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Perspectives from Mendoza College of Business

COMMENTARY POST - [OLIVER F. WILLIAMS, CSC](#)

Business Ethics in China: A Moving Target

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China is often the subject of unfavorable stories about ethics in its business operations. For example, in March 2012, *The New York Times* highlighted a feature about Foxconn Technology Group, a company operating in China which, among other things, had unsafe working conditions, forced labor, overcrowded dormitories and did not pay a living wage.

It would be a mistake, however, to characterize China as disinterested in business ethics and corporate social responsibility (CSR). Business ethics and CSR in China are a work in progress and while they still have a way to go, Chinese companies are moving fast.

As a member of the three-person Board of Directors of the United Nations Global Compact Foundation, I have been especially interested in business ethics and CSR in China. Founded in 2000 by the then-UN Secretary-General Kofi Annan, the UN Global Compact (UNGC) is intended to increase and diffuse the benefits of global economic development through voluntary corporate policies and programs. By promoting human rights, labor rights, enhancing care for the environment and encouraging anticorruption measures, the 10 principles of the Global Compact are designed to facilitate more just societies. In addition to integrating the 10 principles into their strategic plan, companies are also asked to take on projects that advance UN goals, for example, the Millennium Development Goals (MDGs) to overcome poverty. Initially comprising several dozen companies, the compact as of 2013 had over 7,000 businesses and 1,000 nongovernmental organizations (NGOs) in 135 countries.

I am convinced that the Global Compact is the best initiative that can address the major challenge posed by globalization: developing a consensus on global ethical norms. The United Nations with its visibility, global reach, universality, neutrality and convening power is considered legitimate and with more than 100 local networks of the UNGC operating almost everywhere, there are channels for crucial dialogue readily available. Through the process of persuasion, discussion and arguing about practices—such as those related to sweatshops or climate change, for example—the norms and values that enable global governance are internalized and voluntary compliance of the UNGC principles shapes the new CSR agenda.

As an "International Scholar" in Asia for the 2012-13 academic year, I have learned much from the UNGC members in China, where there is a relatively new UNGC local network. The Global Compact China Network, with 300-plus member companies, consists of Chinese state-owned companies, private companies and multinationals in China.

An example of Chinese concern for ethical values was evidenced during a July Global Compact China Network meeting in Beijing to address climate change and low-carbon development. With officials from the UN and the Chinese Government, business leaders developed a significant proposal for joint action against climate change. Following international conventions on climate change, the meeting highlighted best practices of Chinese companies and encouraged all business to begin lowering greenhouse gas emissions.

The comments of a Chinese official at a Global Compact China Network meeting offer a summary of the country's vision for the future. Peng Huagang, the Director General of the Research Bureau of the Chinese State Assets Supervision and Administration Commission of the State Council (SASAC) expressed it well. "The Global Compact China Network will facilitate the communication and collaboration between Chinese and foreign companies, helping Chinese companies to make a greater contribution to the UN MDGs (Millennium Development Goals). I sincerely wish that the Global Compact China Network will play a greater role to enhance corporate social responsibility and international collaboration."

The quote from Peng Huagang contains a crucial message: the Chinese are quite open to collaboration with foreign companies when it comes to ethics and CSR. They do not appreciate Western paternalism. China's own philosophic traditions, such as that of Confucius and Mozi, have much to offer when it comes to responsibility and universal values. Given time, I believe we will see leadership in this area coming from China.