



# **Harmonious CSR and Sustainability in China**

**— Shoetown Footwear as a case study**

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**A thesis submitted for the degree of Doctor of  
Philosophy**

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# **CERTIFICATE OF ORIGINAL AUTHORSHIP**

I certify that the work in this thesis has not previously been submitted for a degree nor has it been submitted as part of requirements for a degree except as fully acknowledged within the text.

I also certify that the thesis has been written by me. Any help that I have received in my research work and the preparation of the thesis itself has been acknowledged. In addition, I certify that all information sources and literature used are indicated in the thesis.

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# Acknowledgments

The word “sustainability” was first presented to me when I was pursuing my master degree in International Economics in Guangxi University in China. It was a completely new concept during the late 1990s in China, and it was not attractive to students or teachers since China was in its first phase of “Made in China” to attract foreign investment and managerial skills. Sustainability was not ignored, but it was out of the mainstream of economic and managerial thought at that time.

Early in 2000, I was nominated, by a state-owned international enterprise in the People’s Republic of China, project manager and senior economist to a hydropower station project in Nepal. For me this was an opportunity to become involved, at a practical level, in the worldwide struggle of beliefs, values and trade-offs that surround “sustainability”. This work enabled me to enhance my understanding of this cutting-edge terminology.

Even though adequate pre-survey work such as environmental impact reports had been prepared before the construction of the power stations, there were severe protests from different stakeholders during the course of construction. Obstacles came from many stakeholders including local labour unions, communities, environmentalists and sometimes from western tourists. I personally received many letters from various entities complaining about the destruction and pollution of the beautiful Nepalese environment. On many occasions, I had to stop at work sites and debate the significance of such construction work with foreign tourists.

Unfortunately, at that time, I did not appreciate the relationship between “development” and “environment”. Hence, the debates in which I became involved often ended with little agreement and sometimes even in abuse.

Serious consequences included intentional damage to construction equipment such as concrete mixers and survey equipment. These caused serious delays to construction.

Nepal is one of the world’s least developed nations as classified by the United Nations.

Obviously, it is in urgent need of rapid economic development; however, how best to maintain a proper equilibrium between economic development and the preservation of the environment is a critical consideration for all interest groups. During my time in Nepal, my answer to this was to provide more infrastructure development to the needy in this country without much thought to the environmental consequences. Such imbalanced thinking prevails in China today.

A solution was offered to me when I met Professor Sharon Moore in 2003. Sharon taught a joint MBA program in China where I acted as her interpreter. Her topic “Business CSR and Sustainability” gained considerable interest from her students. It was an era in China when the government was starting to implement its tenth five-year plan, with its focus on construction and attracting foreign investment. Construction work was going on in many places, 24 hours a day, 7 days a week. The professor joked that the “crane” was the national bird of China.

Many MBA students and thinkers in China were beginning to become passionate about the environment, and were thinking about whether China was going about its development in the best way, or whether there were better ways to maintain an equilibrium between economic development and environmental protection. Given this background, it is not surprising that I became a fan of Professor Sharon Moore, thanks to her personal presence and to business sustainability, her specialty. I remember going to many guest lectures and seminars that she was invited by business firms to speak at. These firms were beginning to think that sustainability would be the best alternative for China’s future development. These lectures and sessions caused me to shift my research focus from traditional economic theory to the field of business and economic sustainability.

In 2009, I co-authored a book titled *Circular Economy and Sustainable Development*. It further stimulated my research interests in this area. In 2008, I was transferred from the associate dean of the School of Management to the executive dean of the MBA Education Centre of Guangdong University of Foreign Studies, where I was able to continue exploring the business issues surrounding sustainability. I am grateful to the many MBA students with similar interests who provided new insights for my research into business sustainability.

Thanks to Ron Chang, President of The Evervan Group, and owner of Shoetown Footwear Co., Ltd for giving permission for this study to proceed, for his time in answering my questions, and for making the resources of Shoetown available to me. To Ben Lee, Vice-President of Shoetown for his policy insights and historical perspectives; to Peter Chen, Vice-President of Shoetown, for his insights and historical perspectives; to Stephen Chang, President Sports Goods Adhesives and Materials, Nan Pao Resins Chemical Co. Ltd, for his insights as a supply chain partner of Shoetown; to Chen Wen, Executive Director; Jim Chang, Business Director; Chris Chang, Director Innovation; Angela Wu, Director Corporate Responsibility, Human Resources and Training; and to the many employees of Shoetown who so wholeheartedly provided their thoughts and experiences through discussions and illustrations. To Bonnie Luo for her enthusiastic coordination and logistical help; and to May Zhu, Sue Su and Miko Sue from the Biz. Team. They helped with translation services.

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Thanks to the University of Western Sydney (UWS) for offering me a two-year Endeavour International Postgraduate Research Scholarship (2006–2008). This enabled me to initiate my PhD research into sustainability. Thanks for all of the support I received from Professor Stan Glay, from Dr Julie Wen and Darcy Miller at UWS.

Thanks to the United States State Council and to Miami Dade College for accepting me as a Fulbright SIR (2008–2009), from which I have learned so much about international business and sustainability.

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Thanks to the staff in the UTS international office, the ethics office and the office of the School of Business for their encouragement and assistance during my application process, research work and thesis writing. Thanks to Professor William Purcell, Parth Parikh, Lisa Tjong, Belinda Lee, Deborah Edwards, Melissa Edwards, Professor Marion Haas, Racheal Laugery, Olivia Young and Elizabeth Ng.

Dr Patrick McCarthy, my friend for life, helped build my business research confidence and expertise. I feel much more confident in my research and in my life in Australia as a result. His professional business and technical advice on my research, case study report, thesis structure and content was constructive and highly inspiring, and certainly contributed to making my thesis a success. He also opened other channels for me to understand the real Australian culture and way of life.

Professor Sharon Moore, my inspiring teacher, opened many doors for me, not only the door to academia, and to sustainability research, but generously also the door to Australia, from where I enjoyed the opportunity of meeting other brilliant scholars and friends. Sharon provided the opportunity for me to become a PhD candidate at both UWS and UTS universities. I first came to Australia in 2006 and regarded this country as my second home. I was welcomed warmly as a member of the Moore family, where I shared another type of family love. Thanks to the love of Neil, Mary, Cat, Kevin, Judith, Geoff, Taki, Clancy, Jolyon, Zac, Jotham and all the other Moore family members.

Thanks to my other supervisor, Professor Thomas Clark. I learnt so much from his “Corporate Governance” expertise and instructions. Thanks to my co-supervisor, Dr Ian McGregor, whose brilliant academic wisdom deeply inspired me whenever we met. His sharp insights into China and global value chain management contributed significantly to identifying and answering the research question, together with the content and arguments of my research.

Thanks to Professor Suzanne Benn, my principal supervisor at UTS. I feel very lucky to have such a brilliant scholar as my supervisor. Suzanne is a world-class leader in the field of sustainability research and operates from a strategic perspective. She has contributed so much to the quality of my research through her structure, methodology and content perspectives. Suzanne has patiently read through many drafts of my PhD to offer valuable suggestions. Suzanne is strict but tolerant; she is amiable and elegant. Apart from the academic discussions held every two weeks, I also enjoyed attending Suzanne's inspiring classes on topics such as Managing for Business Sustainability and Advanced Business Research Methodology, which helped to broaden and enrich my insights and knowledge, as well as my personal life experiences.

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Thanks to my father-in-law and mother-in-law for their supports and encouragements. My wife Sharon Zhu Hui quits her job to join me at UTS as a master student in Human Resource Management. Sharon has loved me throughout all the stresses of my candidature, while also being the good wife, housewife, and mainly a psychologist to encourage me in pursuing and realising my dream.

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My PhD pursuit seems to be a Long March, but I enjoyed every minute of this fantastic journey. I enjoyed the chance to escape from the mundane world and merge into a paradise of academia, where I have been endowed with the time and space to encounter many brilliant thoughts and much wisdom. Sydney is kind of my Walden, whose blue sky and ocean has significantly stimulated my inspirations and offered me a chance to merge into the realm of human wisdom and to meditate deep to the bottom of my soul. During this special period, I have not only dived deep into the field of CSR and sustainability, business management and economics, but I have

also extended my horizon to history, culture, politics and philosophy, as all these fields are closely related. I believe that the successful implementation of CSR and sustainability involves many more factors than most people can imagine. It is indeed a dynamic and complex holistic system in which many variables proactively interact constantly. A powerful and visionary leadership is fundamental for the smooth operation of such a system. This is necessary at both academic research and business practitioner levels.

I have been swimming in the ocean of literature and discussion about management, economics, history, culture, politics and philosophy around the clock during these past two years. I enjoyed every moment of being trapped by these splendid treasures of human wisdom, which have substantially enriched and nourished my knowledge and quality of life. The accomplishment of this thesis does mark a new milestone in my life and makes me feel that a steep mountain has just been conquered. Although this trip sometimes has been disturbed by hardship, the key themes have been happiness and honey-like sweetness. I have been bestowed with unprecedented courage and wisdom, which will accompany me in my future careers. I feel much more confident and courageous in tackling all kinds of obstacles in my life career.

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## **List of acronyms and abbreviations**

AD	Anno Domini
ADB	Asian Development Bank
APEC	Asia-Pacific Economic Cooperation
ASEAN	Association of South East Asian Nations
BC	Before Christ
BCIM	The Bangladesh–China–India–Myanmar Forum for Regional Cooperation
BRICS	Brazil, Russia, India, China and South Africa
CASS	Chinese Academy of Social Sciences
CCCPC	The Central Committee of the Communist Party of China
CCP	Chinese Communist Party or Communist Party of China (CPC)
CFP	Corporate Financial Performance
CPCIC	The China Petroleum-Chemical International Conference
CSC9000T	China Social Compliance 9000 for Textile & Apparel Industry
CSR	Corporate Social Responsibility
CSRC	China Securities Regulatory Commission
ES&H	Environment, Safety and Health
ESG	Environmental, Social and Governance
EVA	Ethylene vinyl acetate
G-20	The Group of Twenty Finance Ministers and Central Bank Governors
GDP	Gross Domestic Product
GFI	Global Financial Integrity
GMC	Global Market Certificate
HSE	Health, Safety, Environment
ILO	International Labour Organisation
IOSC	Information Office of the State Council, PRC
ISO	International Organization for Standardization
ISO 14000	Environmental Management System
IUCN	International Union for Conservation of Nature and Natural Resources
KPI	Key Performance Indicators
NDRC	National Development and Reform Commission, P.R.China
NGO	Non-governmental organization
OEM	Original equipment manufacturer
PRC	People's Republic of China
PU	Polyurethane
R&D	Research and Development
RMB	Ren Min Bi (the Chinese yuan)
ROI	Return on investment
SA8000	Social Accountability International
SAI	Social Accountability International
SASAC	State-owned Assets Supervision and Administration Commission



SEZ	Special Economic Zones
SHAPE	Safety, Health, Attitude of management, People and Environment
SOE	State-Owned Enterprise
SRI	Stanford Research Institute
ST	Shoetown Footwear Co. Ltd.
TBL	Triple Bottom Line
tce	ton of standard coal equivalent
TEEB	The Economics of Ecosystems and Biodiversity Business Coalition
TPU	Thermoplastic Polyurethane
TVE	Township and Village Enterprise
UNCED	United Nations Conference on Environment and Development
UNEP	United Nations Environment Programme
UNFCCC	United Nations Framework Convention on Climate Change
UNGC	United Nations Global Compact
USD	US Dollar
VOC	Violate, organic, compound
WB	The World Bank
WBCSD	The World Business Council for Sustainable Development
WCED	World Commission on Environment and Development
WEF	The World Economic Forum
WRAP	Worldwide Responsible Accredited Production
WTO	World Trade Organization
WWF	World Wide Fund for Nature

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# Abstract

Corporate Social Responsibility (CSR), sustainability and stakeholder theories have often been implemented in Chinese business without adequate consideration of the Chinese context. This thesis explores the successful implementation of CSR and sustainability at Shoetown Footwear Co., Ltd, and how this has been achieved. The Guangdong based Shoetown is one of Nike's global contract factories and strategic partners. Shoetown is an example of a large-scale Chinese private enterprise operating within a global value-chain.

The Shoetown case study illuminates a holistic system of sustainability management through a focus on people, community and harmony, which results in high-quality thinking, skill development, teamwork and enhancement of discretionary effort at every organisational level. The management approach at Shoetown utilises a skilful mix of eastern and western business theories embedded within the Chinese business context. This approach has resulted in sustained commercial success, technical innovation, high-quality environmental management and social sustainability.

It demonstrates that Shoetown has achieved good practice in implementing CSR and sustainability. Shoetown's management practice has a strong focus on Corporate Social Responsibility and Sustainability with a harmonious approach, which has been strongly influenced by traditional Chinese culture. It concludes that the harmonious approach is a key ingredient for Shoetown's success in its implementation of CSR and sustainability. A more appropriate Sustainability Phase Model for the Chinese context is proposed which includes enhancements to assist in implementing CSR and Sustainability. The author recommends that this Sustainability Phase Model for a Chinese context be tested in further research in other Chinese organisations.

**Key words:** CSR; Corporate Social Responsibility, sustainability; sustainable business; triple bottom line; Chinese business; business sustainability; sustainability management; sustainability phase model; stakeholder theory; harmonious culture; Chinese context; stakeholders; Confucius; Confucianism; Daoism; nature-man-oneness; Chinese culture; Chinese history; made in China; made by China; Shoetown Footwear; Nike