged that the understanding of corporate social responsibility differs across societies, industries, contexts and time. Employing a mixed-method research design that relies heavily on historical research, I attempt to shed some light on the relationship between past political imprints and contemporary variations in CSR activities. The study contributes to theories of imprinting by showing how the resilience of imprints – and how they manifest in contemporary organizational phenomena – may fundamentally depend upon: (1) the contextual conditions under which the imprints were initially formed; and, (2) characteristics of the geographic community in which the organization is embedded. The study also speaks to a growing body of research on institutional logics and complexity by providing insights into how an organization reconciles efforts to conform to new institutional arrangements with those that have been previously encoded in its structures, practices, routines and norms. The underlying implication is that instead of being dismantled and replaced in succession, past institutional logics leave behind residual manifestations that continue to influence subsequent eras in subtle, but consequential ways.

## **PREFACE**

This thesis is an original work by Mia Raynard. The research project, of which this thesis is a part, received research ethics approval from the University of Alberta Research Ethics Board, Project Name “CORPORATE SOCIAL RESPONSIBILITY IN CHINA”, No. Pro00030574, May 9, 2012.

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## CHAPTER ONE: INTRODUCTION

Since the late 1990s, the label ‘made in China’ has increasingly elicited feelings of apprehension and unease – a by-product of a long series of production scandals and labor rights violations that have made headlines around the world. Toxic melamine in milk products, toys with lead paint, exploding cell phone batteries, and a spate of attempted suicides by Foxconn employees have sparked international outrage and scrutiny over what appears to be the privileging of profit and economic interests over social and employee welfare. Yet this imagery stands in stark contrast to China’s socialist roots and communist legacies, which have championed notions of selflessness and of acting in the communal interests of society. Further, it seems to contradict China’s heritage of ‘industrial paternalism’, wherein companies are expected to provide safety nets and social protection for workers and their families (Gond, Kang, & Moon, 2011; Zu & Song, 2009). This paradoxical image of China’s business practices as both unscrupulous *and* grounded in humble proletarian roots raises some interesting theoretical puzzles – for how has private enterprise and personal wealth, once repudiated as “illegal and immoral,” come to be accepted and even privileged in a country that continues to proclaim its allegiance to socialist principles (Kluver, 1996: 2)? Moreover, how have organizations reconciled their socialist roots with new market demands?

To answer these questions, I explore how Chinese organizations are conceptualizing and responding to recent corporate social responsibility initiatives. My interest, in particular, is to understand how historically-entrenched institutions and practices not only influence whether firms act in socially responsible ways, but also channel attention towards particular responses and away from others. While an established body of research has been devoted to unpacking the economic factors that motivate CSR activities, comparatively few studies have examined the institutional



factors that underpin *variation* in such activities (c.f. Campbell, 2007; Jennings & Zandbergen, 1995; Jennings, Zandbergen, & Martens, 2002; Jones, 1995). Indeed, there is ample evidence suggesting that firm profitability, slack resources, economic climate, and market competition influence both the nature and levels of CSR activity (Margolis & Walsh, 2001, 2003; Orlitzky, Schmidt, & Rynes, 2003). Relatively little is known, however, about the institutional determinants – particularly those inherited from the past – spawn variation in the ways that firms interpret and respond to pressures to engage in CSR. This theoretical oversight is surprising given that it is widely accepted that “socially responsible behavior may mean different things in different places to different people and at different times” (Campbell, 2007: 950).

Understanding sources of variation in the ways that organizations respond to institutional pressures could deepen our knowledge of systemic problems that have provided incentives for firms to endanger social welfare in the name of profit. In contradistinction to rational choice and efficiency theories, which view organizational action as motivated by self-interests and utility maximizing calculations, an institutional perspective views it as being driven by cultural expectations and the need for social approval (Lieberman, 2002; March & Olsen, 1989; North, 1990; Oliver, 1991; Wooten & Hoffman, 2008). In accounting for the embeddedness of organizations within broader cultural and societal structures (Dacin, Ventresca, & Beal, 1999), an institutional perspective resonates with the basic tenet of CSR – namely that because “business and society are interwoven rather than distinct entities ... society has certain expectations for appropriate business behavior and outcomes” (Wood, 1991: 695).

That society has certain expectations of business is not a contested issue. However, *what* these expectations are, and *how* organizations should respond to them, are fundamental questions that have fuelled much of the debate surrounding CSR in the last sixty years. For some, a corporation’s

main social responsibility lies in increasing profits – such that social activities are viewed as a means to achieve economic results (Friedman, 1970, 2005). For others, a corporation is a ‘member’ of society and thus should accept duties and obligations to improve social conditions (Donaldson, 1982; McWilliams & Siegel, 2001; Wood, 1991). This latter perspective has, in recent years, gained ground largely because of the demise of corporate giants like Enron, WorldCom and Lehman Brothers – which have called into question the perception of corporations as mere instruments for wealth creation. At the very least, these events have served as a cautionary tale that unless normative and cultural institutions are in place to create structural incentives for socially responsible behavior, firms may opt “to benefit themselves at the expense of others, to free ride on (rather than contribute to) collective or public goods, and in some cases to subvert social welfare, such as by skimping on product quality and safety, engaging in toxic dumping, and so on” (Campbell, 2007: 947). Given the high stakes and detrimental repercussions of irresponsible corporate behavior, the case for enhancing our understanding of the institutional arrangements that enable and constrain CSR is gaining momentum.

China provides an intriguing and illuminating context in which to examine the relationship between institutional determinants and variation in CSR activities because its unique market economy is characterized by a complex juxtaposition of socialist and capitalist systems – which have evolved from different temporal processes and different historical configurations of socio-political and cultural institutions (Raynard, Lounsbury, & Greenwood, 2013; Steinmo, Thelen, & Longstreth, 1992). Through successive regimes and seeming reversals in state policies regarding ideological and economic goals, China’s institutional landscape has come to reflect a distinctive series of ‘imprints’. These imprints are the vestiges of inherently different state logics that prescribed conflicting expectations regarding the role of business in society, and what constitutes

appropriate social behavior by and between organizations. Appreciating China's political history provides an important window to the configuration of social and economic infrastructures that shape contemporary organizational decision-making and action. Yet, explicit attention to how past conditions continue to influence contemporary organizational phenomenon has been relatively scant – sparking mounting criticism of the “largely ahistorical character” that organization studies has gained in the last few decades (Usdiken & Kieser, 2004: 321). Addressing this criticism is of theoretical and practical importance because, as Marquis and Tilcsik (2013: 229-230) argue, “history cannot be simply controlled away with variables measured in the present: its influence lingers, affecting a wide range of important phenomena.” Scott (2014: 1) echoes a similar sentiment, stating that: “The beginning of wisdom for an institutional theorist is the recognition that current actors are greatly shaped by past efforts and their enduring products.”

Starting with the position that institutional arrangements are both historically contingent and culturally grounded (Friedland & Alford, 1991; Steinmo et al., 1992; Thelen, 2004), I build upon two main streams of research – imprinting and the institutional logics perspective. A common theme across both streams is that organizations not only interpret and make sense of institutional demands in terms of their previous experience and current stocks of knowledge, but their responses to these demands are shaped and constrained by existing structures, values and capabilities (Berger & Luckmann, 1966; Cyert & March, 1963; Garud, Gehman, Kumaraswamy, 2011; Gondo & Amis, 2013; Lounsbury & Glynn, 2001; Wry, Cobb, & Aldrich, 2013). Imprinting theory argues that elements adopted during an organization's founding persist, influencing decisions, strategies and structures long after the founding period (Baron, Hannan, & Burton, 1999; Stinchcombe, 1965). While there is extensive research demonstrating how imprints are maintained and reproduced (e.g., Baron et al., 1999; Beckman & Burton, 2008; Dobrev & Gotsopoulos, 2010),

there is a dearth of research examining the process by which imprints are formed and their subsequent organizational implications. However, understanding how imprints are formed is crucial to appreciating why certain technological, economic and socio-political elements and not others become imprinted (c.f. Johnson, 2007). Such an understanding could provide additional clues as to why some imprints persist while others fade or decay. Herein lies the core of the present research study, which is motivated by an interest in unpacking the relationship between imprinting conditions and contemporary variations in the ways that organizations are conceptualizing and responding to CSR pressures.

By adopting a mixed-method research design that relies heavily on historical research, I sought to shed some light on this relationship. My research unfolded in two phases. First, I collected and examined archival political documents dating back to the founding of the People's Republic of China in 1949 through to 2012. This corpus of primary source political documents covered 73 key political events including National Congresses, Central Work Conferences, Plenary Sessions, and Politburo Meetings. Political discourse in China is not only an important conduit through which the government reflects upon current challenges, sets political agendas and introduces new policies; it is also a reflection of the ideological consciousness, orthodoxy and priorities of the top polity (Heisey, 2000; Xu, 2004). Not only is each document carefully crafted and widely disseminated through government-controlled media – so as to have the “greatest possible persuasive impact on the populace” (Kluver, 1996: 4) – but every major political event is extensively documented and deliberated upon. Thus, through historical analysis of the political discourse and an extensive review of extant literature and research, I was able to not only identify shifts in the dominant state logic, but also delve deeply into the imprinting conditions, mechanisms

and defining practices of the political regimes of Mao Zedong (1949-1976), Deng Xiaoping and Jiang Zemin (1977-2001), and Hu Jintao (2002-2013).

In the second phase of the research design, I created a database of 3,298 CSR reports published by 1,204 Chinese companies between 2008 and 2012. These reports provided a means to discern broad patterns in how CSR initiatives are unfolding in China – notably, the types of practices and activities emphasized, and how the relative emphases vary across different organizational collectives. I supplemented this data with 43 interviews, conducted with CSR field experts and company informants in eight cities across China. This interview data was particularly useful for gaining unique insights into the first-hand experiences and understandings of local informants. Taken as a whole, this research design allowed me to combine insights into the circumstances under which political imprints were initially infused into organizational structures and practices with concrete examples of how these imprints may have manifested in contemporary CSR activity.

The study offers three main contributions. First, the study advances theories of imprinting by identifying contextual conditions that may increase the ‘potency’ of initial imprints – for imprints, I argue, are not created equal. Three conditions, in particular, appear to drive this variation: (1) the degree to which social, political and economic infrastructures coalesce to prescribe a *coherent* and *singularly-focused* set of expectations, practices and mandates; (2) the extent to which *mechanisms of control* reinforce adherence to institutional prescriptions; and (3) the level of *emotional fervor* fueling adherence to institutional mandates. The presence of these conditions not only increases the salience of initial imprints, but also their potential resilience in the face of change. While studies examining processes of imprinting have provided illuminating accounts of cultural entrepreneurship – whereby founders as entrepreneurial individuals “acquire elements from their historical contexts” (Johnson, 2007: 117) – such processes may be less appropriate in, or

characteristic of, authoritarian regimes such as China. Here again the Chinese context may be particularly informative – as political imprints are both ‘pushed’ *and* ‘pulled’ into organizations. In this respect, imprints are not an outcrop of the personalities, ambitions and creativity of founders (Johnson, 2007; Kimberly, 1979); but, instead, the combined product of strong top-down pressures from the government and strategic bottom-up signaling of political conformity. When these ‘push-pull’ mechanisms are especially strong and self-reinforcing, initial political imprints are likely to be pervasive and infused into the very DNA of an organization. This pervasiveness, as I will show, has consequential implications for the persistence of imprints and how they may channel organizational attention toward particular activities and away from others.

Second, the study identifies and articulates two important ways in which the embeddedness of organizations within particular geographic communities may amplify and perpetuate imprints. My historical analysis shows that preferential government policies, including redistributive policies and targeted market liberalization projects, exposed organizations to varying intensities of political imprints – with those in communities of favorable political standing experiencing more direct and extensive exposure to the dominant state logic than those without. Such policies have introduced slight variations into China’s institutional terrain, creating opportunity structures within specific geographic areas that have facilitated and encouraged the reproduction of political imprints. Likewise, my findings suggest that adverse early conditions within a community – such as geographic isolation, inadequate infrastructure development, and regional cultural prejudices – may further amplify and perpetuate imprinting effects because they spawn strong interdependencies between organizations and communities. Specifically, I find that adverse early conditions spawn robust and mutually reinforcing value systems and expectations amongst organizations and communities. By illuminating the importance of interrelationships between

organizations and communities, the study sheds light on a ‘distributed’ form of maintenance in which actors within *and* outside the organization perpetuate imprints.

Third, the study speaks to a vibrant body of research on institutional logics by providing insights into how an organization reconciles efforts to conform to new configurations of logics with those that have been previously encoded in its structures, practices, routines and norms. For, as I have argued earlier, appreciating an organization’s history is critical because responses to new institutional demands must be set in relation to, and against the background of, previous organizational arrangements and ‘repositories’ of institutional elements (Scott, 2013; see also Greenwood, Hinings, & Suddaby, 2002; Hargadon & Douglas, 2001; Lounsbury, 2007; Yan & Ferraro, forthcoming). Findings from the study suggest that instead of being dismantled and replaced in succession, past institutional logics leave behind residual manifestations that continue to influence subsequent eras in subtle, but consequential ways. Notably, when a logic is characterized by a tight coupling between its underpinning value system and material practices, its legacies may be especially resilient – such that even when the logic is displaced by a new dominant logic, its influence lingers within organizations and individuals. A better understanding of how legacies of logics continue to shape contemporary organizational behavior may provide more accurate causal explanations of the variability of organizational responses to the same institutional pressures.

From a practical standpoint, a better understanding of how past political imprints spawn variation in CSR activity in China could help policy makers identify structures and practices that encourage or hinder socially responsible business behavior. Unlike CSR initiatives in Europe and the U.S., those in China have largely been initiated and promulgated by the government – instead of the private sector or civil society. This distinctly top-down approach may extend Western

conceptualizations of CSR that have traditionally emphasized ‘discretionary’ and ‘voluntary’ activity beyond that which is required by law. Examining an authoritarian, transitional regime such as China thus has the potential to advance CSR research, which has long been dominated by studies of Western capitalist societies.

The remainder of the dissertation is organized in five chapters. The next chapter elaborates the theoretical foundations of this research – focusing, in particular on the literature on organizational imprinting and institutional logics. Chapter 3 outlines the research design and methodology that was used. Chapters 4 and 5 detail the results of my historical research and subsequent analyses, respectively. Chapter 6 then follows with a discussion of the boundary conditions of the study and potential avenues for future research.



## **CHAPTER TWO: THEORETICAL FRAMING**

To understand sources of variation in how corporate social responsibility initiatives are unfolding in China, I draw on two main streams of research. First, I review the literature on imprinting and highlight its extensions to organizational research on communities and transition economies. I then examine literature on institutional logics and organizational responses – focusing, in particular, on field- and organizational-level factors that enable and constrain responses to institutional pressures. I conclude the chapter by detailing how insights from studies of imprinting and institutional logics can be usefully mapped onto a theoretical framework for examining variation in corporate social responsibility initiatives in China.

### **Institutional and Organizational Imprinting**

At the core of research on imprinting is the notion that organizations take on elements of their founding environment and that these elements persist, influencing subsequent strategic choices and long-term development (Beckman & Burton, 2008; Boeker, 1989; Johnson, 2007; Marquis, 2003; Stinchcombe, 1965). Studies have shown, for example, that environmental conditions at founding have a lasting influence on the administrative characteristics of an organization (Baron, Hannan, & Burton, 1999; Selznick, 1949), its form and structure (Dobbin, 1994; Kimberly, 1975; Meyer & Brown, 1977), as well as its capabilities and actions (Marquis & Huang, 2010; Tripsas & Gavetti, 2000). The central argument is that ‘imprints’ from the past remain largely intact because of traditionalizing forces and the vesting of interests – the implication being that “organizations formed at one time typically have a different social structure from those formed at another time” (Stinchcombe, 1965: 154).

Since Stinchcombe's (1965) seminal essay on "Social Structure and Organizations", the notion of imprinting has attracted considerable interest from a diverse community of management scholars (Marquis & Tilcsik, 2013). For organizational ecologists, this interest has centered on establishing a link between founding conditions and subsequent organizational mortality rates (Carroll & Delacroix, 1982; Carroll & Hannan, 1989; Hannan & Freeman, 1984; Singh & Lumsden, 1990; Swaminatha, 1996). Entrepreneurship scholars, in contrast, have focused on examining how founders' personalities and initial decisions influence subsequent structures, strategies, and development trajectories (Hargadon & Douglas, 2001; Harris & Ogbonna, 1999; Kimberly, 1979; Nelson, 2003). Further still, institutional theorists have investigated the various socio-cultural mechanisms that maintain and reproduce historically imprinted elements and relational patterns (Greve & Rao, 2012; Marquis, 2003; Marquis, Davis, & Glynn, 2013).

While this body of research has provided substantial support for the imprinting hypothesis, Johnson (2007: 98) laments that, "there is still much that we do not understand about organizational imprinting." Part of the reason is that most of the organizational research to date has focused on the processes by which founding characteristics are perpetuated and reproduced during an organization's subsequent history. Less attention has been paid to examining how processes of imprinting actually occur in the course of founding – that is, how technological, economic, and socio-political elements of the founding context become embedded in the structures and practices of a new organization (Johnson, 2007). Below, I review the literature on both processes of maintaining and reproducing imprints *and* processes of imprinting. I then discuss how imprinting research has been extended to studies of communities and transition economies.

***Processes of maintaining and reproducing imprints.*** Imprints persist because they continue to demonstrate utility, because there is a lack of alternatives, and/or because of inertial forces such

as tradition, vested interests, and taken-for-grantedness (Greve & Rao, 2012; Johnson, 2007; Kimberly, 1979; Stinchcombe, 1965). Numerous studies have explored how these imprints are maintained and reproduced. Baron, Hannan, and Burton's (1999) study of technology start-up companies in Silicon Valley, for example, shows that founders' models of employment relation served as organizational blueprints for the adoption of particular structures, premises for guiding decision-making, and hiring policies. Once these blueprints were formulated and articulated, they helped to 'lock in' particular expectations, interests and courses of action – which later influenced the degree of administrative intensity inherent in the organizations. Baron et al. (1999) also find that founders' initial decision to rely on network-based recruitment strategies led to the development *and* persistence of strong interpersonal connections, reliance on peer monitoring and self-management, which diminished the need for managerial and administrative specialists.

More recently, Dobrev and Gotsopoulos (2010: 1156) predicted that unfavorable conditions in the early years of an emerging industry would have adverse effects on the survival chances of first-mover firms – because “a new firm founded in an institutionally unrecognized social space is overwhelmed by the compound disadvantage of youth and social illegitimacy.” Their examination of the survival rates of US automobile manufacturers between 1885 and 1981 revealed that firms' initial focus on gaining social approval and external endorsement led to the development of routines, processes, and structures specifically geared toward addressing legitimacy deficits. However, this strategy invariably produced a long-term liability – as these routines, processes, and structures became obsolete and difficult to change once the new organizational form that embodied them became institutionalized.

Insights from these studies suggest that elements imprinted at founding are maintained and reproduced through a number of different processes. One is that organizations can become 'locked

in' to particular courses of actions and development trajectories, owing to founders' initial blueprints and decisions. Another is that organizational features and structural arrangements adopted to address environmental constraints at the time of founding can generate inertial tendencies, and pressures to maintain consistency and compatibility. Much of the research in this area echoes the work done by institutional scholars, who have examined processes of institutionalization (Barley & Tolbert, 1997; Lawrence, Winn, & Jennings, 2001; Zucker, 1977), maintenance (Dacin, Munir, & Tracey, 2010; Lawrence & Suddaby, 2006; Lok & de Rond, 2013; Micelotta & Washington, 2013) and persistence (DiMaggio & Powell, 1983; George, Chattopadhyay, Sitkin & Barden, 2006; North, 1990). While these studies provide important insights into the maintenance and reproduction of imprints, much less is known about how imprinting actually occurs in the course of founding.

***Processes of imprinting.*** To date, there have been few empirical studies explicitly examining the processes of imprinting. Yet understanding these processes is critical because they provide clues as to why certain technological, economic, and socio-political elements and not others become imprinted within new organizations. I highlight two studies that may shed some light on these processes.

The first is Kimberly's (1979) longitudinal examination of a new school of medical education that was established in September 1971. Kimberly identified two important sets of factors that defined the particular form the school took and the directions that it followed: 1) the situational constraints favoring its emergence at a particular point in history, and 2) the ambition and vision of its first dean. Not only did the "particular mix social, economic, and political factors" create a favorable climate for the establishment of a new medical school, but the federal government instituted policies and monetary incentives to help finance its establishment (Kimberly, 1979: 441). This

favorable context, in combination with the dean's commitment to new ideas and experimentation, led to the development of an innovative curriculum, highly personal social control mechanisms, and an organic work structure.

A similar set of dynamics is evidenced in Johnson's (2007) study of the founding of the Paris Opera. Recounting the historic origins of the Paris Opera – beginning with Pierre Perrin and Louis XIV's efforts to establish a royal academy devoted to developing French opera – Johnson vividly describes the role of cultural entrepreneurship in the imprinting process. Her study underscores the agency-driven nature of cultural entrepreneurship, whereby the creativity and initiative of the founder, and his/her engagement with cultural phenomenon and key stakeholders, contributes to the imprinting of particular organizational forms and practices. Lounsbury and Glynn (2001: 560) suggest that the capacity to draw upon resource and institutional capital may be the “key element in revealing what separates potential ‘winners’ from ‘losers’” processes of cultural entrepreneurship.

Both the Kimberly and Johnson studies underscore the importance of founders – and the founders' personalities, motivations, and capacity to leverage and exploit the conditions in their institutional contexts. Johnson (2007: 117) goes even further by rejecting the imagery of imprinting as “the environment itself somehow [stamping] particular elements onto the new organization” when “it is in fact solely through the efforts of entrepreneurial individuals that organizations acquire the elements from their historical contexts.” Yet, this alternative depiction may overemphasize the power of an individual entrepreneur at the expense of accounting for institutional constraints – a problematic, and likely less appropriate, portrayal in the context of authoritarian regimes such as China. The question remains, then, how do collective processes of imprinting unfold? To answer this question, I examine two extensions of the imprinting literature.

*Community legacies.* Community or collective imprinting occurs because founding environmental conditions have a fundamental impact on initial organizational structures and activities – which are then perpetuated by new organizations’ modeling and emulating “the collective’s older members” (Marquis & Tilcsik, 2013: 207). Greve and Rao’s (2012) study of mutual forms and cooperatives in Norway, for example, shows how the early founding of non-profit organizations spawned an ‘institutional legacy of collective civic action’ – which not only created a self-reinforcing cycle of organization building, but also had positive spillovers on different forms of nonprofits in subsequent periods. That is, the early founding of community organizations served as building blocks for the founding of subsequent community organizations. This perpetuation of community level legacies can be explained, in part, by the fact that community organizations “embody collective theories, stories, and material artifacts and, over time, comprise a local culture that is drawn upon by citizens to think and feel how their community ought to be organized” (Greve & Rao, 2012: 641). Marquis (2003) observes that limitations in air travel and communications technology led to the establishment of locally focused intercorporate director networks. The legacy of this historical social structure was maintained, first, because local norms and expectations generated isomorphic pressures toward a particular design template; and second, because new entrants tended to follow the example of prominent firms – i.e. looking to them for legitimate templates in designing their boards.

Similar community level processes have been documented in other areas of organizational research. Indeed, there is a growing body of research highlighting the role of local institutional contexts and social arrangements in diffusing and reinforcing inherited legacies across professions (e.g. Anteby, 2010; Dunn & Jones, 2010; Halpern, 1992), religious organizations (Hinings & Raynard, 2013; Shadnam & Lawrence, 2011), and geographically-bounded locales and political

jurisdictions (e.g. Galaskiewicz, 1991; Greenwood, Diaz, Li, & Lorente, 2010; Greve & Rao, 2012; Lounsbury, 2007; Molotch, Freudenburg, & Paulsen, 2000; Waldorff & Greenwood, 2011).

Studies have found, for example, that close geographic proximity generates a community-oriented affiliation, which then serves as a source of cultural differentiation and/or the basis of a distinct collective identity (Marquis, Glynn, & Davis, 2007; Wry, Lounsbury, & Glynn, 2011). This is aptly demonstrated in Lounsbury's (2007) examination of the US mutual fund industry. The study shows how professional money management firms in Boston and New York evolved distinct logics – owing to historic differences in their financial cultures. The financial culture of Boston was rooted in Brahmin elites wherein pedigree, propriety, and conservatism were cherished. Within this socio-cultural context, the 'trustee' logic flourished. In contrast, the financial culture of New York was characterized by class mobility and opportunism – such that the 'performance' logic reigned supreme. These historic differences, and the geographic distance between Boston and New York, generated path-dependent variations across these communities. Molotch, Freudenburg, and Paulsen (2000) reveal similar dynamics in their examination of two California localities. In comparing the two localities, they found that historical urban structuration processes generated a distinctive lash-up of local character and tradition – which produced 'durable distinctiveness'.

Extant research has provided useful insights into the ways that local institutional infrastructures and normative processes both perpetuate community legacies *and* generate path-dependent developmental trajectories. However, we are only just beginning to learn why some imprints and not others persist, and why some communities may be especially susceptible to processes of imprinting. To shed further light on these issues, I now direct attention to a second extension to the imprinting literature.

***Socialist imprinting and Communist legacies.*** A growing body of research on transition economies has documented the enduring legacies of past Soviet-style market economies and communist regimes (e.g. Child & Markoczy, 1993; Kriauciunas & Kale, 2006; Murrell & Wang, 1993; Peng, 2003; Peng & Heath, 1996; Pop-Eleches, 2007). These legacies have not only had a pervasive influence on the market economy and business environment of transition economies, but also spawned imprints that continue to influence firms' growth strategies, adaptive capacity and employment practices (Guthrie, 1999; McGregor, 2012; Pop-Eleches, 2007). A defining feature of the socialist imprint was that single-party rule, central planning, and the primacy of public ownership made organizations inextricably intertwined with the State:

The dependence between institutions and organizations under communism was largely a one-way process of organizational adaptation. Organizations were subject to efficiency pressures and to pressures to function in a manner approved by the top leadership. Over time, this led, through adaptation and some limited selection, to organizational adjustment to the institutions imposed from above. (Murrell & Wang, 1993: 390)

Not only were organizations 'forced' to comply with extensive government rules, regulations, and restrictions, but they were also tasked with: 1) fulfilling government production quotas and output goals; 2) ensuring employee equality and security; and, 3) executing the decisions of government agencies (Shinkle & Kriauciunas, 2012). Being instruments of State policy, organizations were, and still are, carriers of communist legacies (Guthrie, 1999; Han, Zheng, & Xu, 2014). The enduring influence of these legacies can be seen in the excess physical and human resources characterizing many state-owned firms. Peng and Heath (1996) attribute this pattern to the residual socialist ideology of full employment – which has pushed managers to find uses for excess human resources rather than downsizing their workforces. Another illustrative example is the overabundance of productive capacity in large-scale heavy industry sectors as compared to consumer-oriented service sectors, which can be traced back to the Soviet-style approach to industrialization and development (Fan & Scott, 2003; Murrell & Wang, 1993; Sit & Liu, 2000).



Indeed, several studies have revealed the various ways that socialist-communist legacies continue to fundamentally shape and constrain organizational behavior. Kriauciunas and Kale's (2006) study of firms in Lithuania, for example, found that high levels of socialist market imprinting adversely affected firms' abilities to change their operating know-how or knowledge sets successfully. They attribute this finding to the fact that firms' behavior "may reflect socialist-oriented actions partly due to pressures of the external environment that might still retain some features of the socialist era, and partly because socialist norms and values have simply been ingrained in their regular thought and practice by virtue of operating in such an environment for a long time" (Kriauciunas & Kale, 2006: 669).

Peng and Heath (1996), similarly, showed how institutional constraints precluded state-owned enterprises in transition economies from adopting the 'generic' expansion and acquisitions strategies prevalent in the West. Unlike most firms operating in market-based economies, these state-owned enterprises had little experience with pressures to reduce costs or to improve productivity, product quality, and profitability – owing to State-guaranteed sponsorship and financial support. In consequence, managers generally lacked the experience, capability, and skills to execute these types of generic growth strategies – driving them to adopt a network-based strategy of growth instead. Profound and lasting influences of Soviet-style communist regimes, thus, continue to fundamentally shape, channel and constrain contemporary organizational behavior – even as they transition to a more market-oriented economic environment (Kriauciunas & Kale, 2006; Marquis & Raynard, 2015; Pop-Eleches, 2007).

To explore how and why organizations may be differentially influenced by past political legacies, I now turn to research on institutional logics and organizational responses. Research in this area may shed some light on these issues because not only are organizations differentially enabled and

constrained by logics, but the degree to which logics are infused into organizational structures, practices and members also varies (Battilana & Dorado, 2010; Greenwood et al., 2011; Raynard, forthcoming).

### **Institutional Logics and Organizational Responses**

Institutional logics are “the socially constructed, historical patterns of cultural symbols and material practices” that direct attention toward particular stimuli, specify criteria for legitimacy, and define what constitutes appropriate behavior (Thornton, Ocasio, & Lounsbury, 2012: 2). As overarching frameworks for interpreting social reality, institutional logics provide an important link between agency and cognition *and* socially constructed institutional practices and rule structures (Thornton & Ocasio, 2008). In so doing, they serve as a useful lens by which to understand the interrelationship between contextual circumstances – i.e., the ‘institutional context’ – and organizational responses to environmental stimuli (Amis, Slack, & Hinings, 2004; Greenwood, Jennings, & Hinings, 2015). Not only do logics having differing capacities to enable, push or inhibit organizational actions, but their salience across different contexts and situations also varies (Thornton et al., 2012).

Importantly, the nature of the demands prescribed by logics varies, as does the relative power of their respective advocates – such that some demands may not only be more ‘restrictive’ than others, but also more difficult to ‘combine’ in practice with others (Lee & Lounsbury, 2015; Mitchell, Agle, & Wood, 1997; Pfeffer & Salancik, 1978). The critical issues are whether compliance to the prescriptive demands of one referent audience precludes adherence to those of another; and, whether the support of certain referent audiences is more important to an organization’s

performance and legitimacy than that of others (Delbridge & Edwards, 2013; Elsbach & Sutton, 1992; Mitchell et al., 1997; Pfeffer & Salancik, 1978).

Institutional prescriptions that are highly specific generally have a higher capacity to constrain organizational action. Studies examining the boundary between religion and science, for example, have noted the heightened challenges of reconciling fundamentalist Christian denominations with the natural sciences – because the former imposes “uniform belief structures” grounded in moral ‘commands’ rather than moral ‘principles’ (Ecklund, Park, & Sorrell, 2011: 561). Thus, conflict over competing truth claims about the world, such as how planets move or where humans come from, become especially difficult to negotiate as there is little room for discretion or interpretation. Conversely, studies of microfinance and social enterprises have found that shared value commitments toward solving complex social problems has facilitated more open and collaborative opportunities – providing organizations with more discretion over how they attend to competing social and financial mandates (Battilana & Dorado, 2010; Jay, 2013; Pache & Santos, 2013; see also, Lee & Lounsbury, 2015). As Clemens and Cook (1999: 448) point out: ‘If followed, an exclusively ‘must’ set of institutional rules would maximize accurate reproduction; a set of ‘must not’ rules would function as Hobbes’ hedges, predicting only the boundaries of what is doable; and a thoroughly ‘may’ set would minimize the institutional determination of social action promoting mutation and innovation.’ In other words, whereas ‘must’ and ‘must not’ set of institutional rules is expected to be closely followed, a ‘may’ set provides more leeway for conformity (Goodrick & Salancik, 1996; McPherson & Sauder, 2013; Zald & Denton, 1963).

Edelman’s work on legal institutions echoes the same reasoning, but goes further by stressing the importance of whether, and how far, institutional prescriptions are specific *and* enforced: “[l]aws that contain vague or controversial language ... and laws that provide weak enforcement

mechanisms leave more room for organizational mediation” (Edelman, 1992: 1532; see also, Edelman & Suchman, 1997, 2007). Similarly, Jennings, Zandbergen, and Martens (2002) demonstrate how regulatory systems and enforcement mechanisms can have a mediating effect on organizational compliance to environmental laws and standards – creating shades of gray between ‘compliance’ and ‘non-compliance’. It follows, then, that institutional prescriptions that both specify in detail what is expected *and* are heavily policed are especially constraining for organizations – because they have less discretion over how they choose to respond.

Organizations, however, not only vary in the degree to which they are ‘captured’ by institutional logics (Greenwood & Suddaby, 2006; Raynard, forthcoming), they also vary in their capacity to “interpret and manipulate symbols and practices” to resist institutional pressures (Thornton et al., 2012: 57). Studies to date have highlighted three interrelated factors that affect this capacity. The first is related to an organization’s potential for reflexivity – i.e., the ability to not only critique and reflect upon highly institutionalized structures and meaning systems, but to search for new possibilities (Ferraro, Etzion, & Gehman, 2015; Friedland & Alford, 1991; Meyer, 2008; Seo & Creed, 2002). Greenwood, Jennings, and Hinings (2015) suggest that reflexivity occurs as a response to exogenous shocks that disturb taken-for-granted ideas, endogenous tensions that draw attention to institutional contradictions within a field, and intra-organizational initiatives and improvisations that reverberate to the field (see also, Smets, Morris, & Greenwood, 2012). Rao, Monin, and Durand’s (2003: 803) study of French gastronomy, for example, shows how adherents of nouvelle cuisine movement were able to ride the “antiauthoritarian wave” building in the literary, theatre and film worlds to challenge the dominance of classical cuisine. Glynn and Lounsbury (2005), in contrast, highlight the *endogenous* tensions in the field of symphony orchestra. They find that in the wake of continued declines in patronage, government support and

attendance, the Atlanta Symphony Orchestra was forced to rethink and renegotiate traditional settlements between aesthetic and market logics – and in so doing, introduced more ‘mainstream’ or ‘pop’ interpretations of classical music. As these studies show, exogenous and endogenous opportunities for reflexivity open up avenues for change and organizational variation.

A second factor centers on power differentials and resource asymmetries between organizations and field-level advocates of a logic. When an organization is sufficiently large so as to be beyond the reach and scope of a field’s governance structures, its exposure to normative processes and regulatory pressures declines (Greenwood & Suddaby, 2006; Seo & Creed, 2002) – opening up more opportunities for resistance, cooptation and manipulation of the ‘rules of the game’ (Kraatz & Block, 2008; Oliver, 1991; Pfeffer & Salancik, 1978; Zald & Lounsbury, 2010). Greenwood and Suddaby (2006: 42) provide an illustrative example, wherein the “regulator becomes less powerful than the regulated.” They find, in particular, that because the Big Five accounting firms’ activities expanded beyond the jurisdiction of field-level regulations, and because their technical capability exceeded that of regulatory agents, these firms were somewhat ‘immune’ to coercive and normative processes. Conversely, when field-level constituents wield enough power to push organizations to take their demands into account (Meyer, Scott, & Strang, 1987; Pache & Santos, 2010; Pfeffer & Salancik, 1978), organizations have less discretion and fewer opportunities to resist or subvert institutional pressures.

A third factor advanced in the literature is related to the ties between the organization and field-level constituents. When such ties are stronger and greater in number, organizations are likely to be more beholden to particular institutional prescriptions and audiences – for, as Greenwood et al. (2011: 342) point out, “connections between organizational members and the field at large are important mechanisms by which a particular logic imposes itself upon an organization.” Marquis

and Qian (2013), for example, find that when Chinese firms have stronger network connections within the government bureaucracy, they are more likely to substantively respond to government signals about legitimate activities – because of they tend to be exposed to higher levels of government monitoring. Raffelli and Glynn (2014) reveal similar dynamics in their study of organizational adoptions of employee volunteering programs. They find that when organizations have strong relational ties to professional networks and industry peers, they are likely to adopt more complex and tailored practices that are suited to the specific needs of the community served. As these studies demonstrate, an organization with strong or extensive ties to field-level constituents may face intense pressures to be responsive to their demands (Greenwood et al., 2015; Pache & Santos, 2010).

Taken together, these streams of research suggest that the effects of institutional logics are “mediated through the cognition of social actors interacting with other social actors in negotiation and cooperation” (Thornton et al., 2012: 113) – such that the relative salience and influence of different logics may vary across organizations. This variation suggests that the legacies of logics and their imprints within organizations may vary. However, despite the proliferation of studies exploring how logics variously influence organizational behavior, there has been a paucity of studies examining how previously dominant logics continue to influence the behavior or organizations – even after the emergence and institutionalization of new logics (c.f. Raynard et al., 2013). Of particular interest in this present study is to understand how past state logics continue to shape contemporary organizational decision-making and behavior – specifically, why organizations imprinted by different institutional logics have differentially conceptualized and responded to pressures to engage in CSR.

## **Conclusion**

Instead of being ‘blank’ entities, organizations are better portrayed as carriers of inherited imprints and legacies – whose influence lingers, affecting a wide range of organizational phenomena (Marquis & Tilcsik, 2013; Scott, 2013). The implication is that organizations imbued with different historical experiences and capabilities may conceptualize and respond to new institutional prescriptions differently – especially if these prescriptions are ambiguous or multifaceted (Edelman, 1992; Edelman & Suchman, 2007). For some organizations, then, pressures to engage in corporate social responsibility initiatives may not be seen as problematic because they align with imprints that have been previously encoded in the organization’s structures, practices, routines and norms. Such alignment may not only encourage firms to actively engage in CSR initiatives, but also channel attention toward particular responses and away from others. It is, therefore, important to understand how imprints continue to shape, constrain and enable organizational decision-making and action.

By leveraging insights from research on imprinting to examine variation in organizational responses to CSR, I aim to draw attention to the ways that past institutional arrangements continue to shape the interrelationships between actors and their environments. Of particular interest is whether organizations founded during the same historical era – and, subsequently exposed to the same ‘sensitive period’ (Marquis & Tilcsik, 2013) – will interpret and respond to contemporary CSR pressures in similar ways. That is, whether and to what extent the ‘imprinting effect’ is equally salient across specific organizational collectives.

## CHAPTER THREE: RESEARCH DESIGN AND METHODS

### Research Design

To explore how imprints inherited from past political regimes color the ways that organizations interpret and respond to contemporary pressures, I employ a mixed-methods research design that is comprised of two phases. In the first phase, I draw upon historical research as well as extant theory to trace shifts in the institutional terrain from the founding of the People's Republic of China in 1949 to 2012. I focus, in particular, on the changing configurations of social, political and economic infrastructures characterizing the regimes of Mao Zedong (1949-1976), Deng Xiaoping and Jiang Zemin (1977-2001), and Hu Jintao (2002-2013).

In the second phase, I rely on organizational documents and interview data to examine, first, how organizations are conceptualizing and responding to recent CSR pressures; and, second, how the socio-economic development policies of past political regimes have spawned particular patterns of CSR activity across organizational collectives. This research design allowed me to combine information about the conditions and mechanisms by which political imprints were initially infused into organizational structures and practices *with* insights into how these imprints have manifested in contemporary understandings of CSR.

### Data Sources

My dissertation draws on four main sources of data. First, I collected keynote speeches from Party Congresses, reports from major Party meetings, the Party's constitution, and the Chinese government's 'five-year' economic development plans. In total, I collected and analyzed a corpus of primary source political documents covering 73 key events from 1949 to 2012 (see Appendix



A for a detailed overview of the documents). Official government documents provide an important window into the ideological consciousness of China's authoritarian regime – as they not only set the immediate political agenda, but also dictate structural and economic relationships in the market (Fan, 2006; Gillin, 1965; Kluver, 1996). Political discourse, in this sense, reflects a worldview that has been carefully crafted and scrutinized so as to convey the specific goals and interests of the top Party leadership. Further, through extensive propagation in government-controlled media such as newspapers, television and radio, political texts subtly shape social consciousness, norms and behavior (Heisey, 2000; Xu, 2004). As Kulver (1996: 4) points out, “political discourse in the People's Republic works in a trickledown fashion, in that it is carefully designed by the leadership to have the greatest possible persuasive impact on the populace.” In so doing, political texts are important conduits through which to understand how new sets of social norms are prescribed and new policies or actions are implemented and diffused across organizational populations (Lu & Simons, 2006).

Second, I collected 3,298 CSR reports released by 1,204 Chinese companies between 2008 and 2012. The start date of 2008 was selected because, prior to that date, very few Chinese companies had published CSR reports. To illustrate, although the Shenzhen Stock Exchange began promoting corporate social responsibility as early as 2006, by the end of April 30, 2007 only twenty listed companies on the stock exchange had published a separate CSR report (Lin, 2010). In dramatic contrast, the number of CSR reports issued by Chinese publicly listed firms jumped to nearly 400 in 2008 (Marquis & Qian, 2013).

For the most part, CSR reports are written by the company and follow either national or international guidelines – including those of the Chinese Academy of Social Sciences (CASS) CSR Report Preparation Guide, the Shenzhen Stock Exchange CSR Guidelines, the Shanghai

Stock Exchange CSR Reporting Guidelines, the State-owned Assets Supervision and Administrative Commission (SASAC) CSR Guidelines, the Global Reporting Initiative (GRI) Sustainability Reporting Guidelines, and the UN Global Compact Guide. The average length of a CSR report is 28 pages and includes a corporate overview and sections on corporate culture, corporate profile, and CSR-related initiatives such as public welfare and community development programs, environmental/ecological protection activities, and employee safety and welfare programs. Table 3.1 provides a summary of the CSR reports in my database.

**TABLE 3.1. Overview of the CSR Reports**

CSR Report Year	Report Details			
	Number of Reports	Mean Number of Pages	Minimum Number of Pages	Maximum Number of Pages
2008	371	72.63	3	428
2009	654	20.73	1	224
2010	796	21.25	2	209
2011	631	23.27	2	187
2012	585	23.23	3	147
Total	3148	27.90	1	428

Next, I used a global research database (ORBIS Bureau van Dijk) and a China-specific database (CSMAR) to collect demographic information and financial data on each of the firms – including the date of incorporation, headquarter location, type of entity, return on assets, industry classification, and number of employees. Observations that were missing key explanatory variables were removed from the sample. In addition, CSR reports that were in picture file format – and, therefore, not amenable to word count analyses – were removed from the database. The

final database comprised 3,148 reports from 1,185 firms. This data was used to discern broad patterns of CSR activity across different organizational collectives.

To supplement these data sources, I conducted 43 interviews in China from October to December 2012. My initial set of criteria for selecting interviewees was purposefully broad so as to cast a wide net over a variety of different perspectives and opinions on how CSR initiatives are unfolding in China. In the spring and summer of 2012, I began contacting potential interviewees from a diverse range of industries, geographic regions, and private and publicly traded firms. Over a period of five months, I set up 28 interviews with experts in the field of CSR and company informants in eight cities – located in the east, west, and central regions of China (see Figure 3.1 for a map of the interview locations). Once I arrived in China in the fall of 2012, I was able to set up an additional 15 interviews through a combination of direct contact and personal referrals. These interviewees were selected to address under-represented sectors and geographic regions – in order to provide a more balanced set of perspectives.

The majority of the interviews were conducted onsite at the interviewees' offices, factories, or meeting rooms. They were semi-structured and followed two basic interview templates – one for CSR field experts and another for company informants. The field experts that I interviewed occupied a variety of positions in the public and private sector. They included a CSR officer in an industrial association, a founder and general manager of a CSR consulting firm, an executive in charge of CSR at a financial advisory and consulting firm, and several academics involved in research on CSR and sustainability. Several of the experts that I interviewed were widely considered as the 'pioneers' of CSR in China – playing fundamental roles in introducing and generating awareness around CSR initiatives and research.

**FIGURE 3.1. Map of Interview Locations**



I opted to use a semi-structured interview format because it provided the structure needed to facilitate reliable comparisons across the interviews – yet, at the same time, provided informants with the freedom to express their views and interpretations in their own terms (Bernard, 2013; Mason, 2004). Field experts were asked to reflect on how CSR initiatives were unfolding in China – specifically, how CSR was conceptualized, how the receptivity and understanding of CSR has changed in the last decade, and to what extent CSR conceptualizations were unique to the Chinese context. They were also asked to reflect on the main impetuses behind the growing number of initiatives, the initial challenges in raising awareness and support for the initiatives, what directions they thought the initiatives would take in the next five to ten years.

Company informants, in contrast, were asked to comment on how CSR activities aligned with the company's business strategy, history and culture, the main challenges they faced when implementing CSR initiatives, and the types of CSR activities the company engaged in and why. Throughout the interviews, informants were encouraged to provide specific examples where possible. For the most part, company informants were high-level executives and senior managers (e.g. CEOs, Presidents, Chairs of Boards, Founders, Senior Executives, and HR Executives) with extensive knowledge of their companies and their companies' CSR activities. The majority were males between the ages of forty and sixty, who have been with their companies for an average of 12 years. The companies operated in a diverse range of industries including automotive parts manufacturing, organic agriculture, textile and apparel, hotel and hospitality, media and television broadcasting, fertilizer and chemical manufacturing, and public transportation.

The interviews were conducted in both Chinese and English, depending on the preference of the informant. On average, the interviews lasted one hour and thirty-three minutes – with the shortest interview lasting forty minutes and the longest lasting three hours and forty minutes. Where and when appropriate, I digitally recorded the interviews and then transcribed them. However, in situations when the recording of the interview was inappropriate or inconvenient (e.g., walking through the factory or during meals), I opted for detailed field notes. Appendix B provides a detailed inventory of the interview data.

## **Data Analysis**

*Archival political documents.* Because I had a clear idea of my research questions and interests, I employed a deductive analytic approach to guide the coding process. Using thematic analysis, I began coding the archival political documents by differentiating passages of text related

to four broad areas: (1) social, political and economic climate; (2) the relationship between the state and enterprises; (3) role of enterprises in society; and (4) prevailing organizational structures and practices. The areas were purposefully broad to allow some flexibility in identifying patterns and surfacing more fine-grained themes.

Each of these areas of interest was selected to provide a better, and more richly contextualized, understanding of imprinting conditions, mechanisms and outcomes. For example, data on the social, political and economic climate was meant to shed light on the stock of resources available during an organization's founding. Data on state-enterprise relationships and role of enterprises in society was meant to illuminate mechanisms by which political imprints were initially infused into organizational structures and practices. Finally, data on prevailing organizational structures and practices was intended to discern the specific imprints of each political regime.

Once I had categorized the data into the four areas, I started canvassing the coded segments to detect patterns of similarity and difference. My interest was to identify dominant themes within and across each area in order to develop a more holistic understanding of each political regime. In Mao's regime, for example, one dominant theme for social, political and economic climate was 'ideological fervor'. This fervor was exemplified in numerous statements that not only depicted Mao's every utterance as ideological orthodoxy, but also propagated frequent ideological education campaigns and a blind faith in the infallibility of the Party-state. Alternatively, a dominant theme for state-enterprise relationships in Mao's era was 'appendage of state bureaucracy' – because organizations largely served as instruments designed to carry out state policies and edicts. In terms of organizational practices, a dominant theme in Mao's time was 'cradle-to-grave' employee benefits, wherein organizations were expected to provide employees and their families with a host of benefits and services.

In the next stage of the analysis, I sought to identify fundamental differences across the three regimes. For example, while Mao's regime was characterized by 'ideological fervor', Deng-Jiang's regime could best be described as one of 'economic fervor' or 'money frenzy' (Jiang & Ashley, 2000). Virtually all attention and effort in the Deng-Jiang era was geared toward economic growth and prosperity through the market liberalization and the development of a vibrant exporting sector in the eastern coastal region. In contrast, Hu's regime was characterized by a more balanced approach to development. Relying on the philosophy of a 'Harmonious society', the Hu administration set out to pursue economic growth in light of a wider set of social and ecological considerations.

Throughout the analysis, I cycled back and forth between the data, literature and emerging themes to ensure a measure of consistency and reliability in my interpretations. After multiple iterations, I was confident that the themes surfaced in the analysis had been supplemented and corroborated with existing theory and research. Further, I was confident that I had a nuanced understanding of the circumstances surrounding political imprints and how they manifested in prevailing organizational practices and structures.

**CSR Reports.** The underlying purpose of this next phase of analysis was to discern patterns in the types of CSR activities and practices emphasized by different organizational collectives. To begin the analysis, I used on combination of deductive and inductive approaches to develop a custom Chinese-English dictionary of CSR terms. I examined the literature on CSR and CSR reporting guidelines (e.g. CASS CSR Report Preparation Guide, stock exchange guidelines, SASAC CSR Guidelines, the GRI Sustainability Reporting Guidelines) and created a list of words associated with CSR in China. I grouped these terms into three broad dimensions: employee benefits and subsidies, economic responsibility and community development and philanthropy.

These particular dimensions were selected because they had strong resonance with the political regimes of Mao, Deng-Jiang and Hu, respectively. To illustrate, the results from my historical analysis revealed that in Mao's time, one of the dominant themes in terms of prevailing organizational practices and structures was 'mini-welfare' state – wherein organizations were expected to provide employees benefits including housing, healthcare, and education. Building on the themes identified in the previous analysis, I created my CSR dictionary around the aforementioned CSR dimensions.

Textual analysis that relies on a predefined list of words (i.e., the 'bag of words' method), has been used to examine a wide range of phenomena including sensemaking processes during the recent financial crisis (Fligstein, Brundage, & Schultz, 2014), the impact of media coverage on CEO compensation (Core, Guay & Larcker, 2008), and fraudulent corporate disclosures and behavior (Humphreys, Moffit, Burns, Burgoon, & Felix, 2011; Larcker & Zakolyukina, 2012). One of the main advantages of computer-assisted content analysis is that it allows for comparison and the examination of variation across a large corpus of text (Fiss & Hirsch, 2005; Weber, Heinze, and Desoucey 2008). Additionally, the use of a specific word list provides a degree of transparency, consistency and replicability of findings (Humphreys, 2010). Thus, although computerized content analysis does not detect nuances in meaning, when it is paired with more fine-grained qualitative analysis, it can be useful for detecting and documenting patterns in discourse across groups.

To ensure that the lists were exhaustive, I incorporated all synonyms and variants of the words. In addition, I carefully examined lists to ensure that they were mutually exclusive – i.e., that each word was associated with only one dimension of CSR. Following Short, Brober, Cogliser, and Brigham (2010), I supplemented this deductive approach with an inductive procedure based on an analysis of a random sample of 100 CSR reports. Using MAXQDA 11 analysis software, I



conducted a frequency word count to create a list of over 71,000 ‘unique’ words in the sampled reports. After removing all the words that were not relevant to the analyses (e.g., prepositions, proper names, and dates), I began identifying and grouping terms, practices, and activities into the different dimensions of CSR. For example, words like ‘asset management’, ‘asset security’, ‘maximize profits’, and ‘investor returns’ were grouped under the category of *economic responsibilities*; whereas words like ‘charitable activities’, ‘volunteering’, ‘donations’, and ‘community building’ were grouped under the category of *community development and philanthropy*. Using Porter’s stemming algorithm, I identified word roots to capture lexical variations and to remove suffixes – for example, the word root *donat\** would capture donate, donating, and donations.

As the custom dictionary took shape, I cycled back and forth between the data and the literature on CSR to validate and refine the emerging categories. To further ensure the validity and comprehensiveness of the dictionary, I enlisted a native Chinese speaker to examine and code another random sample of 50 CSR reports. Any differences or variations in the categories were discussed and subsequent modifications were made to the custom dictionary.

Once the dictionary of CSR dimensions was created, I quantitatively content analyzed 3,148 CSR reports published between 2008 and 2012. To ensure that the dictionary words reflected the meanings and concepts they were intended or expected to (McClelland, Liang, & Barker III, 2010), I selected and examined a random sample of 50 CSR reports. Words that had dual meanings or that could be categorized under more than one dimension of CSR were removed. For example, the words ‘daycare facilities’ and ‘child care facilities’ were removed from the list of employee benefits because they were also related to community development and philanthropic activities. Word roots that occurred fewer than 100 times in the whole corpus of CSR reports were also

dropped from the dictionary. In the end, the word frequency analyses of the customized dictionary yielded a set of word counts for each dimension of CSR – for each of years from 2008 to 2012.

Using the direct counts of CSR terms would unfairly bias the results in favor of the longer reports because of the large variation in the number of pages in the reports. For example, direct counts would equate a 100-page report with 50 terms related to ‘employee benefits’ with a 10-page report with the same 50 terms. In this case, direct counts would mask the greater emphasis placed on employee benefits by the 10-page report. To address this issue, I created indicator variables for each dimension of CSR by dividing the total word count by the number of pages in the report. By accounting for the variation in the number of pages in a report, the indicator variables provided a more accurate means to gauge the relative ‘weight’ of emphasis on the different CSR dimensions.

Using STATA 14 analysis software, I examined the distributions of each indicator variable to determine whether the mean, median or mode would better measure the central tendency of the data. Because the distributions of the indicator variables were right-skewed – as is typical of count data – I decided to use the median values. Running the ‘tabstat’ command in STATA, I produced basic summary statistics for each dimension of CSR by founding political regime.<sup>1</sup> I then conducted separate analyses for each CSR report year and combined the results in order to explore the imprinting effects of each political regime. Given the nature of the count data, I used Kruskal-Wallis tests to determine whether the differences between the groups were statistically significant.

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<sup>1</sup> To account for the potential time lag between successive transitions of political regimes, I calculated ‘founding political regime’ as beginning two years after Mao, Deng and Hu ascended to power. A two-year lag seemed appropriate based on the analysis of political documents – which showed that the first two years of each successive regime was primarily directed at identifying major problems and setting the political and economic agenda for the administration.

To delve deeper into these imprinting effects, I conducted total frequency counts for each search term in the dictionary to identify the relative emphasis placed on particular CSR practices and activities by firms founded under the different regimes. I ran these frequency counts for the 2010 report year because of the five years in the database it had the highest number of reports. To identify the differences in the word uses between the CSR reports of firms founded under different regimes, I used Dunning's log likelihood test. The test compares the relative 'over-use' and 'under-use' of words across different corpuses of text (Pollach, 2012).

To explore whether patterns of political imprints were salient in particular communities, I ran the descriptive analyses in STATA again – but this time, I included the interaction terms for the founding periods and geographic regions. The reason I suspected there might be some geographic variation was because each regime targeted its socio-economic development policies within *different* geographic regions – i.e., Mao in the interior, Deng-Jiang in the Special Economic Zones in the coast, and Hu in rural areas. The results of these period-region analyses provided a set of median value counts for each CSR indicator variable – for each of the five CSR report years. To supplement, contextualize and corroborate these quantitative results, I undertook qualitative in-depth analyses of the interview data.

***Interviews.*** The analysis of the interviews progressed in three stages. The overarching purpose of the analysis was to delve deeper into: (1) how CSR is conceptualized and understood; (2) variation in the motivations behind engaging in certain CSR activities and not others; and, (3) the challenges of implementing CSR initiatives. First, using the informants' own language and terms, I began identifying and coding relevant concepts, practices, activities and understandings – drawing and building upon the custom dictionary described above. Using MAXQDA's multi-coding function, I identified and kept track of key document variables including the type of

informant (i.e., expert or company informant), founding political era (i.e., Mao, Deng-Jiang, or Hu), and geographic location (i.e., interior, coastal, and Special Economic Zone) associated with each coded segment.

In the second stage of the analysis, I relied on open coding to group the first-order codes (Gioia, Corley, & Hamilton, 2013) into broader categories. For example, first-order codes such as ‘we need to do this because our competitors are’, ‘doing this is part of our company’s culture and moral values’, and ‘it is our responsibility to help our society solve this social issue’ were subsumed under the category *motivations*. Alternatively, codes such as ‘employees, customers, the government, and the public always demand a lot’, ‘there are moral issues and money-related issues’, and ‘CSR is mostly about the long-term, but people in emerging markets are more focused on the short-term’ were subsumed under the category *challenges*. Through repeated iterations between the empirical data, preexisting theoretical constructs, and the custom dictionary, I allowed concepts to continue emerging until I had a clear sense of the relationships between the categories (Gioia, Price, Hamilton, & Thomas, 2010).

In the final stage of analysis, I cross-referenced existing categories with document variables to identify and surface more abstract themes across the types of informants, founding political eras, and geographic regions. The underlying focus of this stage was to identify patterns of similarity and differences between groups. After multiple iterations between searching for patterns and refining the emerging themes, all categories were eventually subsumed under broader thematic codes such as *patriotism*, *instrumentality*, *survival* and *morality* – which reflected the underlying sources of variation in the understandings, motivations and challenges associated with corporate social responsibility in China. Following Smets, Morris, and Greenwood (2012), I examined the data once more and revisited the initial codes in order to refine and validate the themes identified

in the final stage of coding. Statements of findings were made only when they were corroborated across multiple informants – so as to mitigate the possibility of problems associated with retrospective accounts (Gioia et al., 2010).

To ensure that the analysis met Lincoln and Guba's (1985) criteria for trustworthiness, I undertook four important measures. First, I encouraged informants to provide concrete examples from their personal experiences. Second, I regularly triangulated between the interview data and CSR reports; and, relied on 'member checks' to confirm and improve the accuracy of my interpretations. Third, having both 'insider' and 'outsider' informants, I had the benefit of combining intimate insights of each local company setting with a more distant perspective of field experts. Fourth, and relatedly, I had a research assistant – that was not connected to the research, but knowledgeable about the field – code a sample of the data. Discrepancies in codes were discussed and the coding scheme was refined accordingly. This 'outsider' coder not only provided a means to validate the coding schema, but also served as a sounding board for emerging concepts and themes (Gehman, Treviño, & Garud, 2013; Gioia, Price, Hamilton, & Thomas, 2010; Langley & Abdallah, 2011).

## CHAPTER FOUR: AN HISTORICAL PERSPECTIVE ON IMPRINTING IN CHINA

While studies on transition economies have drawn attention to the lingering traces of socialist legacies, few have delved deeply into the richly contextualized conditions under which firms were initially imprinted with these legacies. These conditions, and the shifting patterns of institutional mandates and social norms during transition, serve as the foundation upon which organizational structures and practices have evolved. As Stark (1992: 20) aptly points out:

[I]t is in the ruins that these societies will find the materials with which to build a new order; therefore, differences in how the pieces fell apart will have consequences for how the political and economic institutions can be reconstructed in the current period.

In other words, understanding how and why contemporary organizational structures and practices continue to reflect the past requires a greater appreciation of the ways in which past institutional arrangements were dismantled, replaced, revived or reconfigured (Lounsbury & Ventresca, 2002; Schneiberg, 2007; Skocpol, 1979; Steinmo et al., 1992; Thelen, 1999).

In the following section, I detail how the political regimes of Mao Zedong, Deng Xiaoping and Jiang Zemin, and Hu Jintao have shaped and defined China's unique institutional landscape. I highlight, in particular, how the dominant state logic of each regime not only structured expectations and value systems, but also directed organizational attention toward particular goals and environmental stimuli. The motivating purpose of this chapter is to provide a rich and multifaceted account of the conditions and mechanisms through which imprints were initially infused into organizational structures and practices. The chapter is organized chronologically, according to the political eras. Each section begins with a description of the social, political and economic conditions characterizing each regime. This is followed by a detailed account of state-enterprise relationships, the expected role of enterprises in society, and prevailing organizational structures and practices.

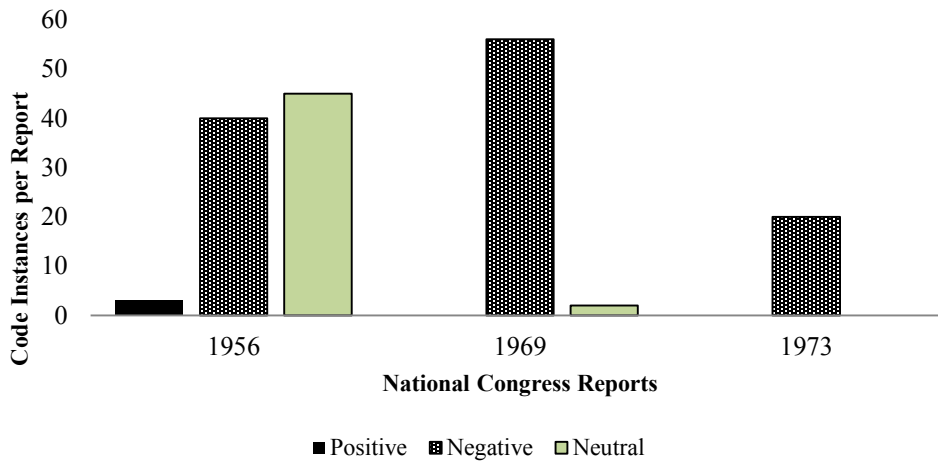
## The Imprint of Mao Zedong (1949-1976)

After Mao proclaimed the founding of the People's Republic of China on October 1, 1949, the government immediately sought to refashion society based on a Marxist-Leninist model of socio-economic development. Mao's socialist blueprint called for the development of a command economy by nationalizing banks and leading industries, collectivizing factors of production, restricting private enterprise, and exercising state monopoly over foreign trade (Chai, 2003; Seldon, 2002; Raynard et al., 2013):

[In] China's modern industry ... the largest and most important part of the capital is concentrated in the hands of the imperialists and their lackeys, the Chinese bureaucrat-capitalists. The *confiscation of this capital and its transfer to the people's republic* led by the proletariat will enable the people's republic to control the economic lifelines of the country and will *enable the state-owned economy to become the leading sector of the entire national economy*. (Second Plenum of the 7<sup>th</sup> CCP, 1949; emphasis added)

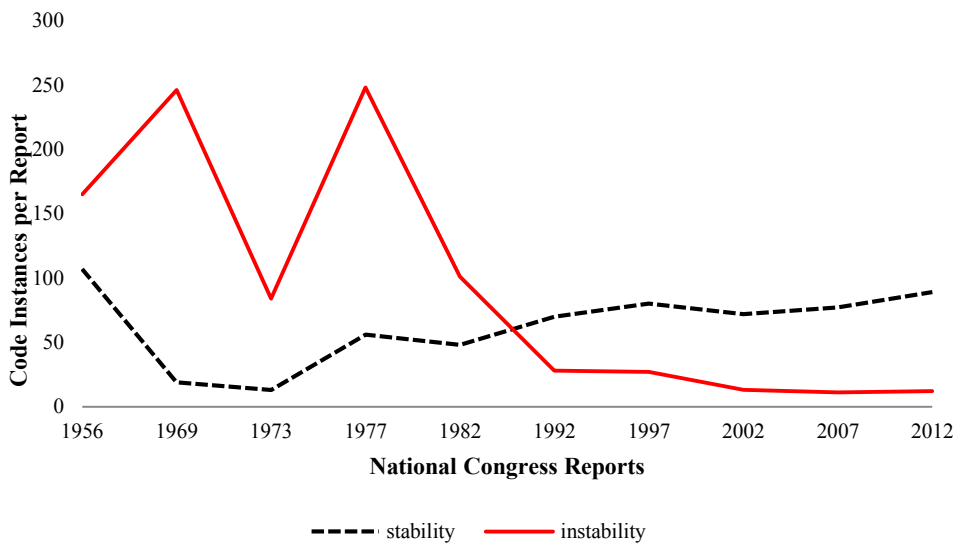
Within this context, there was a strong sense of disdain and mistrust toward capitalist pursuits. An analysis of the National Congress reports revealed that references to capitalism were overwhelmingly negative. For the most part, capitalism was perceived as the antithesis of the proletarian-socialist revolution: “renegades, enemy agents, and capitalist roaders” are threatening to “whip up the evil counter-revolutionary wind of economism” (Ninth National Congress, 1969). Figure 4.1 shows that in 1956 the framing of ‘capitalism’ was primarily negative or neutral – as the government discussed how the transformation from capitalism to socialism would be accomplished. In the following Congress reports in 1969 and 1973, however, the framing of capitalism shifted to an overwhelmingly negative tone.

**FIGURE 4.1. Framing of 'Capitalism' in National Congress Reports**



Mao’s socialist transformation emerged against the background of domestic turmoil and heightened tensions in China’s foreign trade relations. The trend lines in Figure 4.2 show that between 1956 and 1977, the government was preoccupied by sources of *instability* – which was reflecting in terms such as ‘war’, ‘threat’, ‘polarization’, ‘enemy’, ‘conflict’ and ‘aggression’. Likewise, there was a discernable drop in terms related to *stability* – e.g., ‘peace’, ‘stability’, ‘unity’ and ‘united’.

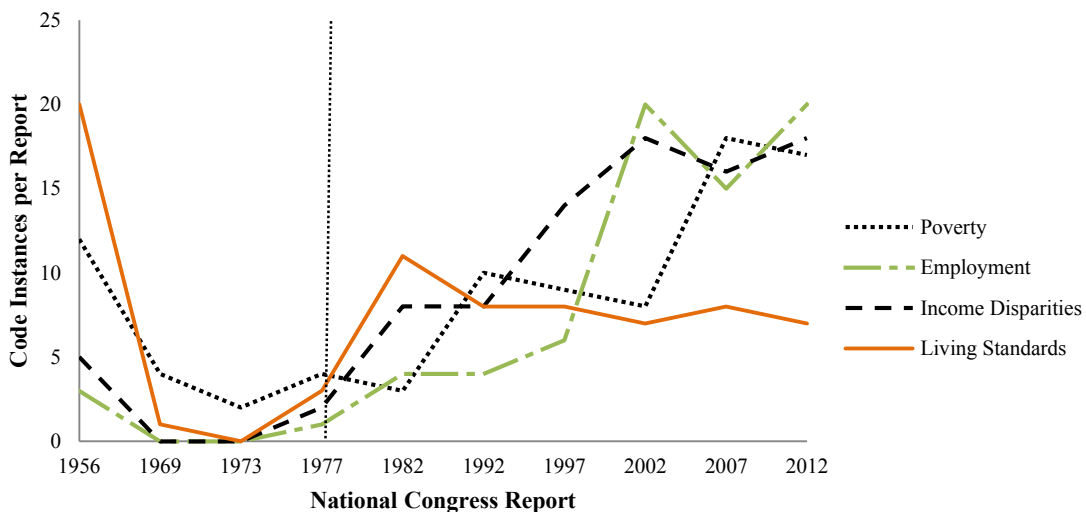
**FIGURE 4.2. Concern for Stability in Socio-political Environment**





These challenging political conditions were accompanied by a socio-demographic environment that was not especially conducive to business activity. As Figure 4.3 shows, during Mao’s regime there was a clear decline in the government’s emphasis on an array of issues such as poverty, employment, income distribution and living standards. Between 1966 and 1976, the country was engrossed in the ‘Cultural Revolution’ – a social-political movement designed to empower students, farmers, workers and soldiers to purge government officials who were ‘divorced from the masses’ and those who were ‘taking the capitalist road’ (MacFarquhar, 2011; Vogel, 2011). The movement paralyzed the country politically, and triggered a nationwide descent into chaos, factionalism and violence – all in the name of ideological purification. Millions of people were violently persecuted and a large segment of the urban youth was forcibly displaced to rural areas in the ‘Down to the Countryside’ campaign (Harding, 1987).

**FIGURE 4.3. Relative Emphasis on Socio-Demographic Issues**



The education system ground to a virtual halt as students were not only encouraged to denounce their teachers and school administrators for straying from the path of revolution, but also to decry traditional art, culture and literature (Spence, 2001). Instead of formal education, students were

exposed to intensive ideological education and propaganda, centering on the popular saying: “Father is close, mother is close, but neither is as close as Chairman Mao” (Jung, 1993).

Amidst this climate of ideological fervor, resources and major capital projects were increasingly diverted from the coast to remote interior locations – as a means to remedy uneven regional development and shift key industries away from the militarily-vulnerable eastern coast (Fan, 1995; Kirkby, 1985; Raynard et al., 2013). This privileging of national defense and ideological goals, however, came at the expense of economic efficiency, because remote interior regions generally lacked physical infrastructure, human resources and agglomeration economies. Thus, the government’s redistributive policies clearly benefited the interior region – which experienced not only a sharp rise in state subsidies, financial investments and manpower, but also rapid development of large-scale heavy industry in iron and steel, metallurgy, and automotive manufacturing (Murrel & Wang, 1993; Sit & Lui, 2000; Fan, 1995).

At the height of the Maoist era, virtually every facet of government, industry and society reflected an “unshakeable faith” in the infallibility of Mao Zedong Thought – such that any variance with ideological orthodoxy or disagreement over policy issues was tantamount to treason (Kluver, 1996: 33). Through numerous propaganda and socialization campaigns, Mao effectively elevated to deified status:

The study of Mao Zedong’s thinking by people all over the country has developed on an unprecedented mass scale ... *Reading Chairman Mao Zedong’s books, following his teachings and working in accordance with his guidance have become conscious acts of the masses of people.* Mao Zedong’s teaching has become a powerful ideological weapon, which is being used by tens of millions of people with increasing consciousness, and a great motivating force for progress in all fields of work. (Third Five-Year Plan, 1963; emphasis added)

Indeed, it was expected that the “living study and application of Mao Zedong Thought” be repeated “every year, every month and every day” (Ninth National Congress, 1969). This atmosphere of ideological fervor and the unquestioned authority of the Party had consequential implications for

state-enterprise relationships, societal expectations of the role of business in society, and the internal strategies and structures and of enterprises.

***Relationship between the state and enterprises.*** Under the centralized command economy, enterprises largely served as ‘appendages’ of the state bureaucracy (Dodds, 1996; Kriauciunas & Kale, 2006; McGregor, 2012). Commercial interests were subordinated to political and ideological goals: “Politics is the supreme commander, the very soul of our work. It is necessary to put ideological and political work above all other work” (Third Five-Year Plan, 1963). Because neither the market nor the organization had any influence over resource allocation, managers had little discretionary power or decision-making authority over structural and operational decisions (Naughton, 1995; Steinfeld, 1998). Further, there was no system of economic incentives and disincentives because government authorities collected all profits and the state absorbed all losses (Dodds, 1996: 705; see also, Oi, 1992).

Even private enterprises were expected to act in accordance with national interests and goals:

We can and should persuade the workers in private enterprises to act in the same way as those in state enterprises, namely, to increase production and practice economy, emulate one another in labour, raise labour productivity, reduce costs of production and raise both quantity and quality, thus serving the interest of both the state sector and the private sector and that of labour and capital. (Meeting with Democratic Parties and Industrial and Commercial Circles, 1953).

It was made it clear by the top polity that private enterprises were to be gradually incorporated into the state machine – both *physically* through joint state-private management and *ideologically* through political indoctrination campaigns:

[W]e have used such means as giving talks, holding discussion meetings and conducting classes among capitalists, organizing the capitalists and the members of their families to study, *inducing the capitalists to practise criticism and self-criticism among themselves and so forth, to educate them and help them solve their ideological problems* [...] While the transformation of capitalist industry and commerce has now only reached the stage in which private enterprises have been converted into joint state-private management by whole trades, *we must make preparations to transform these enterprises into state enterprises of a fully socialist character* at some opportune moment in the future. (Eighth National Congress, 1956; emphasis added)

It was expected that organizations hold meetings at regular intervals as a “good measure for exercising mutual supervision among comrades and promoting the rapid progress of the cause of the Party and the state” (National Conference, 1955). In effect, most organizations were enterprises of the state, charged with fulfilling government production quotas, ensuring employee security, and executing the decisions of government agencies (Shinkle & Kriauciunas, 2012: 450):

Party organisations should pay close attention to questions of economic policy ... and strive effectively to fulfil or over-fulfil the state plans for developing the national economy so that our socialist economy will make still greater progress. (Tenth National Congress, 1973)

To further ensconce its control over the industrial system, the government maintained a physical presence in all state enterprises. As decreed by top Party leadership at the Eighth National Congress in 1956, a system of leadership “with the Party as the nucleus should be set up in all enterprises.” This ensured that the government’s involvement in organizations was both pervasive and systematic, *and* that the goals of the socialist transformation would be realized:

We should strengthen the leadership given to primary organisations in order to ensure that leadership there is truly in the hands of Marxists and in the hands of workers, poor and lower-middle peasants and other working people, and that the task of consolidating the dictatorship of the proletariat is fulfilled in every primary organization. (Tenth National Congress, 1973)

Thus, through mechanisms such as indoctrination, mutual supervision, and Party offices, the government was able to cultivate and maintain an extensive web of control over organizations – in essence, ensuring that “all attention and loyalty” was directed toward the overriding will of the Party-state (Chan & Unger, 2009: 62).

***Role of enterprises in society.*** The *danwei* work unit system was the dominant means by which the Chinese Communist Party (CCP) mobilized, integrated and governed China’s urban population (Chan & Unger, 2009; Lin & Bian, 1991). One’s work life, domestic life, economic well-being and personal identity was tied to one’s work unit – be it industrial plant, factory, university, hospital or government office (Bjorklund, 1986; Xie & Wu, 2008). Indeed, workers

and their families depended on danwei for virtually everything – a phenomenon referred to as ‘organized dependency’ (Xie, Lai, & Wu, 2009: 283). Within each walled compound, the danwei provided housing, education, healthcare, childcare and pensions for its members (Bray, 2005). It further maintained centralized canteens, recreational facilities and shopping centers. The cellular nature of the danwei system was not only effective in producing dependency relationships, but it was also particularly effective in cultivating a strong sense of solidarity and cohesion (Naughton, 1997; Xie & Wu, 2008; Zhang & Chai, 2014).

Each danwei functioned as a social unit – a ‘cog’ in the multi-tiered hierarchy of the Central Communist Party infrastructure (Xie et al., 2009). Beyond controlling available housing and access to goods and services, the danwei also controlled decisions to marry, divorce or have children (Guthrie, 1999). Put simply, the danwei was omnipresent – permeating every facet of its members’ lives from the ‘cradle to grave’ (Gu & Zhang, 2006; Walder, 1986).

***Prevailing organizational structures and practices.*** Mao’s proletarian revolutionary line had a number of consequential implications for organizational practices. The danwei system and the prevailing egalitarian ethos of the Maoist era dictated hiring and firing policies, norms for labor management and promotion, and the provision of employee welfare benefits. According to the danwei system, employees and their dependents could reasonably expect to have their housing and basic needs taken care of. This arrangement, colloquially termed the ‘iron rice bowl’, ensured employment for any person who wanted a job as well as protection from dismissal and layoffs (Lü & Perry, 1997; Pun & Yu, 2008; Zu & Song, 2009). These societal expectations constituted a heavy social burden for state enterprises – such that they could not “casually shed labor during cyclical downturns, manipulate benefits in order to cut costs, or even substantially control the basic

wage scale” (Steinfeld, 1998:11). Instead of directing attention to maximizing productivity or efficiency, social obligations imbued within organizations a deep sense of paternalism:

To gradually improve the livelihood of workers and employees...First and foremost, we must see to it that their wages are gradually increased...make conscientious efforts to improve safety measures in production and intensify labour protection ... ensure and improve the supply of non-staple foods...gradually increase welfare facilities for workers and employees and make energetic efforts to solve their housing and other urgent problems...ensure that workers and employees have time to look after their domestic affairs and take proper rest. (Eighth National Congress, 1956)

Another important facet of Mao’s regime was its emphasis on fostering an egalitarian ethos. The prevailing imagery of the time was of ‘everyone eating from the big rice pot’ (da guo fan 大锅饭) – i.e. of conformity and equality (Chan & Unger, 2009). Individual interests were subordinated to the common national cause:

The revolutionary style of *doing everything in the interest of others, disregarding one’s own interests*, fearlessness in the face of trials or death and wholehearted devotion to the revolution have become new lofty moral trends in our society. (Third Five-Year Plan, 1963; emphasis added)

Managers were expected to exercise diligence and thrift and serve as exemplars of the Marxist virtues of self-sacrifice and austerity (Dodds, 1996; Kluver, 1996). This not only meant that salary differentials and the distinction between blue- and white-collar work was minimized, but that managers had to spend a portion of their time on the ‘factory floor’ (Chan & Unger, 2009):

*An important hallmark of a ... good leader is that he is familiar with the living and working conditions of the people, concerns himself with their welfare and knows what lies uppermost in their hearts.* He sticks to hard-working and plain-living, and shares the people's joys, sorrows and hardships. He can accept their criticism and supervision and does not put on airs in front of them. He takes his problems to the masses to consult with them, and the masses willingly tell him what they have to say. (Eighth National Congress, 1956; emphasis added)

Within this context, capitalist notions of personal wealth and private ownership were strongly discouraged. Indeed, the top polity believed that “[h]e who has plenty of money is bound to corrupt himself, his family and those around him” (Third Five-Year Plan, 1963). Those who fell out of political favor or deviated from ideological orthodoxy were often pejoratively referred to as ‘capitalist-roaders’ or ‘running dogs’. Thus, while capitalism was tolerated as a necessary evil in the short term, it was generally cast as the antithesis of socialist goals and interests:

The socialist transformation of private industry and commerce was directed against capitalism. The socialist transformation of agriculture, which was designed to abolish the private ownership of small producers, was by its nature also directed against capitalism. (Second Plenum of the 8<sup>th</sup> CCP, 1956)

Enterprises were restricted from interactions with foreign companies or markets – as the government believed that: “counter-revolutionary activities are directed from behind the scenes by imperialism, and particularly by U.S. imperialism. All these bandits, secret agents and spies are imperialist lackeys” (Third Plenum of the 7<sup>th</sup> CCP, 1950).

While assuming control over foreign trade and foreign exchange, the government further promulgated notions of self-sufficiency and self-reliance:

By relying on and bringing into play the strength of the masses, not only did we overcome our difficulties but we have brought about an all-round upsurge in the national economy ... strengthened our determination to exert greater efforts *to implement the policy of self-reliance and to break down the notion of relying on others* and having blind faith in them. This has greatly increased the material forces for *building the country by our own efforts*, and enabled us to find the correct road and a whole set of concrete measures for carrying out the socialist revolution and socialist construction in conformity with objective laws and the specific conditions of China. (Third Five-Year Plan, 1963; emphasis added)

By limiting enterprises’ interaction and dependence on other countries, Mao was able to mitigate their exposure to alternative ideas, practices and norms.

Mao’s socialist blueprint and egalitarian ethos placed a heavy social and political burden on enterprises – one that was not only pervasive, but also reflective of ‘implicit’ forms of CSR (Matten & Moon, 2008). That is, organizations were implicitly expected to contribute to society and serve the interests of a wide group of stakeholders. Particularly salient was the expectation that organizations serve as mini welfare states responsible for the lifelong employment, health, and educational needs of their employees (Walder, 1986).

## **The Imprint of Deng Xiaoping and Jiang Zemin (1977-2001)**

Deng Xiaoping's rise to power, following Mao's death, marked a paradigmatic shift in state policy. Facing high levels of urban unrest, massive food shortages, and the chaotic aftermath of the 'Cultural Revolution', Deng's administration set out to restore order by reconstructing political and economic institutions. It ushered in a new development strategy that prioritized "efficiency over equity, individual creativity over collectivism, and regional comparative advantages over defence or ideological considerations" (Lin, 2002: 306).

[W]e are now, in the light of the new historical conditions and practical experience, adopting a number of major new economic measures, conscientiously transforming the system and methods of economic management, actively expanding economic co-operation on terms of equality and mutual benefit with other countries ... striving to adopt the world's advanced technologies and equipment and greatly strengthening scientific and educational work to meet the needs of modernization. (Third Plenary of the 11<sup>th</sup> CCP, 1978)

Under Deng – and his successor, Jiang Zemin – the guiding principle for economic development was a division of labor based on regional endowments and considerations of efficiency. Each region was assigned specific roles: export-oriented industrialization and foreign trade in the eastern region, agriculture and energy development in the central region, and animal husbandry and mineral exploitation in the western region (Fan, 1997):

*We should proceed in the light of local conditions and in accordance with a rational division of labour, with all the regions exploiting their own particular advantages for mutual benefit and prosperity [...] Instead of attempting to build complete, self-sufficient economies of their own, the regions should do everything in the interest of the nation as a whole ... We should promote rational exchange and cooperation between regions, so as to form a new pattern of circulation that will be beneficial to all.* (Fourteenth National Congress, 1992; emphasis added)

Whereas Mao's regime sought to reduce regional inequality and develop self-sufficient industrial bases, the Deng-Jiang regime emphasized pragmatism and coordination – an agenda that tolerated uneven regional development insofar as it improved efficiency (Chai, 2003; Fan, 2005; Spence, 1999). The eastern provinces' favorable location near the coast enabled them to benefit from government policies that were designed to accelerate China's integration into the global economy

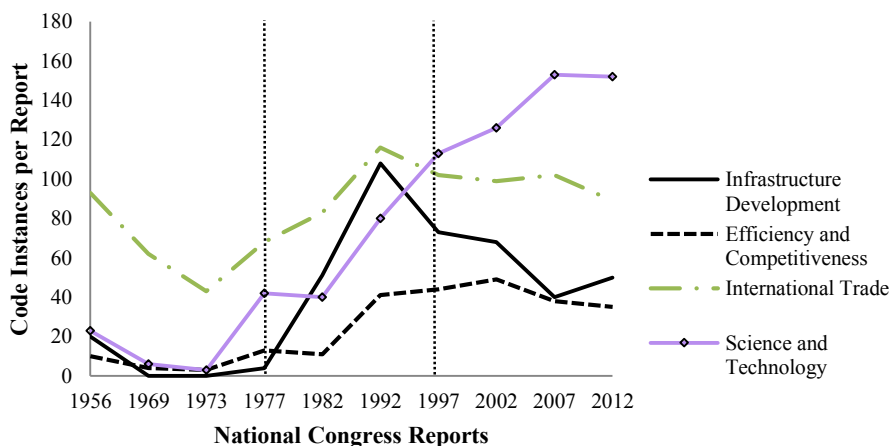


(Kanbur & Zhang, 2005). In particular, open zone designations were introduced to promote foreign trade through state funding for infrastructure development, tax breaks and greater autonomy over fiscal resources (Fan, 1997; Henderson, Tochkov, & Badunenko, 2007; Jones et al., 2003).

*A special economic zone is a medium for introducing technology, management and knowledge. It is also a window for our foreign policy. Through the special economic zones we can import foreign technology, obtain knowledge and learn management, which is also a kind of knowledge. As the base for our open policy, these zones will not only benefit our economy and train people but enhance our nation's influence in the world [...] as we develop the coastal areas successfully, we shall be able to increase people's incomes, which accordingly will lead to higher consumption ... We shall allow some areas to become rich first; egalitarianism will not work.* (Central Forum, 1984; emphasis added)

This reform program paved the way for economic liberalization in the eastern region, allowing the play of free market forces and the emergence of a vibrant exporting sector that took advantage of low cost, surplus labor (Lin, 2002). As capitalist elements were integrated into the economy, people were encouraged – for the first time in the PRC’s history – to pursue individual materialistic interests and personal wealth (Fan, 1995). Such capitalist notions, once repudiated as illegal and immoral (Kluser, 1996), were now ratified in laws and constitutional amendments that legitimated private ownership, business and land sales. Government attention was squarely directed at developing market mechanisms. As Figure 4.4 shows, there was sharp rise in political discourse around facilitating market competition through infrastructure development, efficiency and competitiveness, integration into the global economy, and science and technology.

**FIGURE 4.4. Features of the Competitive Market Environment**



With all attention now geared toward economic growth, social disparities between the rich and the poor, coastal and interior regions, and urban and rural areas began to widen. Local governments were incentivized to compete for scarce state resources and policy support – which not only sparked fierce inter-jurisdictional conflict, but also led to redundant infrastructure development (Savitch, 2010; Wu & Zhang, 2007). Over time, the threat of social unrest and political fragmentation loomed large, jeopardizing the legitimacy and authority of the ruling Chinese Communist Party.

In an effort to placate growing dissent and reconcile the apparent contradictions between new and old ideological orientations, the government went to great lengths to reassure the populace of the ‘correctness’ of reform – underscoring the exigencies of the current economic environment:

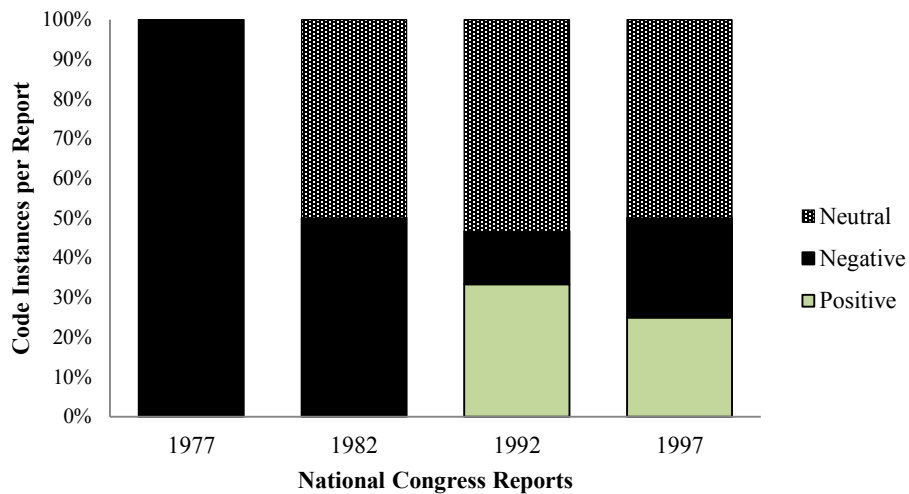
[W]e want to learn from developed capitalist countries and take advantage of such advances in science, technology, management and other areas as may be useful to us, *it would be foolish to keep our doors closed and persist in the same old ways*. (Second Plenum of the 12th CCP, 1983; emphasis added)

Opening will not hurt us. Some of our comrades are always worried that if we open up, undesirable things may be brought into China. Above all, they worry that the country might go capitalist. I'm afraid some of our veteran comrades do harbour such misgivings. Since they have been devoted to socialism and communism all their lives, they are horrified by the sudden appearance of capitalism. (Third Plenum of the 12<sup>th</sup> CCP, 1984)

The ideological justification for the policies was that there was more than one way to realize the socialist transformation of the economy – for, as Deng famously stated, “No matter whether the cat is black or white, it is a good cat so long as it catches mice.” Accordingly, the official stance of the Party was to concentrate development in the coastal region and then let its prosperity diffuse to the interior regions (Fan, 1995): “When some people and some regions get rich first, others will be brought along and through this process, common prosperity of the entire population will be gradually achieved” (80<sup>th</sup> Anniversary of the Founding of the CCP, 2001). The reform-minded polity, in short, believed that the socialist quest for equality was a hindrance to economic efficiency and that a ‘ladder-step’ or trickle-down approach would be more effective in raising the material

and cultural wellbeing of the nation (Fan, 1995; Friedman, 2006). In the National Congress Reports, there was a clear shift in the general framing of capitalism. While all 82 references to capitalism in 1977 were negative, this figure dropped to 3 negative references in 1982 – and, eventually, even included positive references in 1992 and 1997 (see Figure 4.5).

**FIGURE 4.5. Framing of ‘Capitalism’ in National Congress Reports**



By giving more reign to market forces, the government’s reform program moved away from a centralized command economy towards a socialist ‘market’ economy (Lin & Zhu, 2001; Nee, 1991). The unleashing of the profit motive, combined with China’s bid to position itself as the ‘factory of the world’, created a climate of economic fervor – which fundamentally altered the state-enterprise relationship as well as social expectations of what constituted appropriate behavior by and between organizations.

*Relationship between the state and enterprises.* As the economic reforms unfolded, the central government encouraged the diversification of ownership structures – including Chinese-foreign joint ventures and privately- or individually-owned enterprises (Dodds, 1996; Nee & Su, 1990). The underlying rationale was that diversified ownership forms would stimulate competition

and reduce the inefficiencies and excessive bureaucracy of central planning – which hampered growth and stifled innovation (Steinfeld, 1998):

*Under our present system of economic management, power is over-concentrated, so it is necessary to devolve some of it to the lower levels without hesitation but in a planned way. Otherwise it will be difficult to give full scope to the initiative of local as well as national authorities and to the enterprises and workers, and difficult to practise modern economic management and raise the productivity of labour. The various localities, enterprises and production teams should be given greater powers of decision regarding both operation and management.* (Central Work Conference, 1978; emphasis added)

To reinvigorate the sluggish state sector, the government introduced the Modern Enterprise System to ‘corporatize’ state-owned enterprises (Lin & Zhu, 2001). By separating state ownership from enterprise management, SOEs were granted greater flexibility over operational decisions once they had met bureaucratically-assigned output targets (Naughton, 1995; Vogel, 2011). The goal was to push state-owned enterprises to behave like privately-owned enterprises in a capitalist system, even though they continued to be predominantly owned by the state (Dodds, 1996: 730). By introducing the ‘Contract Responsibility System’ in 1986, the central government further empowered enterprises to formulate their own annual targets (e.g. profit remittance and retention rates), which were now jointly determined with their supervising government bureaus (Child & Yuan, 1996; Oi, 1992).

*We shall corporatize large and medium-sized state-owned enterprises according to the requirements of "clearly established ownership, well defined power and responsibility, separation of enterprise from administration, and scientific management" so that they will become corporate entities and competitors adaptable to the market... We shall cultivate and develop a diversity of investors in order to push the separation of administrative functions from enterprise management and change the way enterprises operate.* (Fifteenth National Congress, 1997; emphasis added)

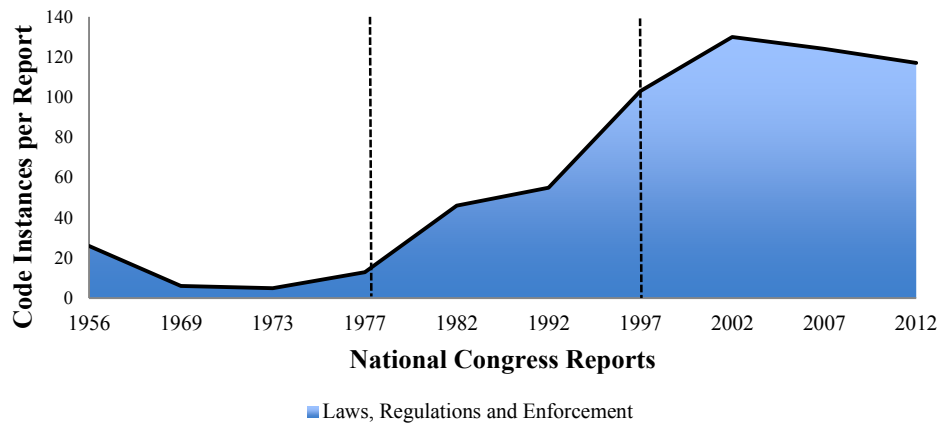
As the scope of central planning decreased, bureaucratic control over resources was increasingly replaced with market-based allocation – such that “vertical economic transactions between superior and subordinate agencies have been gradually edged out by horizontal transactions between market actors” (Steinfeld, 1998: 52). Instead of tight control and frequent and intrusive monitoring, the government granted SOEs the legal right to manage state assets – encouraging

them to engage in mergers and joint ventures to boost productivity and revitalize the economy. In addition, the government introduced a modern accounting and tax system that removed restrictions on private enterprises – enabling them to play on equal footing with those in the state sector (Dodds, 1996; Vogel, 2011). These moves altered dependence relationships, not only making power more diffuse in the economy and society, but also altering the nature of transactions from being politically to more commercially oriented (Nee, 1991; Nee & Matthews, 1996). This shifting of the locus of state control to local government administrations and enterprises exposed a number of vulnerabilities and weaknesses in the legal system. Weak protection of property rights and arbitrary state exactions from powerful local government agencies became increasingly problematic – prompting the government to initiate a program of regulatory reform, and change fiscal and monetary policies:

To establish a socialist market economy, *we urgently need to strengthen legislation*. In particular, we need to draw up laws and regulations that will ensure smooth progress of the reform and the opening up, and provide for better management of the overall economy and *standardize the economic behaviour of enterprises and individuals*. It is essential to enforce the Constitution and other laws strictly, to supervise their enforcement, to *put an end to arbitrary intervention by persons in authority* and to correct the practice of replacing imprisonment for criminal offenses with lighter punishment. (Fourteenth National Congress, 1992; emphasis added)

The government's increasing emphasis on developing legal institutions is readily apparent in National Congress reports. As Figure 4.6 shows, there was a notable increase in references to laws, legislation, regulatory enforcement, property rights and the judicial system – which rose from 13 in 1977 to 103 in 1997.

**FIGURE 4.6. Regulatory Emphasis**



Over time, as China’s economic modernization program took shape, expectations of the role of enterprises in society began shifting away from Mao’s proletarian revolutionary line. Enterprises were no longer mere ‘appendages’ of state bureaucracy, but instead, they became engines for economic growth. Instead of blindly following government edicts, they were incentivized to respond to free-market forces. Importantly, the government began to increasingly rely on the regulatory system to standardize and control organizational behavior:

We must publicize the legal system and make everyone really understand the law, so that more and more people will not only refrain from breaking it but actively uphold it ... Throughout the country we must resolutely implement the following principles: the law must be observed; law enforcement must be strict; law-breakers must be dealt with accordingly; and all persons are equal before the law. (10,000 Cadres Conference, 1980).

***Role of enterprises in society.*** By altering structures of opportunities and incentives, the central government increasingly channeled enterprise attention toward economic stimuli. The government’s new policies granted enterprises the status of ‘legal entities’ with the autonomy to pursue competitive opportunities:

By straightening out the relations between ownership and management of enterprises, separating the functions of the government from those of enterprises and granting the latter more autonomy, we should turn them into *legal entities responsible for their own decisions about their operation and expansion and for their own profits and losses*. They should become the most competitive enterprises and take responsibility for preserving and increasing the value of the state assets. (Fourteenth National Congress, 1992; emphasis added)

The intention was that through reform and the ‘Open Door’ policy, enterprises would play a leading role in China’s modernization drive – notably, in the areas of industry, commerce, science and education (Lin & Zhu, 2001; Vogel, 2011). Enterprises, in other words, were to serve as the mechanism through which China’s influence and competitive position in the world economy could be elevated and the growing material and cultural demands of the people met.

Enterprises not only facilitated the production and distribution of commodities and staple goods to a rapidly growing population, but they also provided much needed employment opportunities. Private enterprises, in particular, were critical in stemming the massive unemployment that followed the restructuring and closure of countless SOEs – as well as the return of millions of privileged urban youth who had been forcibly sent to the countryside under Mao’s ‘rustication’ campaign (Spence, 2001; Vogel, 2011).

*The non-public sector is an important component part of our socialist market economy. We should continue to encourage and guide the non-public sector comprising self-employed and private businesses to facilitate its sound development. This is of great importance to satisfying the diverse needs of the people, creating new jobs and promoting the development of the national economy.* (Fifteenth National Congress, 1997; emphasis added)

Because budget shortfalls and resource constraints, the central government could no longer afford the “habitual overstaffing, notoriously low productivity, and ever-declining profit performance” that characterized many SOEs. Accordingly, laws and regulations were enacted to reduce the social responsibilities and burdens of state-owned enterprises – so as to provide them with more incentives and flexibility to respond to competitive pressures. As SOEs were pushed to focus more on commercial objectives, local government authorities were expected to shoulder more responsibility for the overall regulation and provision of social goods (Steinfeld, 1998). This shift in the role of organizations from instruments of state policy and political indoctrination to

competitive legal entities had consequential implications for organizational practices – not just within SOEs, but all enterprises.

*Prevailing organizational structures and practices.* The Deng-Jiang regime initiated a series of fundamental changes to employee selection and management, corporate governance, and remuneration and reward systems. As part of the government's decentralization program, enterprises were granted more autonomy over structural and operational decisions. While state-owned enterprises were given more control over production choices, profit distribution and employment decisions, private enterprises were encouraged to hire more employees. Particularly important was the 1988 amendment of the Constitution to officially legalize private enterprises with eight or more employees (Dodds, 1996). By allowing enterprises to not only retain a greater proportion of profits, but also decide on how to distribute employee bonuses and benefits, the central government introduced strong incentives to increase productivity and reduce costs (Xie & Wu, 2008). The goal was to cultivate a new market-wide incentive system based on merit and performance rather than favoritism or 'clannishness':

[W]e have no regular methods for recruiting, rewarding and punishing cadres or for their retirement, resignation or removal. *Whether they do their work well or poorly, they have 'iron rice bowls'*. They can be employed but not dismissed, promoted but not demoted [...] *During the 'cultural revolution', when someone got to the top, even his dogs and chickens got there too; likewise, when someone got into trouble, even his distant relatives were dragged down with him. This situation became very serious. Even now, the abominable practice of appointing people through favouritism and factionalism continues unchecked in some regions, departments and units ...We need to exert ourselves if these problems are to be solved.* (Enlarged Meeting of the Politburo, 1980; emphasis added)

As part of this new incentive system, there was increased emphasis on selection and promotion based on professional knowledge and skills, not just political correctness. This shift altered the traditional balance between being an 'expert' and being 'red' – such that experts and competent technocrats were now preferred over the revolutionary cadres and heroic peasants that were revered during Mao's time (Lee, 1991; Wei & Brock, 2013):



[T]he four modernizations cannot be achieved merely by keeping to the socialist road; we must also *master professional knowledge and skills*. No matter what job a person has, he must acquire the specialized knowledge it entails and become professionally competent; those who fall short of this standard must study...others, who are really unable or unwilling to learn, should be transferred to other posts ... *Being 'expert' does not necessarily mean one is 'red', but being 'red' means one must strive to be 'expert'*. No matter what one's line of work, if he does not possess expertise, if he does not know his own job but issues arbitrary orders, harming the interests of the people and holding up production and construction, he cannot be considered 'red'. (10,000 Cadres Conference, 1980; emphasis added)

As organizations began overhauling employee selection, promotion and remuneration structures, there were increased opportunities for both individual recognition *and* blame. Managers were now being held accountable for enterprise performance – especially as their bonuses and rewards became increasingly tied to profit levels and meeting 'hard' budget constraints (Dodds, 1996). Thus, instead of working as a collectivist unit, guided by the "inner compass" of Mao Zedong Thought (MacFarquhar, 2011: 246), managers were encouraged to respond to competitive pressures and act upon individual enterprise:

*By combining remuneration according to work and remuneration according to factors of production and by giving priority to efficiency with due consideration to fairness, such a system is conducive to optimizing the allocation of resources, promoting economic development and maintaining social stability. We shall protect lawful incomes according to law, allowing and encouraging part of the people to get wealthy first through honest labor and lawful operations, and allowing and encouraging the participation of capital, technology and other factors of production in the distribution of gains. (Fifteenth National Congress, 1997; emphasis added)*

Particularly noteworthy was that managers were given the *legal right* to downsize their workforces – a move that marked a significant departure from Mao's socialist blueprint. As the reforms progressed, the system of lifetime employment was gradually replaced by fixed-term employment contracts for new hires. For the more 'senior' or 'veteran' employees, however, there was still an implicit expectation that "a guaranteed job" was part of the "social contract of a 'workers' state" (Dodds, 1996: 723). Likewise, managers continued to feel duty-bound to take care of workers – which made them particularly reluctant to layoff redundant workers let alone penalize inefficient ones (Naughton, 1995; Nee & Matthews, 1996).

To alleviate managers' concerns and circumvent potential social unrest, the central government stressed the fundamental importance of realizing China's transition away from a command economy – despite the potential hardships and layoffs that would inevitably ensue:

We should encourage merger of enterprises, standardize bankruptcy procedures, divert laid-off workers, increase efficiency by downsizing staff and encourage reemployment projects so as to form a competitive mechanism selecting the superior and eliminating the inferior. With the deepening of enterprise reforms, technological progress and readjustment of the economic structure, *it is hard to avoid personnel mobility and lay-off*. It will cause *temporary difficulties* to part of the workers. *But, fundamentally speaking, it is conducive to economic development, conforming to the long-term interests of the working class*. (Fifteenth National Congress, 1997; emphasis added)

The government also urged enterprises to take active measures to mitigate labor unrest – notably, encouraging them to adopt “appropriate laws and decrees calling for mediation in order to avoid strikes by workers...rule out marches and demonstrations unless they are held by permission and at a designated time and place, forbid different units and localities from clubbing together for harmful purposes, and proscribe the activities of illegal organizations and the printing and distribution of illegal publications” (Central Work Conference, 1980). The government was particularly interested in deterring any activities that could disrupt production and threaten its economic reform program:

In the recent period *a small number of persons have provoked incidents in some places...certain bad elements...have provoked or tricked some of the masses into raiding Party and government organizations, occupying offices, holding sit-down and hunger strikes and obstructing traffic, thereby seriously disrupting production, other work and public order...* Moreover, they have raised such sensational slogans as ‘Oppose hunger’ and ‘Give us human rights’, inciting people to hold demonstrations and deliberately trying to get foreigners to give worldwide publicity to their words and deeds. There is a so-called China Human Rights Group which has gone so far as...requesting the President of the United States to ‘show concern’ for human rights in China. Can we permit such an open call for intervention in China's internal affairs? ... Can we tolerate this kind of freedom of speech, which flagrantly contravenes the principles of our Constitution? (Party Conference on Ideological Theoretical Work, 1979)

Beyond pushing organizations to introduce new monitoring and control systems to actively deter potential social unrest, the government also undertook measures to harness the media to promote ideological goals:

[W]e must turn the Party's newspapers and magazines into ideological centres for promoting nationwide stability and unity. Newspapers and periodicals and the radio and television services should all consider it

their regular, fundamental task to promote stability and unity and raise the socialist consciousness of young people. (10,000 Cadres Conference, 1980).

The overriding focus of the Party during the difficult transitional period from a command economy to a socialist market economy was stability and unity. Thus, while enterprises were encouraged to pursue capitalism and market-based strategies, they were also repeatedly warned of the potential dangers posed by “decadent ideas” and the “bourgeois way of life” in the West (Twelfth National Congress, 1982). It was expected that enterprises cautiously navigate the grey area between learning and leveraging capitalist elements *and* becoming capitalist:

[W]e have to learn from the peoples of the capitalist countries. We must make use of the science and technology they have developed and of those elements in their accumulated knowledge and experience which can be adapted to our use. *While we will import advanced technology and other things useful to us from the capitalist countries -- selectively and according to plan -- we will never learn from or import the capitalist system itself, nor anything repellent or decadent* (Party Conference on Ideological Theoretical Work, 1979)

In comparison to Mao’s regime, the Deng-Jiang era marked a fundamental shift in the cultural forms of reasoning and rationality that underpinned organizational structures and practices. Mao’s egalitarian ethos and emphasis on social obligations to workers gave way to notions of pragmatism, efficiency and profit. Given the Deng-Jiang regime’s overriding focus on economic growth, imprints from this era were especially salient in practices related to the economic mission and fiduciary responsibilities of organizations (Friedman, 1970; Swartz & Carroll, 2003; Windsor, 2006). In addition, relationships between employees and organizations shifted from ‘paternalistic’ to more transaction-oriented ones that were based on contracts and separation between family/domestic life and work life. These changes alleviated the traditional social welfare and tax burdens of organizations – for, as Moon and Shen (2010: 616) point out, “following the privatization or liberalization of many SOEs, the profit motive was unleashed, and many former SOEs were unburdened of their previous social responsibilities.”

## The Imprint of Hu Jintao (2002-2013)

At the time of Hu Jintao's ascendancy to power in 2002, the ramifications of China's myopic pursuit of development were taking its toll (Lam, 2006; Xu & Yang, 2009). Over two decades of sustained high economic growth had resulted in glaring social disparities, extensive environmental degradation, rampant corruption, and abhorrent labor abuses (Brown, 2012; Xing, 2009):

Our economic growth is realized at an *excessively high cost of resources and the environment*. There remains an imbalance in development between urban and rural areas, among regions, and between the economy and society... There are *still many problems affecting people's immediate interests in areas such as employment, social security, income distribution, education, public health, housing, work safety, administration of justice and public order; and some low-income people lead a rather difficult life*... The governance capability of the Party falls somewhat short of the need to deal with the new situation and tasks... *extravagance, waste, corruption and other undesirable behavior are still serious problems*. (Seventeenth National Congress, 2007; emphasis added)

Despite rosy GDP figures, rising income levels, and unprecedented individual freedom and economic opportunities, the government was ironically facing intensifying public resentment and mounting threats of instability and social unrest (Xing, 2009). Recognizing the endemic problems of Deng's 'let some get rich first' approach and Jiang's patent bias toward elite interests (Brun et al., 2002; Henderson et al., 2007), the Hu administration immediately set out to develop a more inclusive populist agenda that promoted a more balanced view of development (Naughton, 2008):

To coordinate development in both urban and rural areas and in different regions, integrate economic and social development, achieve harmonious development between man and nature and coordinate domestic development and opening up to the outside world, it is of essential importance to give bigger play to the fundamental role of the market in resource allocation, increase the vitality and competitiveness of enterprises, improve state macro-control and enhance the government's functions in social management and public service, thereby forging strong institutional guarantees for *building a moderately prosperous society in an all-round way*. (Third Plenum of the 16th CCP, 2003; emphasis added)

Hu's political philosophy centered on creating a 'harmonious society' through a 'scientific theory of development' that was grounded in the rule of law, social equity and justice, sustainable development, and common prosperity (Friedman, 2006; Lam, 2006). This philosophy marked an important turning point – "a shift in China's economic development ... from a policy of economic growth at all costs to one of economic growth balanced with the need to tackle pressing social and

environmental problems” (Marquis & Qian, 2013: 129). Focusing on the plight of disaffected and vulnerable sectors of society, the government introduced redistributive budget policies, increased spending on poverty alleviation, and instituted a program to repair social safety nets (Fan, 2006; Naughton, 2008). Indeed, one of the administration’s first tasks was to address the widening gap between the prosperous coastal region and the comparatively impoverished hinterland. Central and western regions saw an increase in budgetary transfers and investments in infrastructure:

*In locating major projects, we must give full consideration to supporting development of the central and western regions and encourage the eastern region to help them develop. We will give more support to the development of old revolutionary base areas, ethnic autonomous areas, border areas and poverty-stricken areas. We will help transform the economies of areas where natural resources are exhausted. (Seventeenth National Congress, 2007; emphasis added)*

In addition, the government instituted a two-pronged plan to equalize disparities between the booming urban cities and poor rural villages. On the one hand, it introduced a series of rural and agrarian support policies to resuscitate the hinterland – including targeted tax reductions on rural households, subsidies for agricultural production, free universal education for the first nine years of schooling, subsidized rural cooperative medical insurance and pension system, and social welfare transfers to needy families (Shi, Chuliang, & Sicular, 2009). On the other hand, it increased benefits to low-income households and migrant workers in urban areas by expanding social security coverage and sponsoring affordable housing projects:

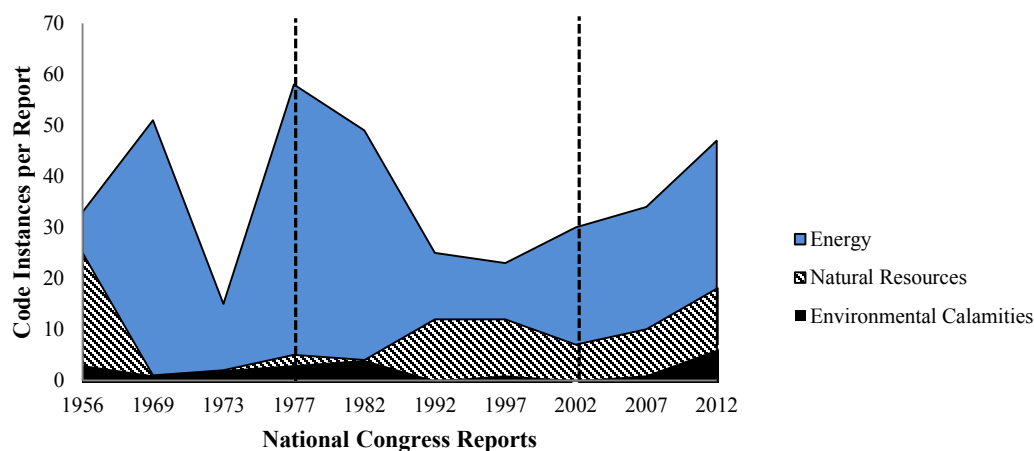
*Fresh progress has been made in social development. Basic public services have improved markedly, and access to them has become much more equitable. Education has developed rapidly, and free compulsory education is now available in all urban and rural areas. Marked progress has been made in developing the social security system; the basic old-age insurance system covering both the urban and rural population has been fully established, and a new type of social assistance system is taking shape. The whole population is now basically covered by medical insurance; the basic urban and rural healthcare systems are taking shape. Construction of low-income housing has been accelerated. (Eighteenth National Congress, 2012)*

Yet despite the government’s crusade to equalize the distribution of resources nationwide and fashion a more judicious balance between the swathes of winners and losers of reform, the intention was not to reduce its emphasis on economic growth (Friedman, 2006; Lam, 2006):

Reform and opening up constitute the most salient feature of the new period. From the countryside to the cities and from the economic to other areas, the process of sweeping reform has unfolded with irresistible momentum. From the coastal areas to areas along the Yangtze River and the borders, and from the eastern to the central and western regions, the door has been resolutely opened to the outside world. This great undertaking of reform and opening up, never seen before in history, has greatly stimulated the enthusiasm of hundreds of millions of Chinese people and brought about *China's historic transformation from a highly centralized planned economy to a robust socialist market economy*, and from a closed or semi-closed state to all-round opening up. Today socialist China is standing rock-firm in the East, oriented toward modernization, the world and the future. (Seventeenth National Congress, 2007; emphasis added)

On the contrary, the government pledged to pursue economic growth in light of a wider set of considerations – both social *and* ecological: “We must adopt an enlightened approach to development that results in expanded production, a better life and sound ecological and environmental conditions, and build a resource-conserving and environment-friendly society that coordinates growth rate with the economic structure, quality and efficiency, and harmonizes economic growth with the population, resources and the environment, so that our people will live and work under sound ecological and environmental conditions and our economy and society will develop in a sustainable way” (Seventeenth National Congress, 2007). Figure 4.7 shows a dip in the government’s emphasis on the natural environment during the Deng-Jiang era – followed by a gradual rise during the Hu administration from 2002 to 2012.

**FIGURE 4.7. Emphasis on Natural Environment**

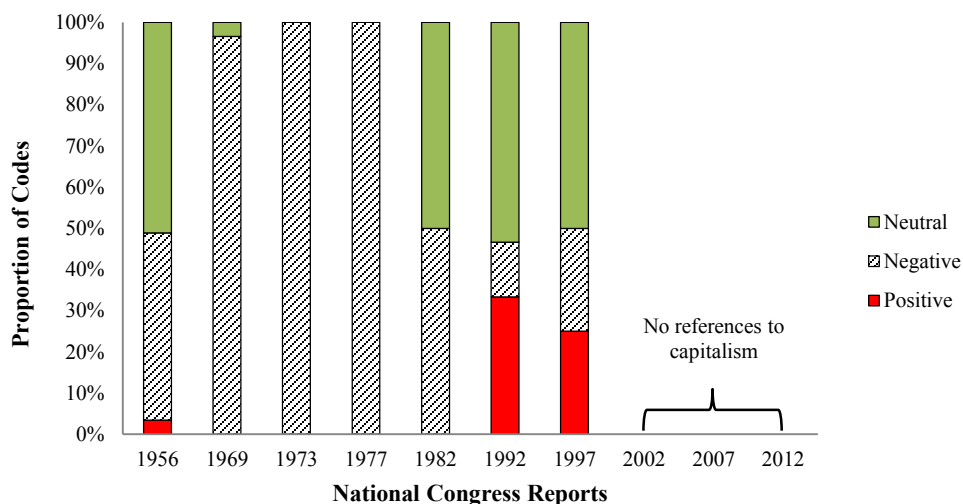


To accomplish its comprehensive development strategy, the Hu administration embarked on an ambitious mission to separate political ideology from the market environment – such that the primacy of public ownership would no longer be a “criterion for the nature and core of socialism” (Xing, 2009: 218). The government increasingly transferred control over resource allocation and *micro-economic* direction to market mechanisms, whilst retaining its firm control over the *macro-economic* system:

Reform of the administrative system is a necessary requirement for making the superstructure compatible with the economic base. To reach the goal of establishing a socialist administrative system with Chinese characteristics, *we should separate government administration from the management of enterprises, state assets, public institutions, and social organizations, and build a well-structured, clean and efficient service-oriented government* that has scientifically defined functions and satisfies the people. (Eighteenth National Congress, 2012; emphasis added)

By making a clearer distinction between political and economic spheres, the government signaled important changes in how it perceived its administrative role and its relationship with enterprises. In addition, by making this distinction, the government signaled the resolution of the long-standing political debate of whether to take the ‘socialist road’ or the ‘capitalist road’ – such that references to capitalism had all but ceased by the early 2000s (see Figure 4.8).

**FIGURE 4.8. Framing of 'Capitalism' in National Congress Reports**



***Relationship between the state and enterprises.*** An important means by which to constrain and control government interference in the market was the institutionalization of ‘rule-of-law’ procedures and the ratification of laws to protect private property and land use rights. Of critical importance was the government’s passing of the controversial Property Law in 2007, which signalled an important ideological turning point. Not only did the law carry profound legal implications regarding the creation, transfer and ownership of property, but it also placed private property on an equal *legal* footing with state-owned property (Chen, 2012; deLisle, 2009).<sup>2</sup> In doing so, detractors claimed that the law violated China’s constitutional socialist-state doctrine – as private ownership was traditionally viewed as the essence of capitalism, whilst state-ownership was the mainstay of socialism (Dodds, 1996; Hu, 2011).

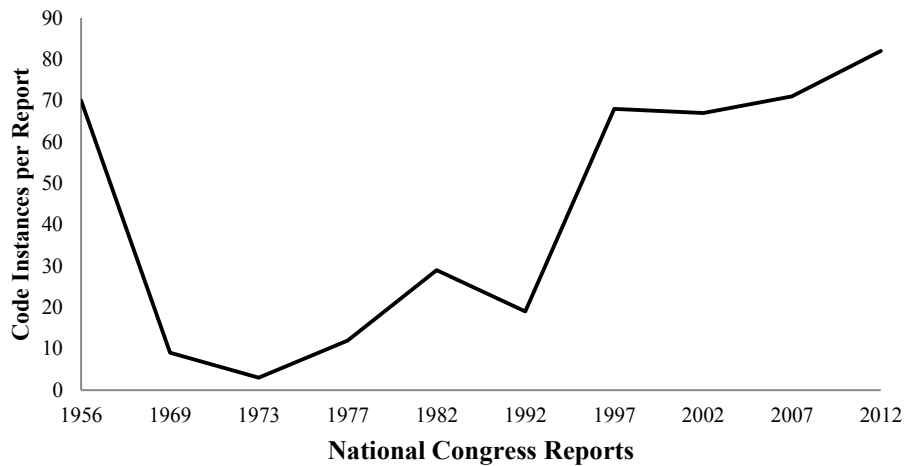
By granting equal status to state property and private property, the central government stimulated a dramatic acceleration and expansion of state-led economic privatization and marketization (Xing, 2009). Beyond formally endorsing the private sector, the government vowed to “improve the financing environment and remove institutional barriers in order to promote development of individually-owned businesses and private companies as well as small and medium-sized enterprises” (Seventeenth National Congress, 2007). As Figure 4.9 shows, National Congress reports placed increasing emphasis on the private sector from the mid-1990s onward. Moreover, the tone of reference to the private sector gradually shifted from grudging tolerance/ acceptance to active promotion and sponsorship.

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<sup>2</sup> Although there is no private landownership in China, the PRC Constitution allows for the transferability and commercialization of land-use rights for a period of 40 to 70 years (Chen, 2012).



**FIGURE 4.9. Changing Emphasis on the Private Sector**



The growing importance and power of the private sector pushed the government to find ways to pragmatically accommodate this new force in society – as the private sector was not only responsible for most new economic growth, but also the source of much needed jobs after nearly 50 million SOE workers were laid off between 1993 and 2002 (Brown, 2006; McGregor, 2012):

[W]e must unswervingly encourage, support and guide the development of the non-public sector, and ensure that economic entities under all forms of ownership have equal access to factors of production in accordance with the law, compete on a level playing field and are protected by the law as equals. (Eighteenth National Congress, 2012)

Perhaps most telling of the government’s new stance toward private capitalism was that it now granted membership to the exclusive Chinese Communist Party to entrepreneurs, private business owners, professionals and returnees from abroad – thereby reversing a decade-long ban that was imposed after the Tiananmen Incident (Cheng, deLisle, & Brown, 2006; Dickson, 2006).

Whilst accommodating the growth of the private sector, the government continued to reform state-owned enterprises by restructuring the ownership system and modernizing corporate governance mechanisms. The vast majority of small SOEs were closed or transformed into private enterprises, and most medium and large SOEs were restructured into shareholding companies. By gradually transforming the bulk of state-invested firms into ‘mixed ownership’ shareholder companies, the

government sought to ‘accelerate the formation of a modern market system’ that was both efficient and grounded in fair and open competition<sup>3</sup>:

We will deepen the reform to *introduce the corporate and shareholding systems in state-owned enterprises, improve the modern corporate structure and optimize the distribution and structure of the state sector* of the economy to enhance its dynamism, dominance and influence. We will deepen the reform of monopoly industries by introducing competition, and strengthen government regulation and public oversight of them. We will accelerate development of a budget system for managing state capital and improve systems and regulations for managing all types of state assets. (Seventeenth National Congress, 2007; emphasis added)

Despite a significant shift in the balance of power from the state to enterprises, the government retained control over select strategic industries such as defence, power generation and distribution, petroleum and petrochemicals, telecommunications, coal, civil aviation and waterway transport (Li, 2015). These ‘pillar’ industries were considered critical for China’s national security and economy – and, as such, were to remain ‘state dominated’ through sole state ownership or absolute state control (McGregor, 2012). The combination of increased economic liberalization with the maintenance of state control in key industrial sectors has resulted in a juxtaposition of socialist and capitalist control mechanisms.

***Role of enterprises in society.*** In the late reform era, enterprises were tasked with advancing China’s integration into the global economy – a challenging task given that domestic restructuring, deregulation and the dismantling of import barriers intensified competition and removed many state-protected monopolies (Brown, 2006; Lam, 2006). China’s largest central-owned enterprises, the so-called ‘eldest sons of the republic’, were specifically selected and groomed as “national champions to go global and conquer foreign markets” (McGregor, 2012: 3). Thus, instead of focusing on exports and making China the ‘factory of the world’, enterprises were encouraged to become ‘world-class’ multinational corporations.

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<sup>3</sup> From 1998 to 2005, the number of fully state-owned and partially state-held businesses dropped from close to 240,000 to around 138,000 (Lam, 2006).

The linchpin of the government's globalization program was China's ascension to the WTO in 2001. This ascension brought with it obligations that required significant changes in the competitive environment. As the state revised foreign trade policies and enhanced legal institutional capacity, enterprises were pushed to engage in 'win-win' cooperation with their foreign counterparts:

*A mutually-beneficial strategy of opening-up should be pursued and more efforts should be made to further open up to the outside world, optimize the foreign trade structure, improve the quality of foreign investment utilization and accelerate the pace in implementing the "going global" strategy. It is necessary to actively participate in global economic governance and regional cooperation, to push forward development, deepen reform and promote innovation by opening up, and to vigorously create new advantages for participating in global economic cooperation and competition. (Fifth Plenum of the 17th CCP, 2010; emphasis added)*

At the same time, enterprises were called upon to stimulate national scientific development in order to 'rejuvenate the nation', 'cultivate talented personnel', and 'build an innovative country' that would be capable of transforming economic development into common prosperity (Seventeenth National Congress, 2007). These new roles intensified nationalistic tendencies and generated a strong sense of responsibility for indigenous social and technological development. Importantly, organizations were no longer perceived as mere profit-making entities, but as active participants in building a 'harmonious and prosperous China'.

***Prevailing organizational structures and practices.*** One positive implication of the government's dual emphasis on 'scientific development by putting people first' and 'harmonious development...by promoting unity and amity among all members of society' was that it exerted strong pressures on enterprises to elevate moral, professional and regulatory standards:

*We should integrate the rule of law with the rule of virtue, intensify education in public morality, professional ethics, family virtues, and individual integrity, and advocate traditional Chinese virtues and new trends of the times. We should press ahead with the program for improving civic morality, exalt the true, the good, and the beautiful and reject the false, the evil, and the ugly. We should encourage people to willingly meet their statutory duties and obligations to society and family. We should create a social atmosphere in which work is honored and creation is lauded, and cultivate social trends of recognizing honor and disgrace, practicing integrity, encouraging dedication, and promoting harmony. (Eighteenth National Congress, 2012; emphasis added)*

In terms of organizational practices, these government pressures were directed at three areas. First, enterprise remuneration, social welfare provisions and income distribution systems were expected to be more equitable and reliable – such that national income disparities would be gradually reduced and payment of wages would be assured:

*A proper balance will be struck between efficiency and equity in both primary distribution and redistribution, with particular emphasis on equity in redistribution... Vigorous efforts will be made to raise the income of low-income groups, gradually increase poverty-alleviation aid and the minimum wage, and set up a mechanism of regular pay increases for enterprise employees and a mechanism for guaranteeing payment of their salaries... We will increase transfer payments, intensify the regulation of incomes through taxation, break business monopolies, create equal opportunities, and overhaul income distribution practices with a view to gradually reversing the growing income disparity. (Seventeenth National Congress, 2007; emphasis added)*

An important part of the government's reform plan was to address the hardships faced by ethnic minorities and the 'floating population' of migrant workers, who were often marginalized and treated as "veritable second-class citizens... barred from standard welfare benefits such as medical insurance or subsidized education for their children" (Third Plenum of the 17<sup>th</sup> CCP, 2008). To ensure that remuneration and welfare benefits were fair and evenly distributed, the government officially recognized the legal and political status of migrant laborers and pledged to: "regulate and coordinate labor relations, improve and implement government policies concerning rural migrant workers in cities, and protect the rights and interests of every worker in accordance with the law" (Seventeenth National Congress, 2007). By directing attention to the plight of migrant workers, the government sought to raise enterprise awareness of, and responsibility toward, pressing social issues.

Second, corporate governance and promotion systems were altered to push enterprises to operate according to global norms and standards in business and commerce. In particular, the fulfillment WTO obligations hastened the development of laws and legal institutions that required greater discipline, transparency and accountability in corporate governance. In addition, the large-scale conversion of SOEs into mixed-ownership shareholding concerns introduced Western-style boards

of directors and professional managers who were not only beholden to shareholders, but also incentivized to pursue competitive strategies and compete in the open market (Lam, 2006). Not only did the government “advance reform of the personnel system in state-owned enterprises and public institutions,” but it also stipulated that the promotion of top SOE executives be based on market-related factors such as enterprise performance.

Third, as social and ecological issues were being pushed to the forefront of the government’s development agenda, enterprise attention was increasingly directed at improving local conditions and conserving energy and resources:

We must give prominence to *building a resource-conserving, environment-friendly society* in our strategy for industrialization and modernization and *get every organization and family to act accordingly*. We will improve laws and policies to promote energy, resources, ecological and environmental conservation, and speed up the formation of systems and mechanisms for sustainable development. We will implement the responsibility system for conserving energy and reducing emissions. We will develop and extend advanced and appropriate technologies for conserving, substituting and recycling energy and resources and for controlling pollution, develop clean and renewable energy sources, protect land and water resources and set up a scientific, rational system for using energy and resources more efficiently. (Seventeenth National Congress, 2007; emphasis added)

In sum, the government’s socio-economic development program was intended to push enterprises to cultivate more efficient, equitable and sustainable business practices that would enable everyone to share in the fruits of development. However, the government’s new reform program gave rise to a number of unintended consequences. Of particular importance was the shifting of the locus of decision-making authority from the central government to local authorities and enterprises, which opened the floodgates for systemic corruption. Local government officials – increasingly referred to as bureaupreneurs’ or ‘red capitalists’ (Lu, 2000; Huang, 2006) – were able to leverage their newfound political power over state assets and urban land allocations for personal gain. Collusive land transactions, unlawful land seizures, and under-the-table deals with local businesses thus became endemic (Naughton, 2008; Pei, 2009). Likewise, corrupt business managers were able to exploit ill-defined or weakly enforced laws and regulations to skirt workplace safety and labor

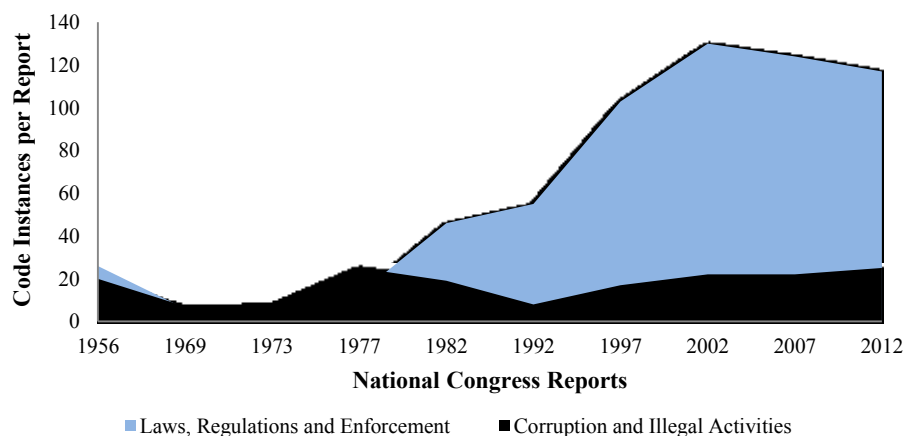
management issues, violate intellectual property rights, manipulate accounting systems, and flood the market with counterfeit and poorly made products (Huang, 2006; Lam, 2006).

The excesses of unbridled capitalism, and its attendant incentives for corruption and abuses of power, was not lost on the government – particularly as it threatened to undermine Party legitimacy, fuel public resentment, increase market inefficiencies, and exacerbate inequality (Huang, 2006; Lam, 2006). Accordingly, the government intensified efforts to crack down on corruption and stem the growth of unscrupulous business practices and excessive rent-seeking:

The Party is *soberly aware of the gravity and danger of corruption* that have emerged under the conditions of the Party being long in power as well as the need to combat corruption throughout the course of reform, opening up, and socialist modernization...*If not effectively curbed, corruption will cost the Party the trust and support of the people.* The whole Party must *remain vigilant against corruption*, be fully aware that fighting corruption will be a protracted, complicated and arduous battle, and give higher priority to combating corruption and upholding integrity. The Party must demonstrate greater confidence and resolve and *take more forceful measures to improve the institutions for punishing and preventing corruption* and unswervingly fight corruption. (90<sup>th</sup> Anniversary of the Founding of the CCP, 2011; emphasis added)

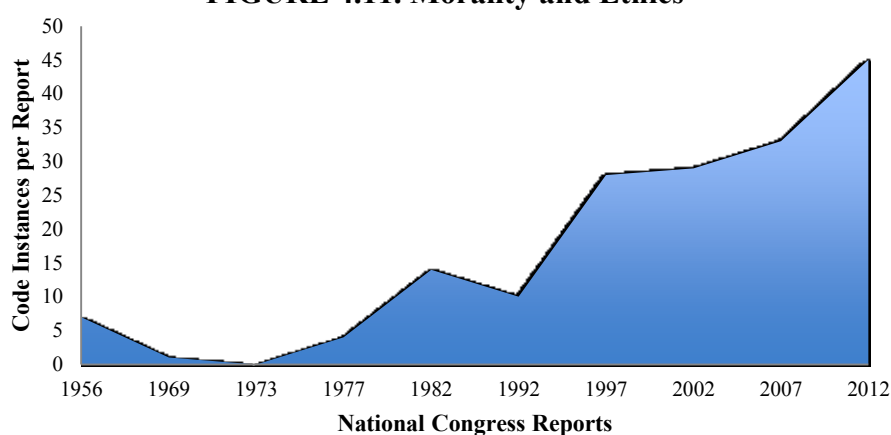
Interestingly, while there was a strong emphasis on laws, legislation, regulatory enforcement, property rights and the judicial system, there was no concomitant rise in references to corruption and illegal activities. Figure 4.10 maps the number of references to corruption and illegal activities onto the references to the regulatory environment (see Figure 4.6).

**FIGURE 4.10. Regulatory Environment**



At the core of the government’s anti-corruption campaign was the emphasis on prevention – which called upon enterprises to exercise ‘self-discipline’, ‘improve work styles’, and ‘uphold integrity’ (Fourth Plenum of the 17<sup>th</sup> CCP, 2009). Intensifying the anti-corruption campaign that began in the late 1990s, the Hu administration stressed the importance of morality and ethics. Figure 4.11 shows a marked increase in terms such as ‘ethical’, ‘morality’, ‘integrity’, ‘honesty’ and ‘virtue’ in National Congress reports. In spite of this new emphasis, the vague and conceptually ambiguous nature of the central government’s requirements provided managers with a lot of leeway in their interpretations and responses.

**FIGURE 4.11. Morality and Ethics**



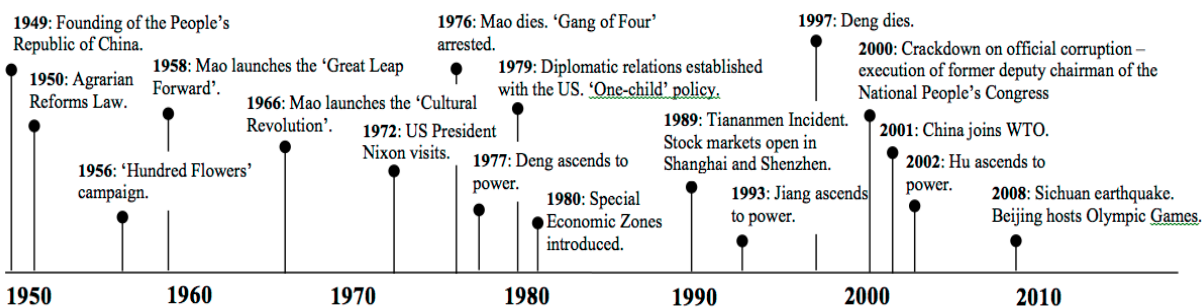
On the whole, the policies and development plan promulgated by the Hu administration echoed the socialist values and egalitarian ethos of Mao’s regime. However, unlike Mao, the Hu administration emphasized the need for balance – such that social and ecological concerns were not to be sacrificed in the name of economic development. The government called upon organizations to ‘bear social responsibilities’, pushing them to engage in programs that targeted poverty relief, education and community development. The unifying mandate of the Hu administration was to create a ‘Harmonious Society’, wherein everyone could share in the fruits of development and prosperity. By taking up the plight of the disaffected and vulnerable, the Hu

administration directed attention to social disparities – particularly that between booming urban areas and impoverished rural villages.

## Summary

As the preceding discussion shows, the political regimes of Mao Zedong, Deng Xiaoping and Jiang Zemin, and Hu Jintao were characterized by fundamentally different configurations of social, political and economic infrastructures. Figure 4.12 provides a timeline of major political and societal events in each political regime.

**FIGURE 4.12. Chronological Display of Key Events in Each Political Regime**



Each regime championed a distinct state logic that differed on several levels including: understandings about the role of the State, underpinning economic system, basis of norms, basis of strategy, antithesis of the regime, and mechanisms of control. Whereas Mao's regime viewed the State's role as a redistributive mechanism to achieve *equality* through such means a centrally-planned economy, self-reliance, diligence and frugality, Deng-Jiang's regime viewed its role as a redistributive mechanism to achieve *efficiency* by way of a socialist market economy, pragmatism and delegation. Hu's regime, in contrast, understood the State's role as a redistribution mechanism to achieve *balance* and *harmony* through the development of a socialist-capitalism market economy grounded in humanistic and social values. These



fundamental differences in the dominant state logic championed by each regime exposed organizations to inherently different competitive market environments – as well as social expectations about their role in society and what constitutes ‘appropriate’ or legitimate organizational structures and practices.

Table 4.1 provides a comparative summary of the dominant state logic in each political regime. It also provides an overview of the expected role of business in society and the dominant organizational structures and practices prescribed by each regime.

**TABLE 4.1. Prevailing State Logic and Institutional Arrangements in Each Political Era**

	<b>Mao Zedong (1949-1976)</b>	<b>Deng Xiaoping and Jiang Zemin (1977-2001)</b>	<b>Hu Jintao (2002-2013)</b>
<b>State Logic</b>			
Role of the State	State as redistribution mechanism to achieve <i>equality</i>	State as redistribution mechanism to achieve <i>efficiency</i>	State as redistribution mechanism to achieve <i>balance and harmony</i>
Economic System	Centrally-planned economy	Socialist market economy	Socialist-Capitalist market economy
Basis of Norms	Self-reliance, diligence and frugality	Pragmatism and delegation	Humanistic and social values
Basis of Strategy	Revolution; manual labor; mass mobilization; class struggle	Opening up to the West; economic liberalization; fiscal decentralization; modernization of industry	Scientific and balanced development; integration into global economy
Antithesis	U.S Imperialism; capitalists; landlord class; bourgeoisie	Bureaucracy; nepotism; corruption; abuse of power	Corruption and decadence
Control Mechanisms	<ul style="list-style-type: none"> <li>• Political indoctrination and socialization campaigns</li> <li>• Extensive system of mutual monitoring and reporting channels – e.g. special case groups and regular meetings</li> <li>• Danwei as ‘total institutions’</li> <li>• Tight control over the media –propaganda and censorship</li> </ul>	<ul style="list-style-type: none"> <li>• Free-market mechanisms</li> <li>• Promoting and publicizing exemplary corporate practices</li> <li>• Suppression of protests and strikes</li> <li>• Tight control over the media – propaganda and censorship</li> </ul>	<ul style="list-style-type: none"> <li>• Rule of law and market regulations</li> <li>• Publicizing exemplary corporate practices and ‘shaming’ deplorable ones</li> <li>• Tight control over the media and Internet – propaganda and censorship</li> </ul>
<b>Prescriptions for Organizations</b>			
Role of Business in Society	<ul style="list-style-type: none"> <li>• Work units with social functions</li> </ul>	<ul style="list-style-type: none"> <li>• Business units</li> </ul>	<ul style="list-style-type: none"> <li>• Business units with social responsibilities</li> </ul>
Prevailing Organizational Structures and Practices	<ul style="list-style-type: none"> <li>• Dominance of the danwei system – provision of lifelong employment, housing, healthcare, education and</li> </ul>	<ul style="list-style-type: none"> <li>• Shift away from the danwei system to more diverse forms of governance – e.g., private ownership and foreign joint ventures</li> </ul>	<ul style="list-style-type: none"> <li>• Introduction of ‘mixed-ownership’ shareholding companies and Western-style corporate boards of directors</li> </ul>

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<p>dining halls for employees and their families</p> <ul style="list-style-type: none"> <li>• 'Party Office' in each organization – responsible for carrying out government mandates</li> <li>• Set production quotas and output targets</li> <li>• Limited managerial control over hiring, firing and promotion decisions</li> </ul>	<ul style="list-style-type: none"> <li>• Separation of 'Party Office' from corporate governance functions – managers given greater autonomy over operational decisions</li> <li>• Vertical economic transactions increasingly replaced by horizontal transactions between market actors</li> <li>• Increased managerial control over employee selection and the distribution of bonuses</li> <li>• Companies given the legal right to downsize workforce</li> </ul>	<ul style="list-style-type: none"> <li>• Introduction of government-mandated insurance programs: pension, medical insurance, work-related industry insurance, unemployment, and maternity insurance</li> <li>• Separation of political and corporate responsibilities</li> <li>• Introduction of promotion system based on merit and market factors including enterprise performance</li> <li>• Emphasis on transparency and accountability in corporate governance</li> </ul>
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## CHAPTER FIVE: VARIATION IN CSR INITIATIVES

This chapter details the combined results of the analysis of CSR reports and semi-structured interviews. The chapter is organized in three sections, according to the political regimes of Mao Zedong, Deng Xiaoping and Jiang Zemin, and Hu Jintao. I begin each section by presenting the results of the textual analysis – discussing, first, how political imprints may have colored the ways that CSR is conceptualized and implemented; and, second, how these imprints may have been amplified or muted within specific geographic communities. I nuance this discussion with findings from the qualitative analysis of interview data – highlighting how the effect of political imprints and local communities have spawned distinct patterns of CSR activity across various firms and geographic regions. Table 5.1 provides the descriptive statistics and correlations of the three dimensions of CSR. It indicates that there are no major correlational problems with the variables reported. See Appendix C for a full summary of the descriptive statistics for each CSR dimension by founding year and report year.

**TABLE 5.1. Descriptive Statistics and Correlations of the Dimensions of CSR <sup>a</sup>**

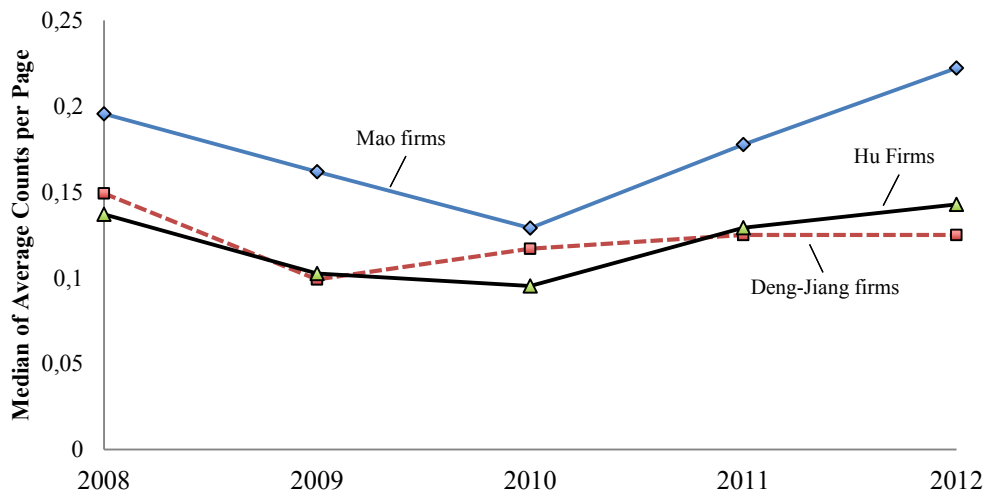
	N	Mean	s.d.	1	2
<b>2008</b>					
1. Employee Benefits and Subsidies	367	0.18942	0.21594		
2. Economic Responsibility	367	0.21714	0.22804	0.108**	
3. Community Development and Philanthropy	367	0.75202	0.83768	0.174***	0.389***
<b>2009</b>					
1. Employee Benefits and Subsidies	640	0.20035	0.32111		
2. Economic Responsibility	640	0.25078	0.30179	0.04	
3. Community Development and Philanthropy	640	1.12951	1.01452	0.248***	0.122***
<b>2010</b>					
1. Employee Benefits and Subsidies	777	0.21178	0.33325		
2. Economic Responsibility	777	0.25104	0.27472	0.0307	
3. Community Development and Philanthropy	777	1.34187	1.11574	0.207***	0.162***
<b>2011</b>					
1. Employee Benefits and Subsidies	621	0.22170	0.30317		
2. Economic Responsibility	621	0.26096	0.27059	0.0261	
3. Community Development and Philanthropy	621	0.94983	0.68261	0.136***	0.130***
<b>2012</b>					
1. Employee Benefits and Subsidies	579	0.19331	0.23608		
2. Economic Responsibility	579	0.25869	0.23895	0.06	
3. Community Development and Philanthropy	579	0.82438	0.58707	0.196***	0.157***

<sup>a</sup> Note: \* p < 0.10, \*\* p < 0.05, \*\*\* p < 0.01

## Mao's Socialist Blueprint

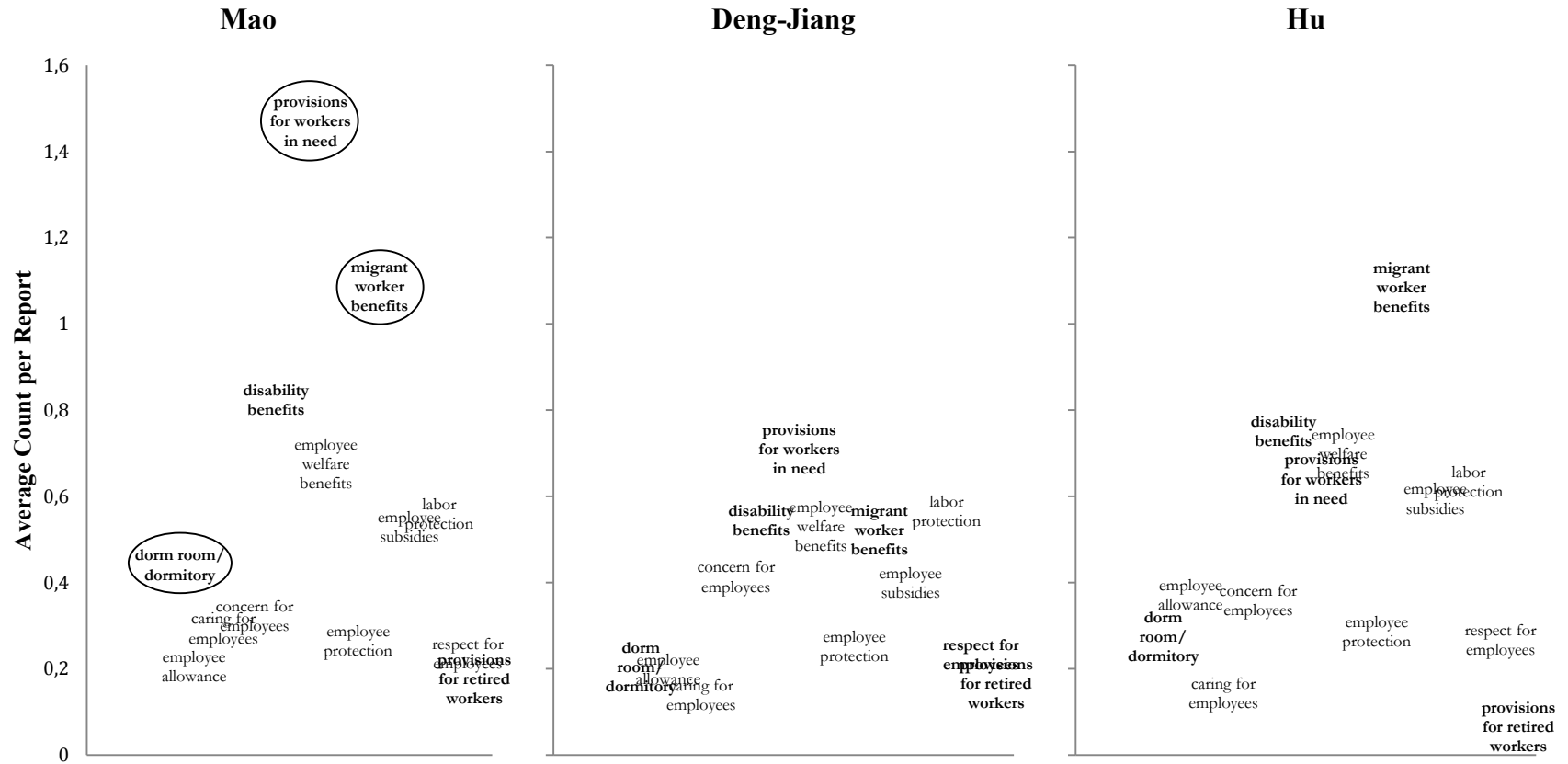
In Mao's era, workers were not only celebrated, they were given a prominent role in both the political and industrial spheres (Lin, 2010). Content analyses of the CSR reports suggest that imprints of Mao's regime may have manifested in a strong emphasis on employee benefits and subsidies – above and beyond those required by law. Analyses of the reports from 2008 to 2012 revealed that Mao firms have a higher average word count per page of terms related to employee benefits and subsidies than either Deng-Jiang or Hu Jintao firms. As shown in Figure 5.1, this pattern is consistent across all CSR report years.

**FIGURE 5.1. Counts of Employee Benefits and Subsidies for Firms Founded under Each Political Regime by CSR Report Year**



To better illustrate key differences in the ways that firms from each era conceptualize employee benefits and subsidies, Figure 5.2 shows the relative emphasis the firms place on different activities and practices. In the figure, words that are clustered along the bottom occur less frequently in the CSR reports than those at the top.

FIGURE 5.2. 2010 Comparative Emphasis on Employee Benefits of Firms Founded in Different Political Eras <sup>4</sup>



<sup>4</sup> The bolded words reflect significant differences among the CSR reports of the three political eras based on Dunning's log likelihood test at  $p < .05$ . Note: Most of the words in the figure have been translated from Chinese to English.

The bolded words reflect significant differences at  $p < .05$  among the CSR reports based on Dunning's log likelihood test. Interestingly, even in 2010 when there was a convergence in the counts of employee benefits and subsidies across all firms (see Figure 5.1), Mao firms still clearly placed the greatest emphasis on providing for workers in need. A closer reading of the CSR reports revealed that this included providing subsidies, allowances, as well as food and clothing. Figure 5.2 further shows that Mao firms have higher counts for 'dorm room/ dormitory' than those of firms founded under the other two regimes – echoing the traditions of the Socialist danwei work unit system, which provided for the accommodation and welfare needs of workers. Together, these findings align with Mao's focus on redistributing wealth and meeting the basic needs of workers.

This emphasis on providing benefits and respecting workers' rights is underscored by the CEO of a large Mao era state-owned media conglomerate:

In government organizations we don't talk about employees, we talk about 'staff members'. In Chinese, these terms are different: 'staff members' have their rights, powers and duties to vote, to discuss with you... they can be involved in making some decisions, but in companies, 'employees' don't really have these rights or powers... *In our enterprise, we are responsible for all our staff members – their salaries, their security, all of their welfare needs.* You must guarantee everything –their training and development, their career chances and opportunities [...] Our view is that behind every staff member is a family and we should also consider their wellbeing – it's not just about a staff member and what they do at work ... *caring about families is part of our enterprise culture – it is not something that we are forced or legally required to do.* (CEO, Chengdu; emphasis added)

Mao era firms, particularly state-owned ones, have an encompassing view of their staff members – expressing concern not only for their work lives, but also their domestic lives and family members. The CEO of a large Mao era industrial enterprise echoed a similar emphasis on employees and their overall welfare:

Our corporation's culture is based on what we call the 'three satisfactory standards': satisfying employees, satisfying customers, and satisfying shareholders. The order of these three standards cannot be reversed. This is quite different from some famous corporations in China like Alibaba. Ma Yun of Alibaba claimed that customers come first, and then employees and other stakeholders – but we are different. If you ask us why we put our employees first, it is because employees are the ones that create wealth and value for our corporation. Because of this, it is natural for us to give them the priority. We need to respect and care for our employees – which includes helping them exploit their talents, and giving them the feeling of belongingness and accomplishment. (CEO, Chengdu)

In comparison to Mao era firms, Deng-Jiang firms not only place less emphasis on employee benefits, they also do not seem to emphasize any particular aspect of employee benefits – as reflected in the clustering of terms at the bottom of Figure 5.2. These findings are consistent with the literature on transition economies, which has shown that once the profit motive was released in China many enterprises were unburdened of their previous social responsibilities, including those related to employee welfare (Moon & Shen, 2010; Wu & Zhang, 2007). Reflecting on the problematic consequences of rapid economic development and the Deng-Jiang era ‘growth at all costs’ mentality, the CEO of a state-owned conglomerate notes:

I am what you call a ‘veteran’ Chinese communist. I joined the Chinese Communist Party in the 70s – so I have been a member for almost 42 years...I would never criticize the CCP, but I admit that there are flaws in Party’s past policies [...] Deng Xiaoping used to say, “Let part of people become rich first, then lead them to help others gradually become rich as well.” Yet, the fact is, how many people in China would be willing to help others become rich? Why is that? ... One reason why the rich are not helping the poor is because *laws and institutions have not kept up with the pace of economic development*. Another reason is *because of the decay of moral values ... People are less likely and less motivated to be socially responsible compared to Mao’s time*. (CEO, Beijing; emphasis added)

This notion of moral decay was also raised by several other Mao era executives. As one senior executive recounts:

Improving our staffs’ moral values is a difficult challenge. There was an incident on one of our company’s shuttle buses. One morning the bus was really crowded so people were standing in the aisle. When the bus suddenly stopped, a young girl fell - but no one helped her. Even though the bus was full of young employees... her colleagues, no one helped her. Later, this incident was posted on the company's internal online bulletin board. It sparked a major debate with over 20,000 staff members getting involved. *We realized that we really needed to focus on the moral side... the values of the company. Those born after the 90s have a different sense of morality. Today, it seems as though most people are very self-centered [...]* We need to help shape and develop the moral standards of our employees, so that they will be good citizens of society. (Senior Executive, Chengdu)

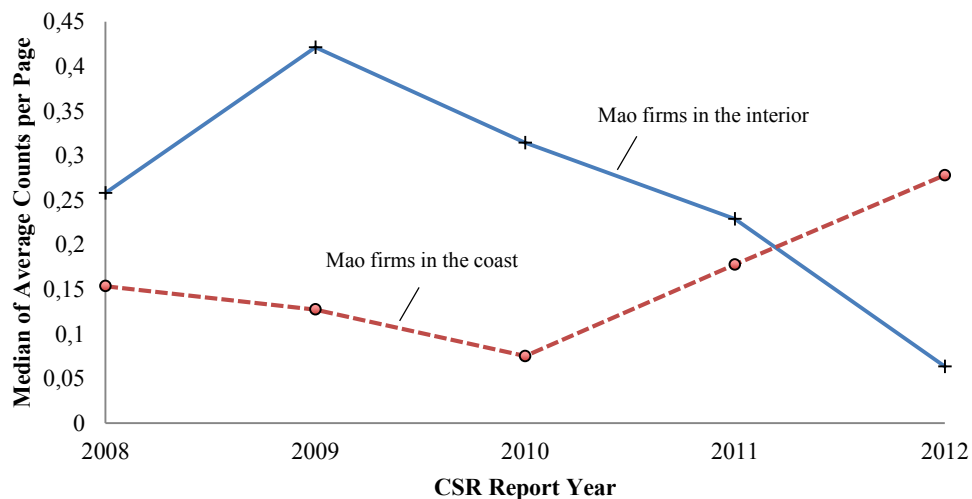
Surprisingly, Figure 5.2 shows that, despite having a lower overall emphasis on employee benefits than Deng-Jiang firms in 2010, Hu firms have comparable counts to Mao firms for certain benefits such as migrant worker benefits, employee welfare benefits, and disability benefits. Emphasis on these particular aspects of employee benefits and subsidies is very much in line with the Hu

administration's focus on equalizing disparities and increasing social welfare transfers to vulnerable groups.

Overall, the results suggest that political imprints are indeed shaping contemporary patterns of employee benefits and subsidies. Mao firms, in particular, appear to have retained defining features of the traditional Socialist danwei system – notably, the provision of dormitories, the emphasis on employee welfare, and the inextricability of one's work life and domestic life.

**Geographical Implications.** Because Mao's redistributive policies were focused primarily on the interior region, I expected that firms with headquarters in this region would show a strong Mao imprint – that is, they would place a stronger emphasis on employee benefits than their counterparts with headquarters in the coastal region. Figure 5.3 supports this prediction for all CSR report years except for 2012 – which will be discussed in further detail below.

**FIGURE 5.3. Counts of Employee Benefits and Subsidies for Mao Firms with Headquarters in the Interior and Coastal Regions**



The interview data confirm this geographical pattern – and, further, shed some light on why Mao's socialist legacy of providing for the housing, health and welfare, and educational needs of workers



may be especially salient in the interior region. A senior executive of an SOE founded in the remote interior region in the 1950s recalls:

In the very beginning, the living conditions were really terrible. When we built the factory, we had to work hard and be creative, persistent and united – otherwise we would not have succeeded. *Because the factory was located in the mountainous area, we lacked a lot of critical social services, facilities and organizations. Our social responsibilities were greater and more pressing at that time. We were living in what was called an ‘enterprise-run society’, where companies were responsible for their employees.* This meant that companies had to provide and manage all public services. There was no external support from the government so people had to rely on their company or work units to provide kindergartens, primary schools, middle schools, hospitals and so on. It is because of this history that our company has developed a unique culture of harmony and dedication – a ‘spirit’ of persisting in the face of hardships. (Head of HR, Deyang; emphasis added)

The combination of geographic isolation and the lack of physical and commercial infrastructure infused the traditional danwei system with a deeper sense of meaning and urgency in the interior. In particular, it created stronger dependency relationships between workers and their danwei. At the same time, leaders of the danwei felt a strong obligation to take care of their workers and provide for all of their welfare needs.

Interestingly, other firms in the interior that were founded in later periods appear to have been ‘socialized’ into this culture of providing extra-legal benefits for their employees. The CEO of a Hu era hospitality company in the interior, for instance, notes that:

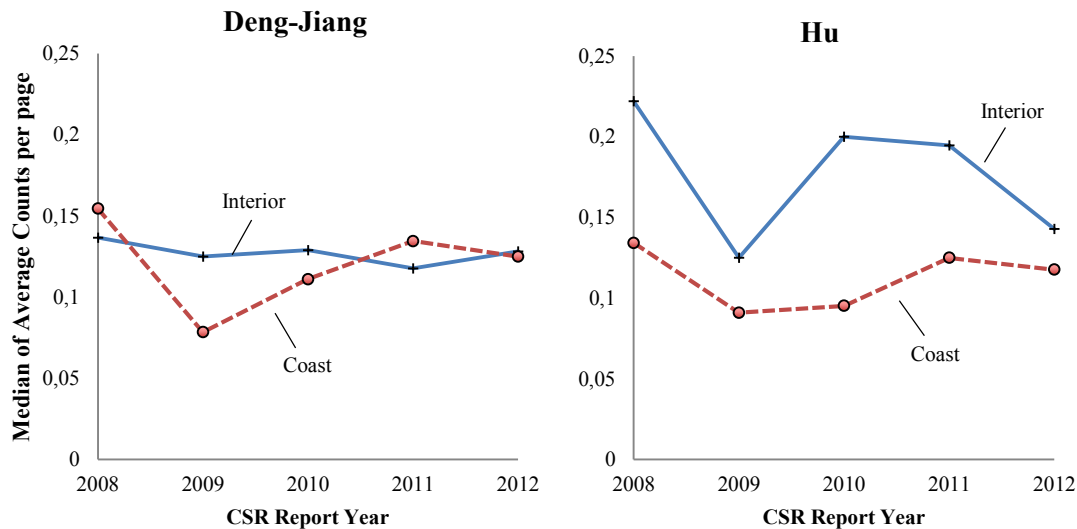
We provide our staff with dormitories even though it is not mandatory for a five-star hotel such as ours. We are doing this primarily because we consider it our responsibility. There are lots of hotels that *do not* and *would not* offer dorms for their staff. (CEO SOE, Chengdu; emphasis added)

The CEO of a Deng-Jiang era firm in the interior, similarly, highlights her company’s provision of dormitories – yet the motivation behind doing so was less about ‘responsibility’ and more about necessity and competitive pressures:

Dormitories are expected here. *Because other companies are providing them, you need to as well* – otherwise you will have a hard time attracting experienced workers... We also have a dining hall and a newly renovated recreational area... Typically, for workers with families, you need to give them a one-bedroom place. For high-level managers, you give them their own rooms; and, for recent student graduates, four of them share one room. This is just the way it is done here. (CEO, Jiujiang; emphasis added)

Figure 5.4 provides further support for this community-level effect – showing that Deng-Jiang and Hu firms with headquarters in the interior region generally have higher average word counts for employee benefits and subsidies than their counterparts with headquarters in the coastal region.

**FIGURE 5.4. Comparative Counts of Employee Benefits and Subsidies for Deng-Jiang and Hu Firms with Headquarters in the Interior and Coastal Regions**



Whereas Deng-Jiang firms in the interior have higher counts for employee benefits and subsidies for three of the five report years, Hu firms in the interior have higher counts for all five years. When these counts are taken together with those of Mao era firms, the results point to a strong geographic pattern. That being said, there are some indications that the differences between regions may be narrowing. Recall Figure 5.3, which showed a convergence (and even reversal in 2012) in the emphasis on employee benefits and subsidies by Mao firms with headquarters in the interior and coastal regions. This decline in emphasis by Mao firms in the interior may be explained, in part, by the government’s recent policies – which have increased social welfare transfers to the interior. As a senior executive of an interior Mao era SOE notes:

In the past, it was common for large enterprises to build a lot of social service organizations, schools, and even universities – but this kind of social responsibility has been shifted to the government. After all, the government

should be responsible for managing public services. Companies' main focus, on the other hand, should be on its employees and its products. (Senior Executive, Deyang)

It is likely that as the government increasingly claims jurisdiction over public welfare concerns, contemporary manifestations of Mao's socialist blueprint will begin to change and evolve. Yet, as the quote above suggests, employees will likely remain an important focus for firms founded under Mao.

Overall, the results indicate that Mao firms place a greater emphasis on employee benefits and subsidies in their CSR reports than do firms founded under the other regimes. They also show that those with headquarters in the interior region do so more than those with headquarters in the coastal region. This regional pattern, moreover, appears to hold for firms founded under the Deng-Jiang and Hu regimes – suggesting that communities, particularly those that are geographically isolated, may help perpetuate and amplify past political imprints.

### **Deng-Jiang's Myopic Pursuit of Economic Growth**

Imprints of the Deng-Jiang regime's privileging of economic growth have strong resonance with contemporary perceptions of profit and competitive position. Accordingly, I expected that firms founded during the Deng-Jiang era would place a greater emphasis on economic responsibility than would firms founded under the other regimes. Figure 5.5 supports this prediction – showing that Deng-Jiang firms have a higher average word count for economic responsibility terms than Mao or Hu Jintao firms, across all CSR report years except for 2008.<sup>5</sup> These results suggest that

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<sup>5</sup> Terms related to shareholders (e.g. shareholder rights and interests, shareholder management, etc.) were purposefully excluded from the dictionary and analysis because they would unfairly bias the results in favor of publicly traded firms. As a robustness check, however, I conducted a separate analysis for publicly traded firms that included these terms. The analysis showed the publicly traded Deng-Jiang firms had a consistently higher average word count for economic responsibility terms than publicly traded firms founded under the other two regimes – for all CSR Report years except 2008.

Deng-Jiang firms have retained vestiges of the strong profit-oriented ethos introduced in the late 1980s and 90s. Mao firms, in contrast, have the lowest counts across all years – indicating that they may have retained the Mao era’s aversion to publicize wealth and ‘capitalistic tendencies’.

**FIGURE 5.5. Counts of Economic Responsibility for Firms Founded under Each Political Regime by CSR Report Year**

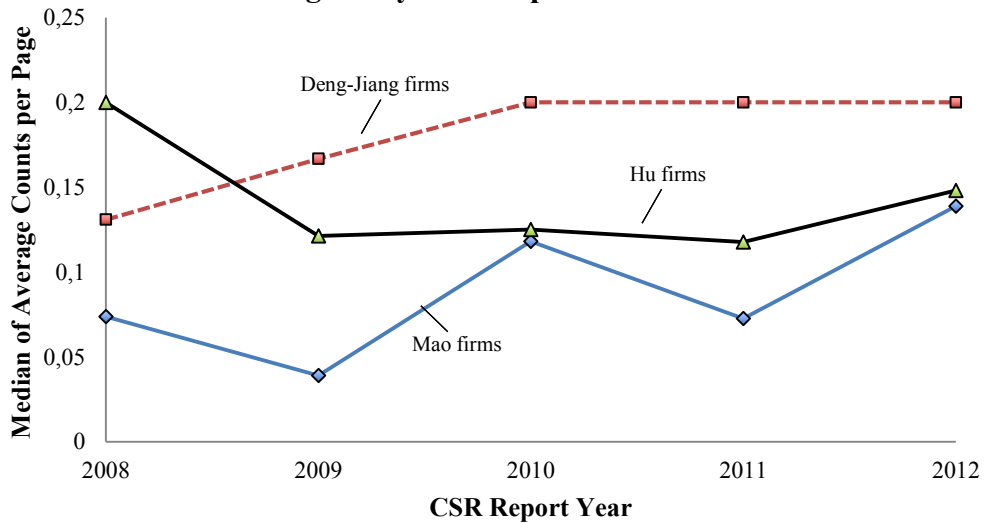
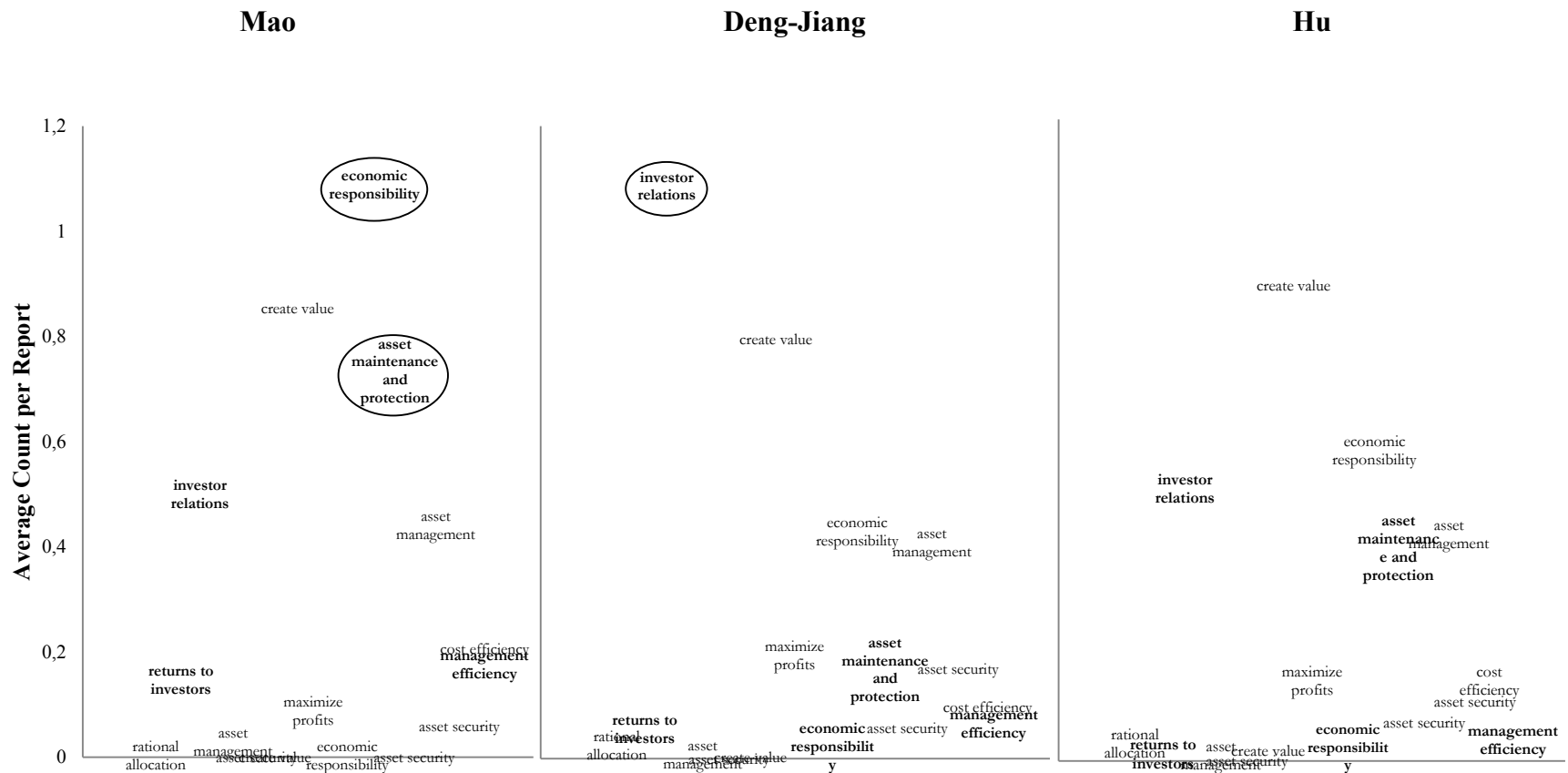


Figure 5.6 provides a more detailed depiction of how firms founded under the three regimes differentially emphasize aspects of economic responsibility. Whereas Deng-Jiang firms place the greatest emphasis on ‘investor relations’, Mao firms focus more attention on the general notion of ‘economic responsibility’ and ‘asset maintenance and protection’. Hu era firms, in contrast, do not appear to emphasize any particular aspect of economic responsibility more than do firms founded under the other regimes. Results of the Dunning’s log-likelihood tests show that differences in these words are significant at  $p < .05$ .

**FIGURE 5.6. 2010 Comparative Emphasis on Economic Responsibility of Firms Founded in Different Political Eras<sup>6</sup>**



<sup>6</sup> The bolded words reflect significant differences among the CSR reports of the three political eras based on Dunning's log likelihood test at  $p < .05$ . Note: Most of the words in the figure have been translated from Chinese to English.

From the interviews, economic responsibilities appear to be an important consideration for *all* firms. The tone and nature of these responsibilities, however, seem to differ across the firms. The CEO of a Deng-Jiang era private industrial company, for example, proudly states:

The enterprise's mission consists of four slogans, which cost me over 60,000 RMB to have engraved on a plaque. The first one is: "Achieving national prosperity is the foundation of the company's prosperity". In other words, if our country is prosperous, then it will benefit the development of our company. (CEO, Ningbo)

This entwining of national prosperity with that of an individual company suggests a *mutual* dependence between the State and corporations – a marked departure from the uni-directional dependence relationship epitomized by the traditional socialist system of Mao's time.

For most executives in Deng-Jiang era firms, paying taxes and fulfilling fiduciary responsibilities are the definitive embodiment of corporate social responsibility. As the senior executive of a private company founded during the Deng-Jiang era argues:

If you make your business more profitable, then you will be better able to pay taxes to the government. *When we pay taxes to the government, we improve the government's capacity to solve social problems – which gradually improves the local economy. This is the main way to fulfill a company's social responsibility [...]* As a corporation, *our primary CSR target is our shareholders.* We hold the money provided by our shareholders – we use it to operate our company. This requires trust and responsibility. We need to increase the value of our shareholders' capital... Whether we have fulfilled our social responsibilities depends on the company's revenue. In the first year of the company, for example, we earned 30 million yuan, the second year we earned 50 million yuan, and now we have around 0.3 billion in net profits per year. So you see, *shareholders invested the same amount of money, but their investment increased every year. This is one of the standards we use to measure CSR.* (CEO, Chengdu; emphasis added)

While Mao firms also stressed the importance of fiduciary responsibilities, the underlying perception of these responsibilities differed. For Mao firms, the emphasis on managing and protecting assets was subtly and implicitly grounded in a sense of patriotic duty – particularly for state-owned enterprises. This sense of patriotism was likely infused during the ideological fervor of Mao's time. As the CEO of a large industrial state enterprise recounts:

From the company's founding in 1958 through to the 1980s, our main focus was the defense industry. This history provides the cultural background of our company. First, being involved in the defense industry required us to meet certain core principles. *It required our employees to be patriotic – that they contribute to building the State and to defending the State...* Then, when we started manufacturing commercial electronics, there was a popular political slogan that *became part of our company's motto: "repaying the motherland by*

*developing industry and dedicating oneself to the prosperity of our nation” ...I think this background positively influenced our company’s development. It is something that modern Chinese companies lack.* (SOE CEO, Chengdu; emphasis added)

The CEO of another Mao era firm echoed a similar sense of patriotic responsibility, stressing that: “We are not owners. We are just operators or managers ... everyone has his or her role. We want everyone to bring his or her talent into full play” (SOE CEO, Chengdu). This perception that enterprise leaders are not owners but managers, and that everyone has a particular role to play, strongly resonates with the Maoist socialist doctrine that organization leaders ‘must do their part’ to build the ‘great socialist motherland’. Economic responsibility, in other words, extends beyond mere consideration of the interests of investors and shareholders – such that, for Mao era firms, it includes the Party and the country as a whole.

***Geographical Implications.*** To explore the geographic implications of Deng-Jiang’s preferential development policies, I examined whether firms founded during Deng-Jiang’s regime with headquarters in ‘Special Economic Zones’ would place a greater emphasis on economic responsibilities than their counterparts with headquarters in the other geographical regions. As the initial testing grounds for China’s ‘Open Door’ policies, these Special Economic Zones (or SEZs) were the first to be granted tax breaks, more liberal trade policies, and greater autonomy over fiscal resources.

The results shown in Figure 5.7 do not support this prediction. Surprisingly, Deng-Jiang firms in non-SEZ regions appear to have higher average word counts for economic responsibilities than their counterparts in the Special Economic Zones – in three out of the five CSR report years. Insights from the interviews may shed some light as to why this may be the case.

**FIGURE 5.7. Counts of Economic Responsibility for Deng-Jiang Firms with Headquarters Within and Outside Special Economic Zones**



As noted earlier, historic conditions in the interior region required firms to develop a strong sense of self-reliance and self-sufficiency. Interviews with senior executives in the interior underscored the challenges associated with the remoteness of their headquarters, and their companies’ exemption from the privileged economic policies of the Special Economic Zones. Indeed, a common theme across all interviews with interior firms, irrespective of their founding period, was the need for survival. As the CEO of Mao era firm warned, “It is inadvisable to pursue social responsibilities without considering the financial health of the company” (CEO, Chengdu). A senior executive of a private Deng-Jiang era firm, similarly, noted: “The first thing that you should keep in mind is to guarantee the survival and development of the company” (Senior Executive, Chengdu). Likewise, the CEO of a Hu era firm cautioned:

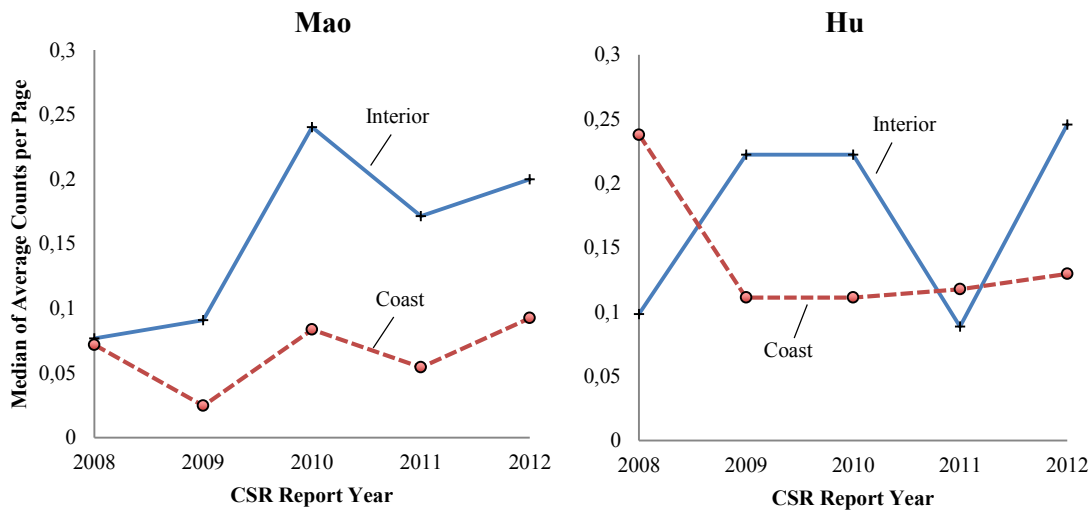
I don’t think you should let CSR related activities become a burden for your corporation. This is crucial because you first need to be responsible for your corporation and your employees. I personally think that undertaking social responsibilities has its limits. All you can do is try your best, instead of unwisely doing a lot of charitable activities without considering your main business activities. (CEO, Chengdu)

Further analyses revealed that firms in the interior have a higher average word count per page for economic responsibility than those in the coastal region – regardless of their founding era. As



shown in Figure 5.8, firms founded under Mao and Hu with headquarters in the interior region generally place a greater emphasis on economic responsibility than their counterparts with headquarters in the eastern coast.<sup>7</sup>

**FIGURE 5.8. Comparative Counts of Economic Responsibility for Mao and Hu Firms with Headquarters in the Interior and Coastal Regions**



Interestingly, while historical conditions in the interior region may have pushed firms to stress economic responsibility, conditions in the coastal region may have driven firms to do the opposite. First, when the Deng-Jiang economic reform policies were first introduced, there was a strong sense of disdain towards capitalist pursuits. As the CEO of a private enterprise recounts:

*Back in the 1990s, most people worked in state-owned enterprises, not private ones. Entrepreneurship at the time was not easy or common at all. There was this saying that when you start your own business, it's like jumping into the sea – basically, you were doing it at your own risk, so you had better at least know how to swim. But, knowing how to swim was not enough to succeed. You needed to avoid risks, as well as big storms...Back in those days, we literally had nothing – while state-owned enterprises had decent technological equipment, private companies didn't ... Not only that, there was little capital available for entrepreneurs. For the few dozen of us around in the early years, it was really hard. People were suspicious and critical of the private sector. (CEO, Ningbo; emphasis added)*

<sup>7</sup> I compared firms in the interior and coastal regions as a proxy because there were very few Mao and Hu firms in the sample with headquarters in the Special Economic Zones.

This historical sense of suspicion and criticism of private enterprise is echoed by the CEO of a private manufacturing company, who recalls the strong discrimination he faced in the 1990s:

*A state-owned company was like the natural son of the first wife of the government, whereas a private company was like the son of the second or third wife. In the past, the government did not treat private companies and state-owned enterprises equally ... For instance, as the owner of a private company, if I wanted to purchase land, I would be at a disadvantage – even if, theoretically, I had the same ability to compete with state-owned companies. (CEO Private Company, Chengdu; emphasis added)*

Even today, there appears to be some lingering sense of wariness towards private entrepreneurs – as illustrated by the following quote from the CEO of a high-tech firm:

*The Chinese social system inherited the idea of ‘killing the rich, and helping the poor’ ... so for those 5% of entrepreneurs in China who possess a lot of wealth ... they must let the government feel as though they are earning money to contribute to society – otherwise, their money might be taken away. (CEO, Chengdu; emphasis added)*

Yet, beyond being cautious of the lingering sense of suspicion toward personal wealth, firms in the prosperous coastal region may also place less emphasis on economic responsibilities in their CSR reports because it has become taken-for-granted – as three decades have passed since China first introduced its ‘Open Door’ policies in the Special Economic Zones.

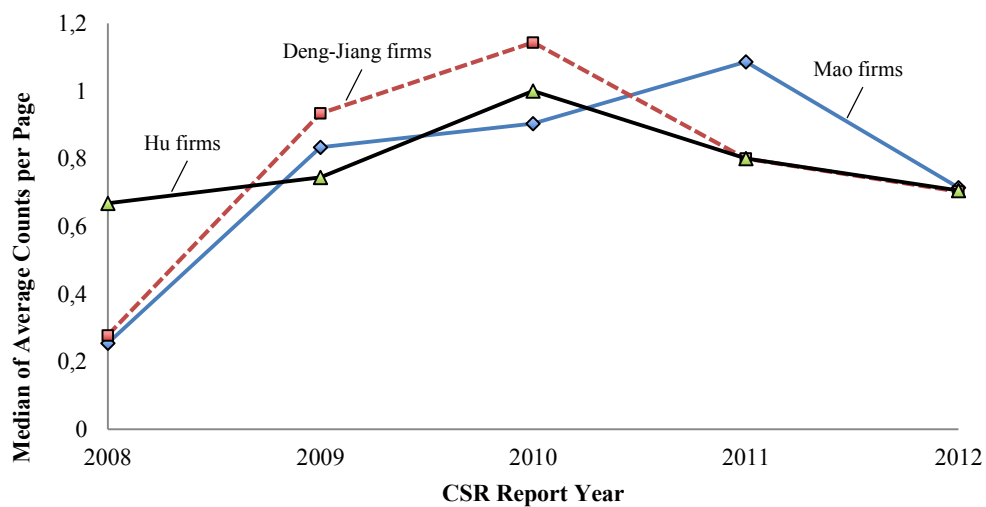
Overall, the results indicate that firms founded under the Deng-Jiang regime place a stronger emphasis on economic responsibilities than those founded under the other regimes. Interestingly, while the Deng-Jiang imprint does not appear to be especially salient in the SEZs, historical conditions in the interior and coastal regions still appear to have spawned an important geographic effect – though in the opposite direction predicted. On the one hand, the initial challenges of geographic isolation and limited physical infrastructure in the interior pushed firms to place a strong emphasis on survival, financial security, and asset maintenance. On the other hand, the traditional suspicion and animosity towards private capitalism in the coastal region may have generated an aversion to emphasizing profits and personal wealth. Taken together, these historic conditions may explain why Deng-Jiang firms with headquarters in the Special Economic Zones

do not emphasize economic responsibilities more so than their counterparts with headquarters in the interior region. This pattern appears to hold for both Mao and Hu firms as well – suggesting that geographic communities may indeed be influencing imprinting effects.

### Hu’s Harmonious Society

Not long after ascending to power, the Hu administration pledged to redress the glaring social disparities that resulted from the previous ‘growth at all costs’ strategy. The government’s strong focus on improving social conditions and increasing budgetary transfers to impoverished areas has strong resonance with social welfare activities – namely community development and philanthropy. Surprisingly, however, the results in Figure 5.9 show that Hu era firms do not appear to be placing a particularly strong emphasis on these activities in comparison to their Mao and Deng-Jiang counterparts. While Hu firms had the highest count in 2008, they were surpassed by Mao and Deng-Jiang firms in the remaining CSR report years.

**FIGURE 5.9. Counts for Community Development and Philanthropy for Firms Founded under Each Political Regime by CSR Report Year**

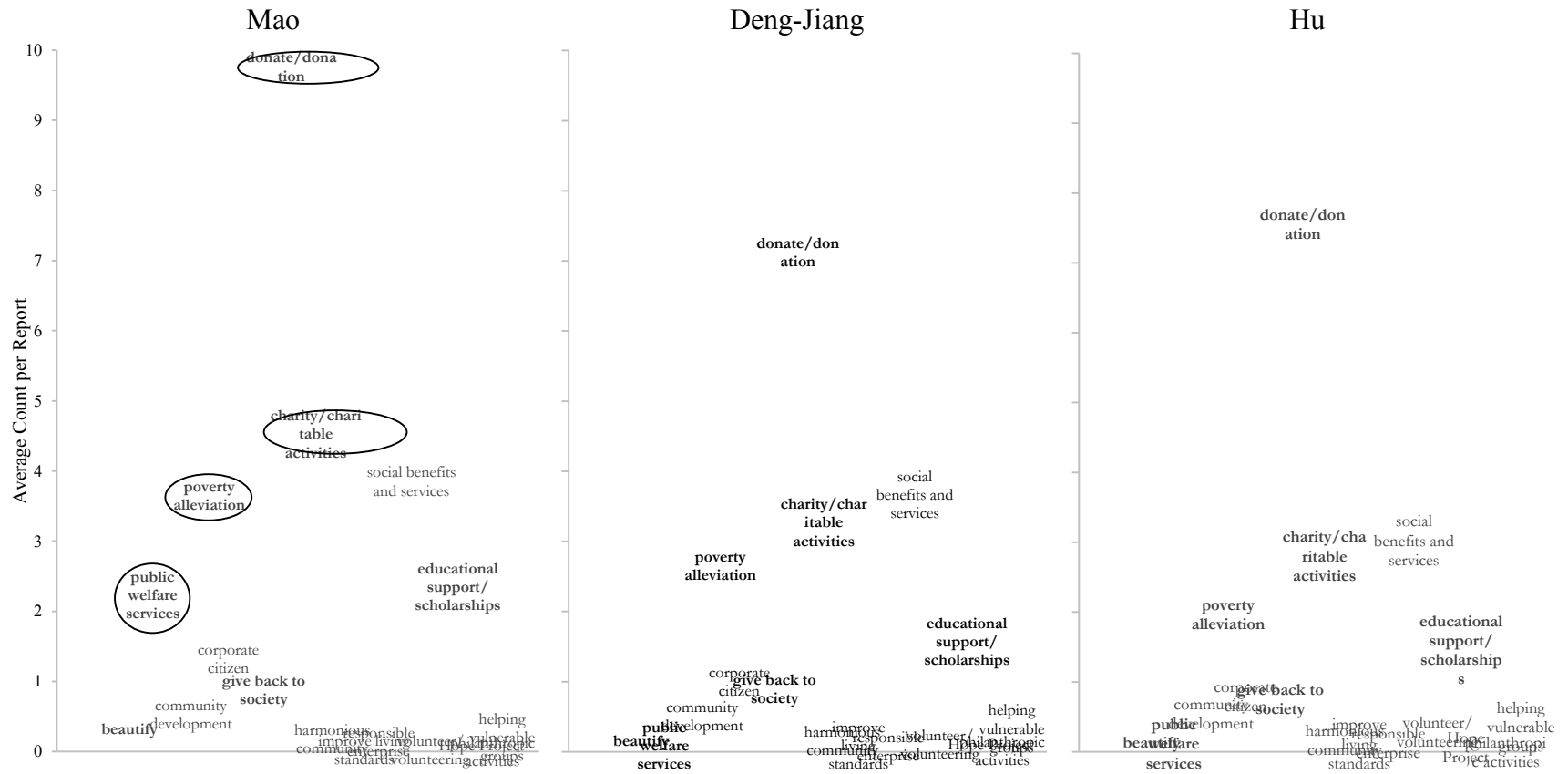


Taking a closer look at how firms from the different political regimes conceptualize community development and philanthropic activities, Figure 5.10 maps their relative emphases – with the bolded words reflecting significant differences at  $p < .05$ . As the figure shows, there are a number of similarities in types of activities emphasized by firms from all three eras including donations, social benefits and services. This finding suggests that in the six to ten years since the Hu administration began emphasizing balanced ‘harmonious’ development, companies may be taking up the call. Indeed, as a report by the China Charity Donation Information Center showed, charitable giving in China has increased from RMB32 billion in 2008 to approximately RMB79 billion in 2011.<sup>8</sup> Particularly noteworthy is the sharp increase in donations for disaster relief efforts, which rose from RMB13.3 billion in 2007 to RMB76.4 billion in 2008 – following the devastating Sichuan earthquake that killed nearly 80,000 people and displaced millions of others (Avory & Lane, 2011).

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<sup>8</sup> Source: *Corporate Philanthropy in China: A Practitioner’s Guide for Foreign Donors*, The Conference Board, updated December 2012, <http://www.avpn.asia/wp-content/uploads/2013/01/Corporate-Philanthropy-in-China.pdf>.

**FIGURE 5.10. 2010 Comparative Emphasis on Community Development and Philanthropy of Firms Founded in Different Political Eras<sup>9</sup>**



<sup>9</sup> The bolded words reflect significant differences among the CSR reports of the three political eras based on Dunning's log likelihood test at  $p < .05$ . Note: Most of the words in the figure have been translated from Chinese to English.

From the interviews, it is clear that charitable donations are an important part of a company's portfolio of CSR activities. Yet, like economic responsibilities, there appear to be important differences in the underlying motivations behind these activities. For Mao era firms, the call to address pressing social welfare concerns resonated with an inherited sense of patriotic duty. A mid-level manager of a recently restructured Mao era SOE, for example, recounts what happened in the aftermath of two recent natural disasters:

I was at work when the flood happened. I remember I was in my office ... it was about lunch time ... and I heard all this commotion outside. I looked out and it was chaos. People were running this way and that. The water was starting to rush in. It was like a movie. Right after the flood happened, people really came together. There was no power and the streets were completely flooded – the first floors of all the buildings in the downtown area were completely submerged under water. Yet, no one took advantage of the situation ... the prices for food and water did not go up ... People came and brought food and water for the relief crew without charging them any money. So, you can see, *while on a regular day, people might not seem to care much about each other, when there is a natural disaster and people need help, then that's when you really see people pulling through and taking care of one another. This is something that is quite amazing about Chinese people.*

The same sort of thing happened after the Sichuan earthquake. Whenever someone asked me to donate money for people in Sichuan, I gave a thousand yuan every time. *On a regular day, I wouldn't think that I could spare one thousand yuan. It's a lot of money ...but after the earthquake happened, I didn't think twice about giving money to help.* So, while China may have some problems and may not seem that developed or cultured, this is one aspect that really stands out. (Mid-level Manager, Jiujiang; emphasis added)

In contrast to this sense of moral obligation and patriotic duty, firms founded during the reform period appear to be motivated more by self-interest. The CEO of a Mao era state-owned enterprise laments the instrumental motivations of some firms' philanthropic activities:

*We have a different understanding of social welfare than some other corporations. Whenever there is a natural disaster, many corporations spend lots of money on advertisements and commercials, trying to let the public know how much they have contributed to the rescue efforts. The reason they spend so much money publicizing these activities is because they want to be labeled as trustworthy companies – and, in a way, to publicize their products. Our motivation for contributing to public welfare is totally different. We barely spend any money advertising our charitable activities.* Take for example what happened during the Sichuan earthquake. We immediately organized over 500 people to go Beichuan to start the rescue effort – which, by the way, was an hour earlier than the rescue teams sent by Chinese government ... We also had construction teams build temporary schools and dormitories [...] *The general public may think that this is not part of our company's business, but we just thought it was part of our social responsibility to step up and help.* We never did any advertising about any of this. (CEO SOE, Chengdu; emphasis added)

The self-interested nature of ‘instrumental’ social welfare activities was also noted by the CEO of a Hu era firm, who contrasts the change in attitudes toward social responsibility from the Deng-Jiang to the Hu era:

Many entrepreneurs have realized that they need to elevate themselves – not just in terms of making profits, but in taking on more social responsibilities ... I think that *our understanding toward social responsibilities has changed dramatically compared to the first generation of entrepreneurs*. Much of their success was achieved by taking advantage of the flaws in existing policies. Take, for example, the nouveau riche who only care about their own interest. They should not be considered entrepreneurs at all. We are now at the point where we’ve realized that we cannot build a harmonious society if a company only pursues its own interests. (CEO, Chengdu; emphasis added)

Beyond differences in the underlying motivations for community development and philanthropic activities, there also appears to be variation in the types of activities emphasized by the firms. As Figure 5.10 shows, Mao firms place a particularly strong emphasis on ‘donation’, ‘poverty alleviation’, ‘public welfare services’, and ‘charitable activities’. These emphases have some historical undertones – as one of the major concerns throughout the Mao era, and the early years of the Deng-Jiang regime, was to alleviate poverty. The following quote from the CEO of a Mao era SOE provides a nice summary of changing social conditions and attendant government priorities from the Mao to Deng-Jiang to Hu eras:

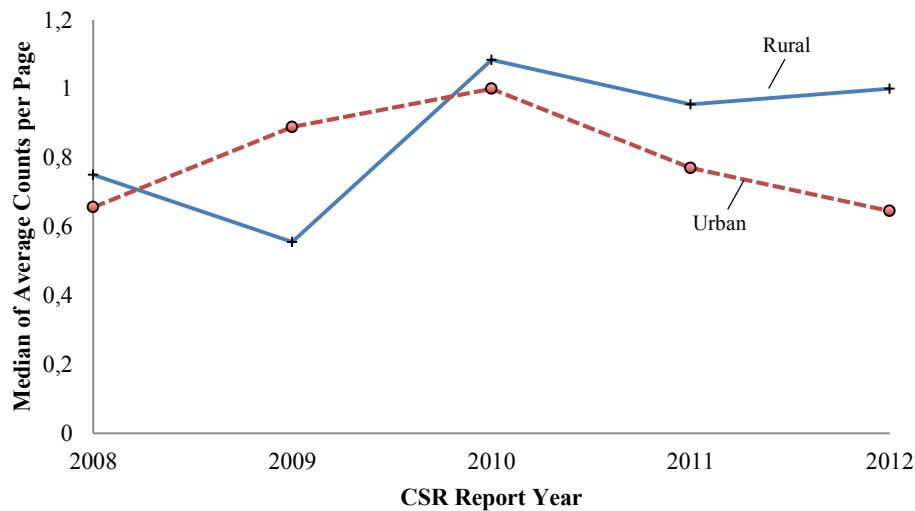
[In the past], the Chinese Communist Party (CCP) did not care much about developing integrity and trust amongst corporations. It only really cared about economic development speed. One of the targets the CCP used to mobilize the population was: “to decrease the number of people suffering from starvation from 60 to 40 million.” My point for raising this is that *in the past, the CCP’s main target was decreasing starvation and poverty. Political leaders were eager for quick success and instant benefits. Now CCP leaders have realized that solving the issues of poverty and starvation cannot be achieved by blindly increasing the speed of economic development*. In other words, there is a need to pay more attention to social issues and responsibilities. (CEO, Beijing; emphasis added)

Overall, the results show that the government’s recent emphasis on community development and philanthropic activities appears to be having an important impact on *all* firms – not just those founded under the Hu regime. Insights from the interviews suggest that Mao firms may be taking up the government’s call because it resonates with their political imprints, namely Mao’s strong ethos of self-sacrifice and sharing ‘weal and woe’. For Deng-Jiang firms, however, the motivation

appears to be laced with instrumental undertones. Specifically, firms engage in ‘showy’ demonstrations of their philanthropic activities because they believe it furthers their economic interests.

**Geographical Implications.** The Hu administration’s policies sought to address the widening disparities between urban and rural regions. Accordingly, imprints from this era were expected to be particularly salient in rural areas. In other words, Hu firms with headquarters in rural regions were expected to place a greater emphasis on community development and philanthropy than their counterparts with headquarters in urban areas. The results in Figure 5.11 confirm this supposition, showing that Hu firms in rural areas generally have a higher average word count per page for community-related activities than those in urban areas.

**FIGURE 5.11. Counts of Community Development and Philanthropy for Hu Firms with Headquarters in Urban and Rural Areas**

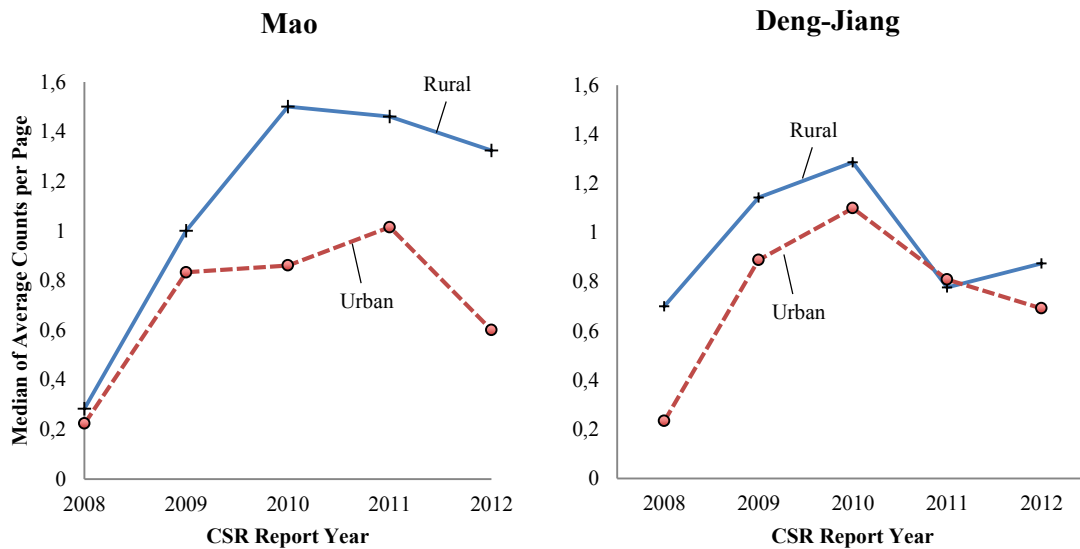


This geographic pattern appears to hold for firms founded in the Mao and Deng-Jiang eras as well. Figure 5.12 provides the comparative results for the community development and philanthropic counts of Mao and Deng-Jiang firms in urban and rural areas. The figure shows that Mao and



Deng-Jiang firms in rural areas typically place a higher emphasis on these types of activities than their counterparts in urban areas.

**FIGURE 5.12. Comparative Counts of Community Development and Philanthropy for Mao and Deng-Jiang Firms with Headquarters in Urban and Rural Areas**



Insights from the interviews confirm that helping to develop rural and impoverished areas is an important focus for *all* firms, irrespective of their founding eras. For Mao era firms, however, this focus is underpinned by a sense of duty and morality – as evidenced in the following quote from a Mao era executive:

In addition to the 90,000 plus staff members who are currently working in our company, we also have retired employees. Technically, we do not need to hire more people – yet the number of unemployed graduates is getting larger and larger. *We need to help our society solve this social issue.* Before, we only hired around 400 to 500 graduates. Now the number has gone up to between 1500 and 2000. To some extent, we are hiring more graduates to meet our company’s development needs. However, another important reason we are doing it is because of our company’s social values. *Solving university students’ unemployment concerns has become a very urgent issue for the Chinese government.* There are some university graduates who come from very poor rural areas. They have worked really hard to get into university – and yet, they still cannot find jobs. Recently, there was a tragic example of a master’s student, who could not find a job. His dad ended up committing suicide because of the extreme pressure his family was facing to repay the money they had borrowed from friends and relatives to put their son through school. *This is a very serious social issue that is difficult to solve - so we must do what we can.* (Head of HR, Chengdu; emphasis added)

Interestingly, this quote suggests that Mao firms may not just resist downsizing because of the residual socialist ideology of full employment (Kriauciunas & Kale, 2006; Peng & Heath, 1996), they may even be *expanding* their workforces due to a sense of patriotic duty to provide jobs and address unemployment concerns. A similar sense of duty is echoed by the CEO of another Mao era firm – who reflects on the motivations behind his company’s CSR activities:

Since I was little, Mao Zedong’s teachings have had a fundamental impact on my life. A lot of Mao’s sayings have been forever etched in my mind and I can still recall many of his sayings ... when it comes to taking on social responsibilities, there are two things that you need to consider. First, you need to follow the government’s requirements ... *If the government requires us to allocate jobs for people who are disabled or to create jobs or to elevate the minimum wage level, we will do it to the best of our abilities – even if the government does not send someone to supervise us.* Second, a company needs to create a good working environment for all of its employees – taking into account their different needs, backgrounds and positions. (CEO, Beijing; emphasis added)

Particularly noteworthy in the quote above is that Mao Zedong’s teachings and sayings continue to have a strong and pervasive influence on the lives, beliefs and values of older-generation CEOs – notably, those in their late 50s and early 60s. Indeed, Mao’s enduring influence appears to not only have colored the ways that this generation perceives its social responsibilities, but also pushed it to *internalize* the responsibilities – such that formal monitoring or the threat of sanctions may not be its prime motivator for engaging in government-led CSR initiatives.

For most Deng-Jiang era firms interviewed, the importance of engaging in community development and philanthropic activities is clearly recognized. However, this responsibility is typically set in relation to economic concerns. As the CEO of a private firm admits:

We hope that a deeper sense of morality can be developed in our company – so that we would be better able to build foundations to help disadvantaged groups. Yet all *this has to be within the scope of our company’s ability. When the wealth of a company reaches a certain level, then it would be natural for it to start returning favor to society.* (CEO Private, Chengdu; emphasis added)

A similar sentiment is echoed by another Deng-Jiang era CEO, who states:

After the reforms, our company had certain goals each year in terms of the contributions that we ought to make for our society. We also have projects that help the development of rural areas. *But the precondition of doing these activities is that our company is profitable.* (CEO Private, Funing County; emphasis added)

Thus, while interviewees from Deng-Jiang era firms do recognize the importance of engaging in and improving CSR initiatives in rural areas, it is clear that doing so will not be at the expense of economic priorities.

Overall, the results suggest that while it may be too early to fully appreciate the effects of Hu's imprints, there is some evidence that companies are heeding the government's call to address the glaring social disparities between the urban and rural populace. Thus, while political imprints are not especially salient among Hu firms, a community level pattern is emerging along Hu's redistributive plan. That is, Hu firms in rural areas appear to be placing a greater emphasis on community development and philanthropic activities compared to their counterparts in urban areas – a geographical pattern that is also evidenced by Mao and Deng-Jiang firms. These patterns suggests that imprints from Hu's regime may be beginning to congeal and coalesce, such that they hold the potential to influence future CSR practices. This is more likely the case, now that the Hu administration's 'Harmonious Society' and 'Scientific Development' doctrine has been formally enshrined in the Communist Party Constitution – alongside *Mao Zedong Thought* and *Deng Xiaoping Theory*.

## **Summary**

Results from both the quantitative and qualitative analyses provide strong indications that political imprints do indeed color the ways that organizations respond to pressures to engage in CSR. The results also show that geographically-bounded communities appear to amplify and perpetuate these imprinting effects. Mao firms, particularly those in the remote interior, seem to have retained defining elements of Mao's socialist blueprint – notably with respect to taking responsibility for employee welfare and benefits above and beyond those required by law. Likewise, Deng-Jiang

firms have retained a strong emphasis on economic responsibilities, which echoes the profit-oriented ethos introduced during the reform era. Surprisingly, this emphasis was found to be more salient *outside* of the Special Economic Zones – which may be because of the historic suspicion and hostility toward private capitalism that was embodied in the SEZs. Alternatively, it could be attributed to the fact that economic responsibility is now taken-for-granted in these zones.

For Hu firms, the imprinting effects of the government's development policies do not appear to be especially salient – perhaps because of the comparatively short time frame that has passed since the policies were introduced. That being said, there is some evidence that the government's campaign to address the plight of disadvantaged groups is having some effect. Not only are companies with headquarters in rural areas placing a greater emphasis on community development and philanthropic activities compared to their urban counterparts, but there appears to be a strong emphasis among Hu firms to provide benefits for disadvantaged migrant workers – an important constituency which was targeted in the Hu administration's welfare transfer policies.

In sum, results from the analyses suggest that the imprints of China's political regimes have left indelible marks on its institutional infrastructures and organizations. Vestiges of past legacies, importantly, appear to be influencing contemporary organizational behavior by channeling attention toward particular activities and away from others. Thus, understanding how and why Chinese companies are differentially responding to pressures to engage in CSR requires a greater appreciation of China's unique institutional landscape – particularly, how it came to be characterized by a complex patchwork of political imprints and community legacies that espouse fundamentally different understandings of the role of business in society.

## CHAPTER SIX: DISCUSSION

The starting point of this research endeavor was to understand how China's unique institutional infrastructures have influenced the ways that organizations have conceptualized and responded to pressures to engage in CSR initiatives. My interest, in particular, was to examine how the institutional mandates, value systems, and incentive structures inherited from different political regimes have channeled organizational attention toward particular responses and away from others. Drawing on historical research as well as extant theory, I sought, first, to identify and articulate the conditions under which firms founded under each regime were imprinted. In-depth analysis of primary source documents from the founding of the People's Republic of China in 1949 to 2012 provided key insights into the development of China's socio-political and economic landscape. It also shed light on important changes in state-enterprise relationships, expectations regarding the role of business in society, and prevailing organizational structures and practices. Together, these insights provided a strong foundation for understanding the political imprints and legacies of the Mao Zedong, Deng Xiaoping and Jiang Zemin, and Hu Jintao regimes.

The second phase of the research design involved a mixed-method approach to explore how political imprints from successive regimes may have manifested in contemporary CSR practices. Using a custom Chinese-English dictionary of CSR terms in China, I content analyzed 3,148 CSR reports to identify differences in the CSR activities emphasized by firms founded under different political regimes. I also examined how shifts in the government's economic development policies may have reinforced these patterns within particular geographic communities. To contextualize and corroborate these results, I supplemented the analysis with qualitative interview data from CSR field experts and company informants from eight cities across China. This mixed-method

approach allowed me to combine information about the activities and practices emphasized in the CSR reports with the experiences and understandings of local informants.

In what follows, I detail how the results from my historical research and subsequent analyses extend and nuance research on both imprinting and institutional logics. I also highlight how insights from the study can be applied to studies of corporate social responsibility. I then conclude by outlining the boundary conditions of the study as well as potential avenues for future research.

### **Implications for Research on Organizational Imprinting**

The present study offers two main insights into the organizational imprinting phenomenon. The first is that imprints are not created equal. Instead, they vary in terms of the ‘depth’ in which they are initially infused into organizational structures and practices. My findings suggest that the resilience of imprints, and the ways that they manifest in contemporary organizational phenomena, depends upon the conditions under which the imprints were formed. The second insight is that maintaining organizational imprints may be better characterized as a ‘distributed’ process – involving actors both within *and* outside the organization. Insights from the study suggest that geographic communities play a particularly consequential role in amplifying and perpetuating imprints within organizations. Below, I elaborate on each of these insights.

*Depth of initial imprints.* Studies of imprinting have provided illuminating accounts of the processes of producing, maintaining and reproducing imprints (e.g., Baron et al., 1999; Dacin et al., 2010; Greve & Rao, 2012; Stinchcombe, 1965). While this body of research has provided overwhelming support for the persistence of imprinting effects, few studies have delved deeply into the richly textured and highly contextualized conditions under which firms are imprinted.

Such an oversight is surprising given that founding conditions fundamentally determine not only *what* is being imprinted, but also the relative ‘potency’ of the initial imprints. By systematically tracing and detailing the historical conditions under which firms founded in different political eras were imprinted, I sought to address this gap and move beyond vague notions that ‘history matters’ or that an organization’s founding context matters (Peters, Pierre, King, 2005; Raynard et al., 2013). My intention was to show that imprints are not created equal, but instead, vary in terms of the degree in which they interpenetrate organizations.

My historical research surfaced three contextual conditions that appear to influence the pervasiveness of initial imprints: (1) the degree to which social, political and economic infrastructures coalesce to prescribe a *coherent* and *singularly-focused* set of expectations, practices and mandates; (2) the extent to which *mechanisms of control* reinforce adherence to institutional prescriptions; and (3) the level of *emotional fervor* fueling adherence to institutional mandates. I found that the presence of these conditions not only affected the potential resilience of imprints, but also how imprints manifested in organizational responses to contemporary institutional pressures.

The historical analysis revealed that firms founded under the different political regimes were exposed to fundamentally different imprinting conditions. Whereas Mao’s regime epitomized all three conditions, the same could not be said for the Deng-Jiang or Hu regimes. In Mao’s era, there was an omnipresent sense of ideological fervor that elevated Mao’s every utterance to a position of unquestioned authority and wisdom. Indeed, from the time Mao famously proclaimed the founding of the People’s Republic of China in 1949 atop the gate at Tiananmen Square to his death in 1976, he “enjoyed an enormous reservoir of support” (Lieberthal, 2004: 87-88) – such that his

influence extended into virtually every facet of society. Because all attention and loyalty was directed at Mao and the overriding will of the Party, the ‘interinstitutional system’ (Thornton et al., 2012) within which organizations were embedded was characterized by social, economic, and political infrastructures that coalesced to prescribe a coherent and reinforcing set of expectations, practices and institutional mandates.

The coherence of Mao’s ‘message’ was further buttressed by a set of highly effective control mechanisms that included frequent political indoctrination campaigns, an extensive system of mutual monitoring, as well as the presence of a Party office within each state-owned enterprise. Especially critical was the danwei system, which proved to be effective in cultivating dependency relationships and ensuring total compliance with the state’s ideological and economic goals. In many respects, the danwei system of Mao’s time reflected Goffman’s (1961) characterization of a total institution. Not only were all aspects of life contained and controlled by one’s danwei, all activities were carried out according to a single ‘over-all rational plan’ imposed by the Party-state. Working in concert, these infrastructures and control mechanisms enhanced the pervasiveness of Mao’s imprints – not only within organizational structures and practices, but also in an entire generation of political leaders and CEOs. Even today, nearly four decades after Mao’s death, echoes of his legacies reverberate in contemporary employee practices; as well as in the values and beliefs espoused by those who lived through his reign. Perhaps most telling of the continued salience of Mao’s imprints is that older-generation CEOs and senior executives are still able to recount verbatim many of his sayings – underscoring the effectiveness of Mao’s political indoctrination campaigns.



Results from my analysis of CSR reports showed that firms founded during Mao's regime place a great deal of emphasis on employee benefits above and beyond those required by law. These include the provision of dormitories, subsidies, and special allowances for workers in need. Informants from Mao era firms corroborated this emphasis on employee benefits, and further noted the importance of taking a more encompassing view of their 'staff members'. Specifically, the need to take into consideration staff members' families and domestic lives. They also noted the importance of providing for staff members' welfare needs, security and career opportunities.

From the interviews, it was clear that the residue of Mao's legacies extended well beyond physical structures and practices, such that they were infused into the very DNA of the companies – i.e., their missions, values, cultures and history. In terms of CSR, this thorough embedding of Mao's imprints spawned an internally-driven and morally-based impetus to engage in CSR practices, particularly those that aligned with Mao's socialist blueprint and proletarian line of providing for employees. Further, being inherently intrinsic meant that firms engaged in these practices even in the absence of regulatory pressures or sanctions – a point noted by several executives from Mao era firms.

In contrast to Mao firms, Deng-Jiang firms were not borne of an era of ideological fervor; but, instead, one of *economic* fervor. As the reforms progressed, social, economic and political infrastructures evolved towards greater coherence such that, at the height of the Deng-Jiang regime, attention was squarely directed at accelerating economic growth. This myopic focus on economic growth ensconced China's position as the 'factory of the world' (Brown, 2012; Fan, 2006; Lam, 2006; Moon & Shen, 2010) – setting in motion “a process of radical social change that would extend far beyond the economic sphere where it began” (Guthrie, 1999: 4).

Unleashing the profit motive triggered fundamental changes in societal expectations and understandings of the role of business in society. Firms were no longer seen as ‘appendages’ of state bureaucracy, but as ‘legal entities’ tasked with the broad mandate of fuelling China’s economic engine and leading the nation’s modernization drive. Bureaucratic control over resources was replaced by market-based allocation, and the traditional danwei system gave way to more diversified governance structures. A number of unintended consequences grew out of these changes in state-enterprise relationships. Of particular importance was that the changes significantly reduced the scale and scope of the government’s repertoire of control mechanisms. Firms were no longer infused with an unquestioned belief in the infallibility of the Party, nor were their fates inextricably tied to the will of the government. Instead, firms were encouraged to comply with laws and regulations, pursue private capitalism, and respond to competitive pressures both domestically and abroad. They were not only given greater autonomy over operational and production decisions, but also control over hiring, firing and promotion decisions. The cumulative result was the introduction of new incentive systems based less on ‘ideological appropriateness’ and more on competitive pressures.

Vestiges of the strong market-based and profit-oriented ethos of the Deng-Jiang era can be seen in a contemporary emphasis on economic responsibilities. In four out of the five CSR report years examined, firms founded under the Deng-Jiang regime had higher overall counts for economic responsibility terms than either Mao or Hu firms. Likewise, most company informants interviewed from Deng-Jiang era firms incorporated some form of economic responsibility in how they conceptualized CSR – such as paying taxes, increasing investor returns, and maximizing profits. When asked about the motivations behind their CSR activities, nearly all pointed to the need to follow laws and regulations. Indeed, a common theme across Deng-Jiang era firms was the

coercive and ‘instrumental’ nature of CSR activities. That is, firms conceptualized CSR in terms of regulatory mandates and how CSR activities aligned with their market interests and economic goals (Bansal & Roth, 2000; Jones, 1995; McWilliams & Siegel, 2001). This form of externally-driven, strategically-based motivation for engaging in CSR activities stands in stark contrast to that of Mao era firms – such that Deng-Jiang era firms may be more likely to respond to sticks and carrots than the more normative and morally-based pressures that seem to motivate Mao era firms.

For Hu era firms, the conditions under which they were imprinted fundamentally differed from those of Mao or Deng-Jiang firms. Notably, they experienced neither the ideological fervor nor the economic fervor that characterized the preceding regimes. Without an equivalent sense of emotional fervor fueling adherence to its mandate, the Hu administration’s call to create a ‘Harmonious Society’ was largely seen as an ‘idealistic’ or ‘inspirational’ goal rather than a political obligation. Yet, for the Hu administration, adherence to the mandate was critical – as the previous growth-at-all-costs mentality had led to extensive environmental degradation, social instability and rampant corruption (Brown, 2012; Lam, 2006; Xing, 2009). At the top of the government’s agenda was the need to address the plight of disaffected and vulnerable groups; and, to equalize social disparities between the booming urban cities and impoverished rural villages (Friedman, 2006; Lam, 2006). Firms were called upon to “bear social responsibilities” for the effects of their operations on stakeholder groups (Hawes, 2007). Through a series of laws, regulations and policies, the government encouraged firms to pursue economic development in light of a wider set of considerations including social welfare concerns.

Beginning in the early 2000s, governmental actors including the Shanghai and Shenzhen stock exchanges and the State-owned Assets Supervision and Administration Commission issued

guidelines encouraging firms under their control to report on their social and environmental activities (Marquis & Qian, 2013). The Shenzhen Stock Exchange guidelines, for example, emphasized the importance of social welfare services and the need to develop “community-based programs that target poverty relief, education, and community development” (Levine, 2008: 51). These initiatives formed the basis of a uniquely ‘top-down’ approach to corporate social responsibility – a marked contrast from the U.S. and Europe where the push for CSR largely came from the private sector and civil society.

Despite the government’s efforts to promote socially responsible behavior, there were a number of obstacles that needed to be overcome – notably social and public welfare infrastructures were inadequate to meet the needs of the dispersed and ever-expanding population. As noted by company informants and CSR field experts, the development of social and political systems had not kept pace with economic development – resulting in a misalignment of infrastructures that imposed conflicting institutional prescriptions regarding economic growth and addressing social welfare needs. This misalignment, in many respects, diluted Hu’s message. To make matters worse, the cache of formal and informal control mechanisms at the hands of the Hu administration did not have the same degree of influence as those of the Mao and Deng-Jiang eras. Indeed, with the advent of information technology and the Internet, the government faced increasing difficulty in curbing protests, mass mobilization, and dissent (Lam, 2006; Luo, Zhang & Marquis, 2014; Zhao, 2004).

It is likely that this combination of less coherent infrastructures and less extensive control mechanisms may have limited the depth of Hu’s political imprints. While firms founded under the Hu regime do appear to be emphasizing migrant worker benefits in their CSR reports, they do not

seem to exhibit a particularly strong emphasis on community development and philanthropic activities – at least not compared to their Mao and Deng-Jiang counterparts. Given its recency and comparatively shorter time frame, however, the imprints of Hu’s regime may yet to be fully realized – a point that I will come back to in the following section.

Taken as a whole, the results of my historical research and analyses suggest that the conditions under which imprints are initially infused into organizations matter – not only because they affect the depth and potency of initial imprints, but also because they are likely to influence the persistence and subsequent manifestations of these imprints. Delving more deeply into the conditions surrounding initial imprints may shed new light on why some imprints may be more resilient than others. The implication is that existing research may be missing an important part of the imprinting story because of the predominant focus on how and why imprints are maintained. Put differently, while studies have provided strong evidence that imprints persist because they continue to demonstrate utility, there is a lack of alternatives, actors engage in purposeful actions to maintain them, and/or because of inertial forces such as tradition, vested interests, and taken-for-grantedness (e.g., Baron et al., 1999; Dacin et al., 2010; Greve & Rao, 2012; Stinchcombe, 1965), we still know relatively little about how the conditions under which imprints were initially infused in organizations affects their relative resilience. Thus, a fruitful avenue for future research might entail a shift from the current emphasis on examining the processes of *maintaining* imprints to exploring how founding conditions and the processes of imprinting may sow the seeds of enduring imprints.

This study showed that three founding conditions appeared to be of particular consequence: the degree to which the regime to prescribe a coherent and singularly-focused ‘message’, the control

mechanisms that reinforced adherence to that message, and whether that message was fueled by a sense of emotional fervor. Future studies could probe how differences in the ways these three conditions converge affect imprints. For example, is one condition more important than another? Do conditions vary across an historical epoch? Indeed, insights from my study suggest that there may be some temporal variations in the relative salience of imprints – even within the same political era. As noted earlier, Mao’s influence and stature was largely without equal or challenge throughout the entirety his regime – such that blind faith in Mao's judgment and decisions resulted in “frenzied, indeed utopian, efforts at economic social, and political transformation” that strayed “far from reality” (Lieberthal, 2004: 85). One after another, ideological campaigns such as the ‘Great Leap Forward’ and the ‘Cultural Revolution’ left millions of dead, starving and destitute in their wakes. Yet, the general populace continued to revere and follow his vision for a creating a ‘Great Socialist Motherland’. From my historic research and discussions with informants, it appears that singularity of Mao’s message, combined with strong mechanisms of control and ideological fervor, generated deep-seated imprints that continue to reverberate in contemporary society.

While Mao’s ideological campaigns provide strong evidence of the pervasiveness of his influence *throughout* his reign, my findings suggest that the salience of political imprints during the Deng-Jiang era may have followed an inverted U-shaped pattern. In the early years, as the planned economy and fixed production quotas gave way to market liberalization and greater managerial autonomy, firms faced a complex and largely conflicting set of institutional prescriptions and proscriptions. On the one hand, political and economic policies encouraged firms to pursue private capitalism and personal wealth; while, on the other, social conventions and cultural norms cast suspicion, disdain and mistrust over such activities. Several company informants from Deng-Jiang

era firms noted the challenges they faced in the early years of reform – ranging from discrimination to intense scrutiny to fears of government expropriation. Indeed, even though economic reform policies began in earnest in 1978, it was not until the 1990s that the government explicitly shifted the framing of ‘capitalism’ toward a more positive light (see Figures 4.8 and 4.9). This shift marked a critical turning point in perceptions of the private sector and the pursuit of material wealth. In essence, it unleashed the profit motive and triggered what could best be described as ‘economic fervor’ or ‘money frenzy’ (Jiang & Ashley, 2000). Thus, unlike Mao’s time, the intensity of Deng-Jiang’s imprints may have been strongest at the height of the regime in the mid-1990s – when the ‘message’ began to cohere and its underlying mechanisms became institutionalized.

The Hu era presents inherently different dynamics. Instead of being consistent or peaking in the middle of the regime, the salience of Hu’s imprints appear to follow a gradual incline towards the end of his regime. Both company informants and CSR experts noted that the concept of Harmonious Society is still in its infancy, suggesting it may take some time for Hu’s political imprints to congeal and interpenetrate organizations. This temporal lag in salience echoes that exhibited in the first half of the Deng-Jiang regime. Such a lag is in contradistinction to studies that have suggested that imprinting may be most intense during an organization’s founding (Baron et al., 1999; Carroll & Hannan, 1989). Reconciliation between these arguments may be found in the degree to which the political imprints in question have been institutionalized at the time of an organization’s founding. For most Hu firms, there was still a degree of ambiguity surrounding the Harmonious Society concept – which may have limited the depth of its influence. Likewise, it took some time for Deng-Jiang’s institutional mandates to cohere and traditional norms and understandings of private capitalism and personal wealth to change.

Insights from these findings suggest that there may be a temporal dimension to imprints, such that the salience of initial imprints may vary depending on the degree of institutionalization of prevailing practices, structure, templates and value systems. Future studies could, for example, examine whether and to what extent ‘temporal exposure’ to imprinted elements affect their resilience. That is, does the length of time in which an organization is exposed to a particular founding element influence the degree to which the imprint is infused into its structures, practices and culture? It seems reasonable to assume, for instance, that an organization founded when a technological breakthrough is first introduced would be differentially affected by that technology than would an organization founded just a few years later. More research, however, is needed to tease apart the interrelationships amongst time, degree of institutionalization, and organizational imprints. Such research would inevitably require a greater appreciation of the conditions and circumstances surrounding initial imprints.

***Geographic communities and imprints.*** The second major insight into the imprinting phenomenon revealed by the study is that the persistence and maintenance of imprints may be a ‘distributed’ process involving actors within and outside an organization. While studies to date have provided illustrative accounts of the ways that organizational actors perpetuate imprints (e.g., Baron et al., 1999; Dacin et al., 2010; Stinchcombe, 1965), there is a dearth of research examining the role of *external* actors in this process. My findings suggest that geographic communities are consequential in both amplifying and perpetuating imprints within organizations. The study draws attention to certain characteristics of communities that may expose organizations to varying intensities of political imprints – notably, communities with favorable political standing and those borne out of adverse conditions. These two factors appear to enhance the persistence of imprints and their relative salience in shaping contemporary organizational decision-making and actions.



Each of China's political regimes targeted its socio-economic development policies toward a particular geographic area, making its influence especially salient in those areas. Mao's policies, for example, focused on the interior region – being motivated by the desire to remedy uneven regional development, tap inland raw materials, and shift key industries away from the militarily-vulnerable eastern coast (Fan, 1997; Raynard et al., 2013). My findings show that Mao era firms that were founded in remote interior locations have retained a strong sense of patriotic duty and responsibility to care for their employees' welfare needs. Charged with the task of helping to develop and build the great 'socialist motherland', these companies were deeply infused with Mao's political mandates. In their accounts of the early years of their companies' founding, informants regularly emphasized these mandates and the challenges they faced because of the lack of infrastructure and resources in the interior region. The mountainous terrain and remoteness of the area made commercial development especially problematic. This geographic isolation meant that each community – and often each organization – had to be completely self-sufficient. As a result, the danwei system was imbued with a deeper sense of meaning and urgency in the interior than in the coastal region.

Analysis of both the CSR reports and interview data provide strong support for the salience of Mao's legacies in the interior region. They show, in particular, that Mao firms in the interior region place a particularly strong emphasis on employee benefits and subsidies – a pattern that appears to hold for their counterparts founded in the Deng-Jiang and Hu eras. This suggests that communities may enhance the likelihood of 'second-hand' imprints – i.e., "the social transmission of imprints ... whereby an actor takes on aspects of an imprint borne by another actor" (Marquis & Tilcsik, 2013: 226).

Interestingly, while Deng-Jiang's socio-economic development policies were concentrated in the coastal region, the results of my analysis indicated that Deng-Jiang's imprints were more salient in the interior region. Specifically, Deng-Jiang firms in the interior placed a stronger emphasis on economic responsibilities than did their counterparts on the coast. It could be that after three decades of 'Open Door' policies in this region, economic responsibilities have become taken-for-granted. However, my discussions and exchanges with CSR field experts and company informants suggest a different, more intriguing explanation. As one informant put it, "[t]he Chinese social system inherited the idea of 'killing the rich, and helping the poor' – a sentiment that has fuelled suspicion and even hostility toward 'capitalist tendencies'. Accordingly, firms in the SEZs – the initial testing grounds for economic reforms – may be particularly sensitive to publicizing economic responsibilities such as 'profit maximization'. Instead of the challenges of isolation and inadequate infrastructure development faced by Mao firms in the interior, Deng-Jiang firms on the coast were confronted with strong and adverse cultural prejudices. From my interviews, it appeared that these prejudices created a sense of community, notably a perception of 'us versus them' – i.e., private enterprises versus state-owned enterprises, and the 'haves' in the east and the 'have-nots' in the interior regions.

For Hu era firms, the geographic pattern appears to differentiate firms with headquarters in rural and urban areas. That is, firms with headquarters in rural areas place a stronger emphasis on community development and philanthropic activities than do their counterparts in urban areas. This geographic pattern aligns with the Hu administration's focus on addressing the social disparities between the urban and rural populace. Indeed, the rural region saw an increase in agrarian support policies, which were designed to resuscitate the hinterland. Such policies included targeted tax reductions on rural households, subsidies for agricultural production, free universal

education for the first nine years of schooling, subsidized rural cooperative medical insurance and pension system, and social welfare transfers to needy families (Shi, Chuliang, & Sicular, 2009). My results provide some evidence that the Hu regime's targeted focus on the rural area is having some important geographical implications for CSR practices related to community development and philanthropy.

Taken together, the geographic patterns implicated in this study suggest that communities may help to perpetuate and amplify imprinting effects. This finding is very much in line with studies that have shown path-dependent variations across communities (e.g., Greve & Rao, 2012; Lounsbury, 2007; Marquis, 2003). While such studies have provided important insights into how legacies are perpetuated within communities through local cultures, norms, conventions and shared experiences, we know relatively little about how these distinctive characteristics came to be, and what their implications are for contemporary organizational behavior. With few exceptions – e.g., Molotch et al. (2000) and Putnam, Leonardi, and Nanetti (1993) – little theoretical attention in the organizational studies realm has been paid to examining how community legacies were formed *or* how they may interact with organizational imprints from the same historical epoch. My findings suggest that firms and communities that co-evolve from averse or challenging conditions may evolve strong reinforcing tendencies, such that imprints carried by organizations and the legacies imbued in communities complement and reinforce one another. This dynamic, moreover, appears to be amplified in geographically-isolated regions. The underlying implication of these findings is that the maintenance of imprints may be a *distributed* process – involving more than traditionalizing forces and vested interests within organizations (Baron et al., 1999; Dacin et al., 2010; Stinchcombe, 1965). An interesting line for future research could explore the cross-level interactions between organizational imprints and community legacies. For example, studies could

examine the mechanisms by which communities transmit ‘second-hand’ imprints across organizations founded in different eras. Alternatively, studies could unpack the processes in which organizational imprints and community legacies become intertwined and mutually reinforcing.

While echoing Johnson’s (2007) call for more research examining the historical processes of imprinting, I further suggest that research into non-Western, non-Capitalistic societies may provide some important extensions into the imprinting phenomenon. In authoritarian regimes such as China the imprinting process may be better characterized as ‘top-down’ – an interesting counter-perspective to existing depictions of cultural entrepreneurs creatively building new organizations out of available resources (Kimberly, 1975; Johnson, 2007). More research is indeed needed to better understand the array of mechanisms by which elements from the founding context become infused in organizations.

### **Implications for Research on Institutional Logics**

While there has been resurgent interest in examining how organizations navigate the prescriptive demands of multiple, often competing, logics (Greenwood, Raynard, Micelotta, Kodeih, & Lounsbury, 2011), much of the research to date has tended to focus on organizational responses at particular points in time – e.g., at critical decision points (Goodrick & Salancik, 1996; Heimer, 1999), during the development of hybrid mission organizations (Battilana & Dorado, 2010; Pache & Santos, 2013; Tracey, Phillips, & Jarvis, 2011), and during the emergence or encroachment of an alternative logic (Rao, Monin, & Durand, 2003; Reay & Hinings, 2009; Saueremann & Stephan, 2013; Thornton & Ocasio, 1999). Underpinning much of this work is an implicit assumption that organizations are ‘blank’ entities responding to two or more logics at specific instances. An important, and largely neglected, question in current theorizing is how an organization reconciles

efforts to conform to new configurations of logics with those that have been previously encoded in its structures, practices, routines and norms.

By illuminating links between imprints of past logics and contemporary organizational practices and behavior, the study speaks to recent calls to better understand *how* ‘history matters’ (Marquis & Tilcsik, 2013; Peters et al., 2005). Instead of being dismantled and replaced in succession, past institutional logics leave behind residual manifestations that continue to reverberate in subsequent eras (Greenwood, Diaz, Li, & Lorente, 2010; Lounsbury, 2007; Raynard et al., 2013). Yet, what these residual manifestations are – and what consequences and implications they have for contemporary organizational phenomena – is little understood. By building on the imprinting literature, this study draws attention to two factors that may enhance the persistence of ‘categorical elements’ of a logic (Thornton et al., 2012), even after the emergence and institutionalization of a new logic. First, tight coupling between the underpinning ideas and material practices of a logic appear to generate strong reinforcing tendencies that increase the resilience of a logic. Such dynamics were clearly evident during Mao’s regime – wherein the dominant state logic was grounded in a clear and highly interconnected set of ideas and practices. Second, findings from the study suggest that organizations gravitate towards actions and responses that resonate with previously ‘encoded’ logics – thus, reviving and perpetuating elemental components of a displaced logic.

By highlighting the enduring influence of past logics, this study directs attention to unfolding patterns of ‘institutional complexity’ (Greenwood et al., 2011) – that is, the challenge of conforming to contemporary demands, while maintaining consistency with the past. Such a challenge is particularly problematic when imprints of the past generate inconsistent accounts of

how an organization should respond to contemporary pressures. This raises the question that if conformity to institutional demands delivers legitimacy and aids survival, how does an organization conform to new demands while retaining a sense consistency and coherence with its past? A fruitful line of future research could examine the processes and mechanisms by which organizations come to be ‘layered’ with elements of different logics – and the organizational implications of this layering. For example, could this layering enhance an organization’s capacity for innovation? For, as Jay (2013: 137) points out, organizational designs that “draw from multiple institutional logics” are crucial for solving today’s complex social problems. Alternatively, does this layering generate more complicated patterns of institutional complexity that are not adequately captured by models that treat organizations as ‘blank’ entities responding to conflicting demands at particular points in time?

## **Conclusion**

Although this research study began with a simple observation and question, it ended with a myriad of other questions and puzzles. I have spent nearly two decades studying China, yet I continue to be mystified by all its complexities and peculiarities. In this research endeavor, I sought to understand how a seemingly endless series of production scandals and labor rights violations could have been perpetrated by a country with a strong heritage of industrial paternalism and acting in the communal interests of society.

Tracing how China’s unique market economy came to reflect a patchwork of socialist and capitalist systems allowed me to gain a deeper understanding of the shifting patterns of institutional mandates and expectations imposed upon organizations. With each shift, I found that organizations were infused with different understandings about their roles and responsibilities in society. Not

only did these differences persist, they had important consequences for how contemporary managers conceptualized and implemented CSR initiatives. Thus, I argue that a better understanding of how institutional determinants – and the past conditions under which they were spawned – is critical to mitigating the detrimental repercussions of irresponsible corporate behavior.

Despite the proliferation of research demonstrating that the understanding and implementation of corporate social responsibility differs across societies, industries, contexts and time (Campbell, 2007), much of this variation has been attributed to economic factors such as firm profitability, resource slack, economic climate, and the level of market competition (Margolis & Walsh, 2001, 2003; Orlitzky, Schmidt, & Rynes, 2003). Less theoretical attention has been paid to understanding the institutional determinants that generate variation in CSR activities – even though scholars have long recognized that organizations are “as likely to act according to social norms and mandates of the institutional and cultural environments in which they are embedded as they are to act according to the nebulous push of the market’s invisible hand” (Guthrie, 1999: 9). Such an argument may be especially true in authoritarian regimes such as China, where firms have long been shown to adopt decisions and practices to curry favor with government officials, enhance political legitimacy, receive preferential policy status, and gain access to critical state resources (Marquis & Raynard, 2015; Peng & Luo, 2000; Zhao, 2012). Thus, it appears that more research into the ways that institutional infrastructures inherited from the past differentially structure and enable socially responsible behavior seems warranted.

In the coming years, it will be interesting to see how China’s uniquely top-down CSR initiatives continue to unfold. For the question remains open about whether these government-led CSR

initiatives will permeate and congeal within organizational structures and practices; *or* whether they will be short-lived and superficial – reflecting passive and largely symbolic platitudes to curry favor with the government and satisfice political obligations.



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## APPENDIX A. Inventory of Archival Political Documents

Year	Political Event	Type of Document(s)
1949	Second Plenary of the 7th CCP	Report
1949	28th Anniversary of the Founding of the Chinese Communist Party	Report
1959	Third Plenary of the 7th CCP	Report
1951-1952	Directives on the 'Struggle against the Three Evils	Report
1953	Meeting with Democratic Parties and Industrial and Commercial Circles	Meeting outline
1953	National Conference on Financial and Economic Work	Speech
1954	First Session of the 1st National People's Congress (NPC)	Opening address
1955	National Conference of the CCP	Opening and closing address
1956	Second Plenary of the 8th CCP	Speech
1956	Eight National Congress	Communique
1956	Enlarged Meeting of the Politburo	Speech
1957	Third (Enlarged) Plenary of the 8th CCP	Speech
1957	National Conference on Propaganda Work	Speech
1958	Meeting of the Politburo	Speech
1958	Second Session of the 8th National Congress	4 Speeches
1958	Sixth Plenary of the 8th CCP	Speech
1961	Ninth Plenary of the 8th CCP	Speech
1962	Tenth Plenary of the 8th CCP	Speech
1963	Third Five-Year Plan	Report
1964	Central Work Conference	Speech
1966	Central Work Conference	Speech
1969	First Plenary of the 9th CCP	Speech
1969	Ninth National Congress	Opening address
1973	Tenth National Congress	Speech and report
1977	Science and Education Work Forum	Publicized excerpts from talk
1977	Eleventh National Congress	Speech and report
1977	Fourth Session of the Standing Committee of the 4th National People's Congress	Speech
1978	Third Plenary of the 11th CCP	Communique
1978	Central Work Conference	Speech
1979	Party Conference on Ideological Theoretical Work	Closing address
1980	10,000 Cadres Conference	Speech
1980	Fifth Plenary of the 11th CCP	Speech
1980	Central Work Conference	Speech
1980	Enlarged Meeting of the Politburo	Speech
1980	Meeting with Members of the Central Committee	Publicized excerpts from talk
1981	Sixth Plenary of the 11th CCP	Closing address
1982	Twelfth National Congress	Opening address
1982	Meeting with Javier Perez de Cuellar, Secretary-General of the United Nations	Publicized excerpts from talk
1983	Second Plenary of the 12th CCP	Speech
1984	Third Plenary of the 12th CCP	Speech
1984	Meeting with Members of the Central Committee	Publicized excerpts from talk
1985	National Conference of the CCP	Speech
1986	Sixth Plenary of the 12th CCP	Publicized excerpts
1987	Thirteenth National Congress	Speeches and report

1988	Second Plenary of the 13th CCP	Publicized excerpts
1989	Fourth Plenary of the 13th CCP	Publicized excerpts
1989	Fifth Plenary of the 13th CCP	Publicized excerpts
1990	Sixth Plenary of the 13th CCP	Publicized excerpts
1990	Meeting with Members of the Central Committee	Publicized excerpts from talk
1991	Seventh Plenary of the 13th CCP	Publicized excerpts
1991	Eighth Plenary of the 13th CCP	Publicized excerpts
1992	Fourteenth National Congress	Speech and report
1992	Ninth Plenary of the 13th CCP	Publicized excerpts
1995	Eight-Point Proposal on 'Continuing to Strive Toward the Reunification of China'	Speech
1997	Fifteenth National Congress	Speech and report
1999	50th Anniversary of the Founding of the People's Republic of China	Speech
1999	78th Anniversary of the Founding of the CCP	Speech
2000	Fifth Plenary of the 15th CCP	Speech
2001	80th Anniversary of the Founding of the CCP	Speech
2002	Sixteenth National Congress	Speech and report
2003	Second Plenary of the 16th CCP	Publicized excerpts
2003	Third Plenary of the 16th CCP	Publicized excerpts
2004	Fourth Plenary of the 16th CCP	Publicized excerpts
2005	Fifth Plenary of the 16th CCP	Publicized excerpts
2006	Sixth Plenary of the 16th CCP	Communique
2007	Seventeenth National Congress	Speech and report
2007	Seventh Plenary of the 16th CCP	Publicized excerpts
2008	Third Plenary of the 17th CCP	Publicized excerpts
2009	Fourth Plenary Session of the 17th CCP	Publicized excerpts
2010	Fifth Plenary of the 17th CCP	Communique
2011	90th Anniversary of the Founding of the CCP	Speech
2012	Eighteenth National Congress	Speech and report
2012	Seventh Plenary of the 17th CCP	Publicized excerpts

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## APPENDIX B. Inventory of Interview Data

Original Data Source	Quantity	Data Specifics
<i>Field Experts</i>		
CSR officer - Industrial Association	2 interviews	4hrs10min; conducted in English; field notes
CSR-Sustainability officer - Advisory Services	1 interview	1hr40min; conducted in English; recorded and transcribed
CSR-Sustainability officer - Advisory Services	1 interview	55min; conducted in English; recorded and transcribed
Founder/ General Manager - CSR Consulting firm	1 interview	1 hour; conducted in English; recorded and transcribed
Academic	1 interview	1 hour; conducted in English; recorded and transcribed
Academic	1 interview	3hr40min; conducted in English; field notes
Academic	1 interview	50min; conducted in English; field notes
Academic	1 interview	3hr20; conducted in English; field notes
Academic	1 interview	2 hours; conducted in English; field notes
Academic	1 interview	1hr20min; conducted in English; field notes
Academic	1 interview	2hr10min; conducted in English; field notes
Academic	1 interview	1hr30min; conducted in English; field notes
<i>Company Informants</i>		
CEO; HR Manager; Chair of the Board - Electronics Manufacturer	1 interview	1hr20min; 3 people; conducted in Chinese; recorded and transcribed
Founder/ General Manager - Organic Agriculture Producer	1 interview	3hr10min; conducted in Chinese; recorded and transcribed
Founder/ CEO - Automotive Parts Manufacturer	1 interview	1hr10min; conducted in Chinese; recorded and transcribed
Founder/ CEO - Organic and Water-based Pigments Manufacturer	1 interview	45min; conducted in Chinese; recorded and transcribed
Founder/ CEO; Middle-level Manager - Textile and Apparel company	2 interviews	2hr20min; conducted in Chinese; recorded and transcribed
Middle-level Manager - Textile and Apparel company	2 interviews	4hr20min; conducted in Chinese; field notes
Founder/ General Manager; Chair of the Board - Textile Dyes Manufacturer	1 interview	40min; 2 people; conducted in Chinese; recorded and transcribed
Founder/ President - Tactical Equipment Manufacturer	1 interview	40min; conducted in Chinese; recorded and transcribed
Founder/President - IC Card and Systems Manufacturer	1 interview	1hr10min; conducted in Chinese; recorded and transcribed
Founder/President; HR Manager - Furniture Manufacturer	1 interview	1hr30min; 2 people; conducted in Chinese; recorded and transcribed
General Manager; PR Manager - Hotel and Hospitality Services	1 interview	2 hours; conducted in Chinese; recorded and transcribed
Senior-Level Manager - Construction company	2 interviews	4hr10min; conducted in Chinese; field notes
Middle-level Manager - Construction company	1 interview	55min; conducted in Chinese; field notes
Operator - Tourism company	1 interview	55min; conducted in Chinese; field notes
Operator -Tourism company	1 interview	1 hour; conducted in Chinese; field notes
President - Fertilizer and Chemical company	1 interview	40min; conducted in Chinese; recorded and transcribed

President - Heavy Construction Company	1 interview	2hr20min; conducted in Chinese; field notes
President - Organic and Inorganic Chemical Manufacturer	1 interview	40min; conducted in Chinese; recorded and transcribed
President - Pharmaceutical and Chemical Manufacturer	1 interview	45min; conducted in Chinese; recorded and transcribed
Senior Executive - Building Construction and Management	1 interview	1hr30min; conducted in English; recorded and transcribed
Senior Executive - Consulting and Communications Firm	1 interview	40min; conducted in English; recorded and transcribed
Senior Executive - Financial Advisory and Consulting firm	1 interview	1 hour; conducted in English; recorded and transcribed
Senior Executive - Media and Television Broadcasting	1 interview	3hr40; conducted in Chinese; recorded and transcribed
Senior Executive in charge of CSR - Financial Advisory and Consulting firm	1 interview	1hr40min; conducted in English; field notes
Senior Executive; HR Manager - Power Generating Equipment Manufacturer	1 interview	1 hour; 2 people; conducted in Chinese; recorded and transcribed
Senior Manager - Plumbing Fixture and Supply Manufacturer	1 interview	1 hour; conducted in Chinese; recorded and transcribed
Senior Manager - Public Transportation Company	1 interview	1hr45min; conducted in Chinese; recorded and transcribed

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## APPENDIX C. Descriptive Statistics of CSR Type by Founding Era and CSR Report Year

	2008 CSR Reports				
	Obs	Mean	s.d.	Min	Max
<b>MAO</b>					
Employee Benefits	13	0.24722	0.18558	0.0	0.6
Economic Responsibility	13	0.12026	0.12845	0.0	0.5
Community Development and Philanthropy	13	0.61897	0.68254	0.1	2.0
<b>DENG-JIANG</b>					
Employee Benefits	326	0.18465	0.21828	0.0	2.7
Economic Responsibility	326	0.21770	0.23288	0.0	1.8
Community Development and Philanthropy	326	0.74401	0.84879	0.0	4.7
<b>HU</b>					
Employee Benefits	28	0.21809	0.20139	0.0	0.7
Economic Responsibility	28	0.25553	0.19675	0.0	0.6
Community Development and Philanthropy	28	0.90715	0.77370	0.0	2.4
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	2009 CSR Reports				
	Obs	Mean	s.d.	Min	Max
<b>MAO</b>					
Employee Benefits	30	0.3316393	0.5675064	0.0	3.0
Economic Responsibility	30	0.0948372	0.1570815	0.0	0.6
Community Development and Philanthropy	30	1.496386	2.497694	0.0	12.6
<b>DENG-JIANG</b>					
Employee Benefits	526	0.1963316	0.312645	0.0	3.8
Economic Responsibility	526	0.2726543	0.3096262	0.0	2.3
Community Development and Philanthropy	526	1.103721	0.8436441	0.0	5.0
<b>HU</b>					
Employee Benefits	84	0.1786257	0.2370913	0.0	1.3
Economic Responsibility	84	0.1695317	0.2601139	0.0	1.2
Community Development and Philanthropy	84	1.15996	1.090164	0.0	5.0
<hr/>					
	2010 CSR Reports				
	Obs	Mean	s.d.	Min	Max
<b>MAO</b>					
Employee Benefits	34	0.2223604	0.2735776	0.0	1.0
Economic Responsibility	34	0.179862	0.1888021	0.0	0.7
Community Development and Philanthropy	34	1.149734	0.9646085	0.1	5.2
<b>DENG-JIANG</b>					
Employee Benefits	590	0.2166192	0.3508657	0.0	3.5

Economic Responsibility	590	0.269104	0.284159	0.0	2.0
Community Development and Philanthropy	590	1.378102	1.13021	0.0	12.5
<b>HU</b>					
Employee Benefits	153	0.1907576	0.2703852	0.0	1.8
Economic Responsibility	153	0.1971967	0.2436391	0.0	1.4
Community Development and Philanthropy	153	1.244859	1.086645	0.0	7.7

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<b>2011 CSR Reports</b>					
	Obs	Mean	s.d.	Min	Max
<b>MAO</b>					
	Obs	Mean	s.d.	Min	Max
Employee Benefits	24	0.2562289	0.2560402	0.0	0.9
Economic Responsibility	24	0.1285569	0.1512001	0.0	0.5
Community Development and Philanthropy	24	1.149294	1.199979	0.0	6.1
<b>DENG-JIANG</b>					
Employee Benefits	507	0.2147146	0.281259	0.0	2.7
Economic Responsibility	507	0.2700062	0.2658376	0.0	1.4
Community Development and Philanthropy	507	0.9559186	0.6701174	0.0	4.8
<b>HU</b>					
Employee Benefits	90	0.2518771	0.4148337	0.0	3.2
Economic Responsibility	90	0.2452769	0.3113347	0.0	1.7
Community Development and Philanthropy	90	0.8623109	0.5496578	0.0	3.0

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<b>2012 CSR Reports</b>					
	Obs	Mean	s.d.	Min	Max
<b>MAO</b>					
Employee Benefits	19	0.2130982	0.1380645	0.0	0.4
Economic Responsibility	19	0.2085872	0.268107	0.0	1.1
Community Development and Philanthropy	19	0.8474996	0.5603924	0.1	2.2
<b>DENG-JIANG</b>					
Employee Benefits	479	0.1863833	0.2239333	0.0	1.7
Economic Responsibility	479	0.2693112	0.2377012	0.0	1.3
Community Development and Philanthropy	479	0.8305633	0.6040609	0.0	4.5
<b>HU</b>					
Employee Benefits	81	0.2296388	0.3115137	0.0	1.8
Economic Responsibility	81	0.207663	0.2341578	0.0	1.1
Community Development and Philanthropy	81	0.7823593	0.4869448	0.0	2.3

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