Corporate Social Responsibility in Business Model
The Chinese Context

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Abstract

When exploring business in China we noticed that companies behaved in a different way, Corporate Social Responsibility was seen as integrated in companies’ business models as an integral part in order for them to grow and sustain. This seemed to be a new approach to us as well as poorly discussed in the literature we had experienced. Therefore, the purpose of this study is to explore the content of Business Model, the conceptualisation of corporate social responsibility in the Chinese context and the importance of including the concept of corporate social responsibility in firms’ Business Models. Based on the exploration, we decided to employ the hermeneutics perspective of social science. Accordingly, the research was conducted through a qualitative study with an inductive approach. Based on interviews of the respondents’ organisational and personal perspective of the Chinese context, with literature review as reference to and reflection on the findings to have in-depth understanding of the concepts, we conducted this study, which is shaped by the following major findings.

Business Model and Corporate Social Responsibility are dependent on the complexity in a certain context, the studied Chinese context, and therefore need reconfiguration. Sustainability in China is assumed to move, but rather in its own direction than similar way to the development in West. The focus of Business Model is moving more towards creating value in terms of economic, social and societal rather than only considering money making. The Chinese government is seen to have political power and influence on the business market with heavy interference in the business’s direction, operation and management. As a result, collaboration with government can guide, facilitate and increase success of businesses. Business Model for Sustainability should be created on an aggregate level, where businesses should consider integrating Corporate Social Responsibility as the foundation in their business model, which is pushed and driven by the government. A business model for sustainable development in China is proposed with the two integral constituents: Corporate Social Responsibility and Politics represented by the government.

Lastly, reflecting on the literature review of the studied fields respectively, it has been dragged behind the current state of the evolving world. What is happening in China, the second largest economy in the world and one of the biggest countries suggests that more intensive attention of researchers should be paid to business practice with Corporate Social Responsibility as an integral part of business model. With a focus more on the contextualisation, new dimensions or horizons of the literature development can be revealed when hidden or untouched aspects such as political influence in business are investigated. Accordingly, the heterogeneity in perspectives on conceptualisation and configuration of Business Model and Corporate Social Responsibility in the literature along with that in practice is inevitable. It is more important to see how the concepts look like and work in close connection with the context, rather than trying to shape the literature in one particular way to prove that it works in all contexts.
1. Introduction

With the largest population of 1.3 billion people, China is the second largest economy in the world and still remains the position so far with a contribution of more than one third of the world economy (Jinping, 2017). China can be regarded as the only country in modern time to have succeeded in achieving a rapid economic development and lifting thousands of people up from poverty to reasonable living standards, as well as creating a large and wealthy middle class (Jinping, 2017; The World Bank, 2013). Such significant change has been made to happen through rapid development of conditions for business development, creation of trade regulations, targeting manufacturing industry and export (The World Bank, 2013; Pyle, 2016) as well as swift but steady breakthroughs in the reforms and improvement of China’s system and governance reflected through improved legislation systems, social governance system, national security (Jinping, 2017).

The Cultural Revolution in China from 1966 to 1976 caused a large amount people to suffer from poverty, academic system and industries to be unable to compete with the Western, which consequently led to the economic renewal in 1978 (Pyle, 2016). Even though at the beginning it was troublesome, China was successful to make this radical renewal of the country. However, the rapid and dramatic economic renewal brought a critical decrease in quality of the air, water and soil, on the search and hunt for necessary resources and energy (Kuang, Liu, Dong, Chi, & Zhang, 2016; Shapiro, 2016; Nierenberg, 2006 (as cited in Birkin et al. (2009); Kristen, 2005; Chan, 2004). It has been causing the society a lot of problems, which will remain for many years and continue with the impacts (Yu, 2017). Industrial pollution, labour conditions, product safety, corruption and income inequality are also among the critical issues (Zadek, Yu & Forstater, 2012).

These highly critical consequences seem to be convincing enough to argue that the dramatic economic development in China has not been societally and socially sustainable as well as the consequences on the environment and people have been high (Kristen, 2005; Zhao et al., 2017). By not taking the responsibility for what they have been doing, the industry is accused of causing negative impacts on the society and people (Kristen, 2005; Zhao et al., 2017). From the business point of view, it is probably arguable that the Business Model (BM) applied in China has so far been focusing on economic benefits, tailored with considerable consequences and price in terms of societal and social aspects (Mol, & Carter, 2006; Naughton, 2007; Zhang & Wen, 2008; Geng, Sarkis & Ulgati, 2016). As a result of an industrial revolution, which is still continuing in China, enterprise companies are making the most significant contribution to the dynamic development of the Chinese economy and becoming predominant in China’s major economic sectors (Jiangyu, 2008). It is not exaggerating to say that the future of the Chinese economy will be determined by the fate of enterprise reform (Jiangyu, 2008). Accordingly, if companies take no action towards the consequences, sooner or later a fatal end of Chinese economy will be inevitable.

Although the consequences of this rapid industrialisation and growth in China have not been well aware of among decision makers (Mol, & Carter, 2006; Zhang & Wen, 2008; Geng, Sarkis & Ulgati, 2016), political leaders are coping with challenges to ensure sustainable economic development as well as sustainability of the society in terms of societal and social responsibility (Mol, & Carter, 2006; Zhang & Wen, 2008; Geng, Sarkis & Ulgati, 2016). Industry leaders also have acknowledged that a sustainable societal and social development is fundamental for long term economic development (Zhang & Wen, 2008). It seems that the environmental and social consequences of rapid development in China are now being considered as the forces for boosting changes on both political and business level (Mol & Carter, 2006; Zhang & Wen, 2008). By incorporating societal and social aspects in the politics
and business life, the unbalanced situation in China is observed to change (Mol & Carter, 2006; Naughton, 2007).

Such understanding of the dynamics in the development of China, from rapid economy development with low social and societal responsibility to awareness of the need for such responsibility to boost health and save lives motivated us to find opportunities to explore China further. How can a large country as China achieve to change the troublesome situation caused by the old model of doing business in the past to a new model that can balance the continuing rapid development and social and societal responsibility in an integrated way? Can we identify the key actors influencing and maybe also hindering this direction of actions? By which means are those changes put into practice and achieved at the end of the day in real business situations? These are some of the questions we asked ourselves when we decided to look closer in how Chinese businesses are being developed from the old to the new way, taking social and societal responsibility as part of the business model in China.

1.1. Exploring Chinese Development

In 2017, we had an opportunity to come and study in China. Going to China, being in China and seeing China with our own eyes is one of the best parts of our education. During our study we came across some Chinese companies that we discovered to have a different way of doing and managing business in China to what we were familiar with. They seem to have different business models which emphasise Corporate Social Responsibility (CSR) in a different way.

The Chinese business context has been changing. It has been recognised that today China’s businesses are becoming considerably more disruptive and innovative than it has been perceived, resulting in fiercer competition (Fischer & Simon, 2016). The disruption and innovation of the market in China can be demonstrated by, but not limited to, their own internet platforms like the search engine Baidu – “Chinese Google”, social media like Wechat – a WhatsApp knockoff, Weibo – “Chinese Twitter”, Youku – “Chinese Youtube”, digital payment platforms such as Alipay, Wechat (Fischer & Simon, 2016). Doing business in China is not so easy, both local and foreign companies are facing challenges and threats coming from both sides. Taobao, a Chinese leading e-commerce platform owned by Alibaba group, is a big threat, in terms of e-commerce and logistics, to companies that follow traditional trading and commercial channels such as IKEA, an international Swedish based company, for example. For local companies, threats derive from customers’ high preferences and trust in foreign products along with the increasing understanding of foreign companies in philosophy of doing business in China, by creating a local team with local expertise, for instance.

Especially, at country and government level, it is remarkable with government’s intensive involvement, strong influence and control over the market through laws, policies, regulations and actions specialised by the Chinese ways (Liu, Rasmussen, 2017), which all go along with the national strategy called “China 2030” (The World Bank, 2013). In terms of laws and regulations, foreign companies which want to operate strategic industries such as automobile vehicle must have joint venture of at least 50% share from local company side as required by the Chinese corporate law (China National Development and Reform Commission, 2016). The strategy has been pushing businesses within China to cooperate to create innovations and innovative products, increasing the awareness and perception of China as a country of products “Created in China” instead of “Factory of the World” (Yu, 2017; Science Park, 2017). The Chinese government is considering expanding the business profiles in free-trade zones for technological and innovative products such as electric cars. Renewable energies such as wind power are being highly promoted by the government. All resources
such as finance, big data and land are controlled and allocated by the government (Yu, 2017). The Chinese government is also recognised as strongly influential on market operations in terms of highly speedy and unpredictable creation and application of their new law, policies and regulations as well as changes in the current ones (Yu, 2017), which can be both opportunity and challenge at the same time for companies.

Moreover, we have observed that in few recent years, the Chinese government has been creating or amending laws, regulations and policies in support to a sustainable development (Jinping, 2017). The concept of sustainable development will be fully implemented in the future environmental legislation and the Chinese economy will accelerate from the extensive mode to sustainable mode (Mu, Bu & Xue, 2014). For example, during the next coming years, China’s Environmental Legislation will focus on revising and improving the existing laws concerning pollution, natural resources and food safety. Food and drug administration body also passes stricter regulations towards food administration and control to make sure only approved health products are imported and unhealthy products are prohibited for import (China Food and Drug Administration, 2017, as cited in Clever & Jie (2016)). The government also takes actions to promote strategic industries and encourage companies such as GoldWind company and Shanghai Electricity Group to produce their own products of renewable energies for instance. One major feature of China’s environmental legislation is that it is deeply influenced by national development strategies and the Chinese leadership governing philosophy (Mu et al., 2014). These observations can illustrate one of the statements from the Chinese president “We have stepped up institution building across the board to make integrated advances in Party leadership, the running of the country by the people, and law-based governance; and we have continuously improved the institutions and mechanisms by which the Party exercises leadership” (Jinping, 2017).

Remarkably, it is observed that law, regulations and policies go hand in hand with politics and political leaders’ influences. “The achievements of the past five years are the result of the strong leadership of the Party Central Committee, and, more importantly, the result of all Party members and all the Chinese people pulling together in their pursuit” (Jinping, 2017). It can be understood that the party leadership has a crucial role in the collective cooperation of the society in determining the success in all areas of the country development. In China, we came to acknowledge that the presence of a party representative setup in both foreign and local companies has significant role beyond legislation, which has long been a fact of doing business in China. Along with laws or policies under which the companies are operating, the party representative can get involved in actions and movements of companies. Or in general, the political leaders can be flexible in some legal procedures and influence businesses in accordance with their judgement in favour of the country’s interests and benefits (Liu, 2017). Any business activities or management which signals the movement against the country strategies or development direction will be advised by them to be readjusted (Liu, 2017). China then has become a very complex and uncertain market environment, heavily and strongly controlled and driven by legislation system as well as politics.
What are companies doing in such context? It can be assumed that both local companies and foreign companies operating in China have employed different approaches to create business models, which is different from a traditional thinking defining BM as the way companies make money or create profits. On one hand, local companies seem to not only closely follow and digest their government’s direction and strategy, but also quickly translate those direction and strategy into business opportunities and develop and adjust their business models accordingly (Yu, 2017). As a typical example demonstrated in Box 1, Xiaomi Inc. has an innovative business model delivering a value proposition of an ecosystem for a connected home through Ecosystem companies. It seems that the company succeeded in incorporating “social responsibility” into their business model in a way that creates business opportunity from fulfilling social responsibility. As a Chinese company, Xiaomi listened carefully to the political subtle signal of the movement towards a sustainable development of the country: innovation, entrepreneurship as well as social sustainability. With the interconnectedness of companies it builds up, it not only collaborates with companies to innovate its products but also supports other companies, especially start-ups, to grow. Take the case of a smart air purifier as an illustration, it not only redefines a traditionally boring product, but also to deal with air and water pollution, which is one of the most concerned issues in China and top political priorities. By incorporating the social concern into their business model, Xiaomi has turned the problem into an opportunity to create and deliver a product to its customers with values that support the development of the society and the country. By having sensitivity to the political movement and direction in China, beyond following the laws, Xiaomi has been doing good to the society in terms of innovation development, entrepreneurship promotion as well as environmental and societal solution which are integral parts of a sustainable society. Therefore, Xiaomi can be seen to have created a successful innovative business model to deliver a value proposition to its customers as well as achieve a sustainable development of the society.

On the other hand, while a large number of foreign companies coming to China seem to currently rely on and maintain their business model applied in their home market and globally (Liu, 2017), some others make changes in their business models and adapt more to local environment (Liu, 2017). “International companies are like guest in China. They do not want to break the law and policies and always want to follow” (Yu, 2017). That’s the typical way of managing and running business of foreign companies in China as well as other host countries. IKEA and another company, which is kept anonymous due to sensitivity of the case, are two old technology Sweden-based companies having presence in China but have two different ways of doing business in China. The anonymous company completely follows the law to do their business, especially when it came to hiring, firing and dealing with its
employees. In the case as illustrated in Box 2, by following the laws, the company found ways to fix the problem with their employees. The company kept their Western way of doing business, with no regards to the Chinese extended family perspective, which is grounded in the employees’ working motive and motivation. In other words, the company let their employees go without concerning the consequence of unemployment to the whole family of the employee. In contrast, IKEA took another approach. They claim that they do not change anything in terms of their business model, the way they make money or generate profits. However, they are doing business in the Chinese context in a different way, not only following the laws but also listening to the political voices regarding business direction and corporate social responsibility. Moving to another factory site, IKEA still took care of the employees, those who could not or had difficulties to move with them. They offered employees to move with the factory and get a compensation for this or if employees wanted to stay in the area they offered them salary while their employees are searching for a new job. This can be one of the explanations for IKEA’s very low turnover rate among full-time employees of 6%. Also, it can show that IKEA is doing a good job to treat it employees in a good way, reflecting its CSR towards the society as well as differentiating them from other companies. IKEA is achieving success as they understand how to do business in China.

1.2. Reflection

As mentioned earlier the Chinese government is putting effort in a sustainable development, resulting in more consideration of CSR integration of CSR in the business concept. This at first urges us to turn to the literature of BM and CSR with an assumption that somehow, we can find explanation for our observation. However, with the respective literature reflection, it can be argued that little explanation was found. In the literature of BM there are different approaches and perspectives regarding how companies make money, how companies deliver value proposition and gain profits, but seldom address CSR. They are somehow literally separated which, however, contrasts with what is happening particularly in the Chinese context. In addition, it is indicated that there is a huge lack of the aspect of contextualisation in the literature, which can bring more sense to BM and CSR in different ways. For example, companies in the Chinese market are behaving more and more in a sustainable way, treating their employees better and providing necessary resources. We can see that China is moving with a rapid speed and along with that comes more responsibilities.

From business perspective, although CSR is a growing concept with increasing investments by companies, it has not yet achieved attention not only at a macro level in terms of systemic changes but also at a meso-level in terms of business logic (Visser & Tolhurst, 2010; Nijhof & Jeurissen, 2010; Moratis, 2014; Chou, Chen, & Conley, 2015; Lodsgård & Aagaard,
Some authors argue that CSR should be embedded in the whole organisational system, by first anchoring in the core business functions and involved with different levels of attention towards such as economic, ethical, employee value and interests, in order to transform business logic towards holistic CSR (Visser, 2010; Nijhof & Jeurissen, 2010; Moratis, 2014; Chou et al., 2015; Lodsgård & Aagaard, 2017). Birkin, Cashman, Koh and Liu (2009) came to acknowledge the new idea proposed by one of the Chinese researchers that ‘corporate responsibility’ (CR) is a more appropriate concept than CSR for Chinese companies that need to acquire a broader range of responsibilities such as to shareholders. Birkin et al. (2009) then suggest that it is urgent to establish a new business model toward sustainable development in China where the joint effort with government is crucial. The concepts of CSR and business model innovation, as termed in the literature, therefore can be argued to be exceptionally different in the Chinese context from this point of view. Weber (2008) further suggest for research in the field of strategic management, in order to implement CSR strategies into organisations. Slack (2012) states that it is crucial for companies, especial companies in the extractive sector, to communicate their commitment to CSR through a rigorous and operational way. Acknowledging these points of view, it can be concluded that CSR has not yet been seen with a holistic view and CSR value contribution has not been systematically adopted at all levels, especially at meso and micro level, where CSR can play a directing role in the BMI towards sustainability.

From academic point of view on business model, Wirtz, Pistoia, Ullrich and Göttel (2016) have an attempt to review all articles addressing business model in the literature and conclude that there is heterogeneous comprehension of the concept in terms of business model definitions, perspectives and components. In addition, Wirtz et al. (2016) acknowledge that the field is not well developed and mature yet and needs more research to give answers to many open questions. Gallo, Antolin-Lopez and Montiel (2018), by identifying different streams in the literature and trying to conduct a study and claim to contribute to the growing literature of Sustainability Business Models also state that “the sustainable business model literature lacks an in-depth understanding of how collective entrepreneurship and business collaborations relates to business model innovation” (p.906). In CSR field of research, Danilovic, Hensbergen, Hoveskog and Zadayannya (2015) also review the publications of CSR to explore how the concept of CSR has evolved in academia and conclude that “the evolution of the CSR concept within academia has occurred not only in terms of changing its content, but also in terms of the growing number of publications (i.e. acceptance cases), as well as an increasing number and variety of fields in academic usage” (p. 138), and suggest studies to go further to understanding the diffusion of the CSR concept. Furthermore, Danilovic et al., (2015) find out “increasing complexity and progression in the research on the concept of CSR fuelled not only by the efforts for intellectual refinement in the field but also reflecting the changing priorities of society and businesses” (p.129).

1.3. Purpose
The purpose of our research is to explore the content of Business Model, the conceptualisation of Corporate Social Responsibility in the Chinese context and the importance of including the concept of Corporate Social Responsibility in firms’ Business Models.

In the Chinese context where China has been seen to be more disruptive than it is used to be perceived, the emerging entrepreneurs seem to power the disruptive model innovations (Fischer & Simon, 2016), the intensive involvement and strongly decisive role of the government, the growing CSR concept seems to be perceived different. With our observation
and exploration of Chinese business context, we realise a need to carry out more exploration on Business model and CSR in China in order to look for indication to support our argument for the existence of unique differences in terms of Business model and CSR in China. The reflection on the literature of relevant fields reveals the enormous lack of exploratory researches on such fields in conjunction, especially in a specific business context like China which is highly complex and distinctive. The reflection on literature has provided a ground in a different way which highly supports our argument and convince us further to go for a research in relevance to our exploration.
2. Methodology

This chapter presents the methodology used to conduct the empirical data, configure the frame of reference and how the study has been implemented along the process. Since the study was inspired by an exploration in the Chinese context and some ideas were formulated to conduct the study, different approaches of research were considered. Therefore, our thoughts started with different approaches generically, followed with consideration of methodology selection with adaptation to study context and our purpose of research.

2.1 Hermeneutic Approach from Social Science Approach

Research in natural sciences and social sciences are two fundamental approaches based on different conditions, perceptions and approaches. Natural science is the traditional one, the one becoming the standard for research while social science is the latest based on different views on research and its approaches.

When it comes to research in social science studies, there are different approaches. Speaking about social science the researchers can take the standing position either as hermeneutics or as positivist, arguing that the positivist view is more in line with the natural science (Andersson, 2014). Husserl (1952/1980 as cited by Laverty, 2003) first neglected natural science methods to human researchers, stating that living subjects respond to what stimuli means to their own perception rather than automatically reacting to external stimuli (Husserl 1952/1980 as cited by Laverty, 2003). During our observation, we were exposed to some characteristics of the business environment that seemed to be different and unique in the Chinese context, which to our beliefs may be important for doing business. This thus urges us to carry out more exploration activities to look for indication in the reality in order to find out the existence of a new phenomenon, rather than looking for the evidence to confirm an existing phenomenon. This is in line with the hermeneutic perspective, saying that

“I don’t know if what I’m saying is true but at least it is important”

rather than the positivist perspective, saying that

“I don’t know if what I’m saying is important but at least it is true”.

The difference in the two sayings is what the perspectives value for a study, positivists believes in finding the truth while hermeneutics values the importance. We do not know that what we are doing is true to any extent, but we do know that our explorations and understandings of the new phenomenon are more interesting than the truth. Our exploration and interpretation of the interview regarding CSR and BM brings more value to understand the concepts in the Chinese context and society rather than only searching for the truth of something. By being exposed to an environment of high complexity and uncertainty and driven by different factors, it was hard for us to say something right or wrong. The base for our study is established the first step.

We also found support from Phenomenology, as identified by Manen (1997) to be the study of something experienced. Furthermore, characteristics in a specific context which are different from the other contexts can be seen to be constructed by the involvement and interference of livings. In our case, the context is business in China which is highly involved and impacted by man. Looking at a phenomenon from the context point of view, our study
seems to be supported by Valle, King & Halling (1989; as cited by Laverty, 2003), arguing that, “its emphasis is on the world as lived by a person, not the world or reality as something separate from the person” (Valle et al., 1989 as cited by Laverty, 2003, p.22), stressing the importance of a study of a phenomenon with close relation with and impact by human, from the phenomenological approach. The existence of empirical phenomenon cannot be decided by quantity since from phenomenological perspective, a person’s experience is unique as no human is the same. The result of our study can be totally different from the literature or even our expectation due to the complexity of the context, indicating the significance to realise something important with more weight than something true in reference to the existing one. Therefore, we cannot say that it is true and can be generalised for the entire world nor that it might apply for every company in China either, but at least it was significant to conduct the study and explore the phenomena and its importance.

Something important does not necessarily mean a general answer to the phenomenon, which is the aim or demand of positivism to its studies. Along with hermeneutic approach, which rejects generalisation, we agree that it is impossible to achieve (Andersson, 2014). The same result for studies is not possible to achieve as researchers impact and influence other humans in different ways (Andersson, 2014). Furthermore, based on an explorative study in a particular context, that is the Chinese context, it would be impossible for our study to generalise the result. Formulation of laws and to achieve a basis of prediction and generalisation through a deductive approach is the aim of positivistic studies (Scotland, 2012). In addition, compared to the positivistic studies seeking for repeatable studies, the hermeneutics does not agree with the importance of repetition, on which we agree and focus on the importance of the new phenomenon instead. The generalisation of a result from hermeneutic point of view is not something that belongs to the natural science field rather than social studies (Andersson, 2014). Hypotheses is commonly used in positivistic studies as well, but when studying social context and humans it is impossible to achieve valid results for hypotheses since there is no one in the entire world that thinks exactly like another one (Andersson, 2014). What is reasonable and seen as scientific approach in one approach is more complicated in the other one. Therefore, we further came to conclude that generalisation is not what we purposefully pursue in our study.

In addition, at the beginning, our study was mainly driven by our exploration based on the experiences and insights. We did not pay attention to the method to conduct the study. It is something that grows with the time, which is aligned with the hermeneutic approach (Andersson, 2014). The process of conducting a study in such way is highly supported by our pre-understanding of the studied context increasing our awareness of the field of study, which according to Andersson (2014) is rather an advantage. We already had certain amount of knowledge about the Chinese context as well as during the study, we had been in deep contact with the culture, language and other social aspects in China. Such a preunderstanding of the studied context is helpful for our interpretation. Hermeneutics is about the interpretation of the meaning of symbols, conversations, messages or art (Wallén, 1996; Gadamer, 1976) and how meaning is given to unknown (Boland, 1991). Meanings are interpretations and in social context meaning are socially constructed. Instead of separating the researcher role from a personal role the hermeneutic approach values the personal aspect, similar to the aspect of phenomenology that views the world as lived by a person and not separated from a person (Valle et al., 1989), social phenomenon is involved in a bigger totality where it represents different meanings in different contexts (Andersson, 2014). Therefore, it is impossible to make generalisations of signs, actions and subjects if one wants to keep the meaning of them (Andersson, 2014). Hermeneutics builds on data, showing that humans process the reality for specific purposes, and therefore the data contain traces, which can be interpreted and
understood (Andersson, 2014). Based on this we dismiss the positivistic abstraction stating that the knowledge in this study is built on individualism as concretion of the reality (Andersson, 2014).

2.1.1 Arguments for Research Approach
We agree with the general approach of hermeneutics, since they believe that everything does not have the need of generalisation, and that generalisation applies better for natural science than social science (Andersson, 2014). Therefore, we argue that we rather need an understanding than explanation of the companies in China (Andersson, 2014). We agree since the approach was rather by doing than by thinking of which is the best approach. The methodology of the study became clear along with the research. Since we stayed in China at the moment, some pre-understanding of the culture and business environment already existed, making it easier to integrate and understand the context and the cases. Human input has been the major source for this study, it was therefore not an option to include hypotheses or a positivistic approach to our research.

We agree that the awareness of CSR, Business models and the Chinese context facilitated the exploration of our study. CSR and BMs in the Chinese context may not appear to be similar to what the concepts mean in other areas, for example in western countries, that we paid awareness to. Therefore, the results cannot be generalised either. We do not see the society as an endless mess and agree with the view of hermeneutics. In our study the data studied gave an overview of the Chinese context from information processed by humans and for the specific purpose of this study. According to the hermeneutics, phenomenon can be understood in a variety of different ways, but there is not an endless chaos of different understandings. In order to be able to understand the empirical data in the study, the whole context was observed so that we could correctly interpret the phenomena. Therefore, we finally adopted the Hermeneutic Approach as the Research approach in our study.

2.1.2 Towards the Choice of Inductive Approach
In accordance with the starting point of the research from observations, the inductive approach is the ideal methodological approach for our study, since it starts from observation, where theory is the outcome of the research (Bryman & Bell, 2015). The inductive approach searches for regularity to theories through observations (Wallén, 1996). An exploratory study normally has to at least begin with the inductive approach, although researches have the ability to continue with other approaches (Wallén, 1996). Deductive studies on the other hand starts from the theoretical perspective to build hypothesis, and then moving to the empirical collection (Bryman & Bell, 2015; Eriksson & Wiedersheim-Paul, 2014), which is employed by positivist (Andersson, 2014). The deductive approach follows a linear sequence, although this is not always the case since new theories can appear before the study is conducted changing the approach.

In order to show how we worked with the study, we borrowed and adapted the concept of the model: U-model marketing approach, from Lekvall and Whalbin (2001), originally showing the work process of a marketing research, restructured it in order to show the process. The process starts with the Chinese context, where we first got insight to the area, discovering the growing awareness of sustainability and corporate social responsibility in China. It then moves towards the concept of sustainable societies, when we recognised the impact of businesses on sustainability in China. Then the conduction of the frame of reference, doing interviews and assembling of empirical data were carried out. It is followed by the
methodology, how the study was conducted, why it was conducted and what was conducted. After all components were conducted and finalised, we started to analyse the results, comparing the empirical data with what already existing theories are discussed, coming up with a conclusion of the research. Finally, we presented the new business model approach that was discovered in the research. Accordingly, it sounds like a linear approach in the study, but in reality, the approach is dynamic.

The approach moved between the different components in order for the researchers to understand the concepts and the contexts of all parts. For example, the model has connections in more than one direction. Analysis was done with utilisation of frame of reference to back up and at the same time literature was reviewed with reflection coming from the analysis results. The triangulation tool in the analysis (discussed in Data Analysis of subchapter 2.3. Research setting) was from the beginning not considered in the methodology. After we got the interview results and started the analysis, triangulation appeared to be useful and then employed. After the analysis and conclusion together with the proposed model, we again come back and reflect on the purpose of the study. Emphasising on the inductive approach, the model represents two separate empirical collections and two methodology sections, visualising that we moved back and forth between the different parts in the study. First, we observed the Chinese context and then we decided to conduct some literature references in order to gain better understanding for the context before we applied the method for conducting the interviews to have the second empirical collection. To illustrate this, the model in figure 1 was developed and adopted from Lekvall and Whalbin (2001), showing that all parts are equally important for developing the research and to understand the context. The model shows how the research interconnects all parts already from the beginning of the exploration as for example the sustainable society aroused ideas to a new model and the empirical collection resulted in suggestions for further research.

![Diagram](image)

**Figure 1.** Visualisation of this Study’s Research Approach, Adopted and Modified from Lekvall and Wahlbin’s (2001) model: U-model marketing approach.
2.2 Research Methodology

Research is either quantitative, focusing more on broad study of large populations, striving for statistics and generalisation and measuring the measurable, or as this study of the qualitative art (Eriksson & Wiedersheim-Paul, 2014). Qualitative research normally appears in four different analyses, grounded theory, narrative analysis, discourse analysis or deconstruction (Eriksson & Wiedersheim-Paul, 2014). Grounded theory allowed us to start from the data that we collected, rather than start from an already established frame of reference. Compare to other narrative analysis that shapes stories out of action patterns to create meaning, or discourse analysis that tries to code expressions and patterns in certain discourses, while deconstruction reinterprets texts (Eriksson & Wiedersheim-Paul, 2014). Therefore, grounded theory was the obvious approach for us to start from our data instead of the literature since the concept of our focus is new and needed to be explored. The qualitative analyses build on words, expressions and text (Eriksson & Wiedersheim-Paul, 2014), which goes in line with hermeneutics characterised with the interpretation of the meaning of symbols, conversations, messages or art (Wallén, 1996; Gadamer, 1976) and thus we selected Qualitative research methodology with interview as the research tool.

The purpose of our research is to explore the content of Business Model, the conceptualisation of Corporate Social Responsibility in the Chinese context and the importance of including the concept of Corporate Social Responsibility in firms’ Business Models. With emphasis on the context, starting from hermeneutic approach with support from phenomenology, which considers the importance of things and their distinctive characteristics led by the context, we came to Qualitative Research methodology. Interview was selected as the based research tool since it is aligned with hermeneutic and phenomenological logic valuing a close connection with the personal aspect, instead of separating from a personal role. Accordingly, as the first step for the exploration, interviews were conducted with people at a management level at companies in China. In this study, we used the approach of grounded theory, meaning that the starting point was the conducted data instead of an already assembled theoretical framework.

Conducted data is resulted from the exploratory research tool, the interview in our study, following hermeneutic logic driven by the exploration based on the experiences and insights, and can be analysed to find supports to ground or conceptualise a new phenomenon. The integration of CSR in BM in the Chinese context is a new area to us and can be a new area in the literature as we have experienced, which requires us to go the inductive way. Building on the inductive approach, the study was conducted of data from interviews and observations instead of starting from the theoretical approach.

Personal direct interviews have both pros and cons compared to other methods for data collection. The time spent on collecting the data is positive since interviewers will obtain all the data direct and do not have to wait for any response although it requires time to obtain and participate in the interviews (Eriksson & Wiedersheim-Paul, 2014). Semi-structured interviews also allowed including complicated and sensitive questions in the interviews, which were beneficial for our study (Eriksson & Wiedersheim-Paul, 2014). Although personal direct interviews are time consuming work on transcript, going through each interview again not to miss any data and to avoid faulty information, as well as costs (Eriksson & Wiedersheim-Paul, 2014), it allowed us to go deeper and elaborate on more subjects, possibly with connection to and continuity with experience and understanding from the previous interviews. Semi-structured interviews also allowed us to change the questions along the process; in case a question was seen as difficult or confusing at one interview it would be modified or deleted before the next interview. The advantage of doing personal interviews is that the interviewers are able to see the respondent’s facial expression and body language that
gives insight for the interviewers if the respondent is uncomfortable or insecure in answering some questions. If another approach, such as survey of open-ended questions sent to each respondent in a letter form, would have been the base for this research it would not be possible for us to gather and learn about their personal perspectives and understand each individual’s knowledge to a comprehensive level. In order to gather this, we needed to meet the respondents in person since knowledge is individual and we got the possibility to elaborate on personal perspectives. Through interview with interpersonal interactions, further questions can be asked based on their answers and body language indications in order to get deeper understanding of their personal perspectives.

2.3 Research Setting

Method for Data Collection and Analysis

This section explains thoroughly the method that was used in order to gather all data, the study conducted exploratory interviews for the case data. From the inductive approach we observed the Chinese context and gathered data from companies in China. Then we chose literature that supported us to understand the concepts and context more deeply, that was used as a tool to build and understand the gathered data.

Literature Review

The literature for the frame of reference was gathered in the form of articles, scientific journals, textbooks and websites were conducted from trustworthy sources as, Web of Science, Halmstad University library database and its relevant databases such as Scopus, Emerald, Google Scholar and libraries. The concept CSR has several definitions and meaning, in order to get a rich frame of reference it was not possible to delimit any definitions. The authors therefore used all the definitions when searching for reliable references. The most frequently used search words in this research were: Business Model, Business Model Innovation, Business Model China, Business Model Innovation China, Corporate Social Responsibility, Corporate Social Responsibility China, Social Responsibility and Responsible Business. In literature review, we have a close look at a great deal of articles with high relevance to our research areas as well as review the publications of research in relevant fields in order to have an overview and critical assessment to support our literature reflection which was inspired by our real-life exploration.

Semi-Structured Interviews

The study was conducted from explorative interviews in China with six different respondents based in Mainland China. For the primary data ten different correspondents were contacted, knowing that there most likely will be some reduction, being a reasonable number of interviews to be held. Managers in both Chinese and international companies with operation in China were contacted. Interviewee is either managing the company or has great awareness for the field of interest. The study does not take the size of the companies in to consideration. Seven respondents participated in the study, in which one was used as a pilot. We first conducted a pilot interview to try out the interview guide and modified the final guide after the result. The result and data from this interview were counted as not valid for this research and therefore the result was only used in order to develop the interview guide and not in the study. Semi-structured interviews were conducted to cover a set of concepts while the interviewees were given space to answer the questions basing on their experience, opinions and perceptions (Creswell, 2009).
Since all interviewees are based in China the interviews were held through personal direct contact with managers in Shanghai and Beijing. The face-to-face explorative semi-structured interviews that were conducted during December 2017, making it possible to easily compare the results from the respondents from basic questions. We decided on some specific topics that were wanted from the interviewees (Bryman & Bell, 2015), following an interview scheme based on the aims of the study. The interview guide motivated the interviewees to discuss about their BM, general BM in the Chinese context, CSR and their sustainability work as well as CSR on the Chinese country level. Semi-structured interviews also allowed for follow-up questions on topics or areas that was brought up by the interviewees along the interview. The interviews focused on understanding the workflow and business model of companies in China, as well as the social responsibilities taken and importance for these companies. To some extent the interviews also investigated the business environment in China, considering the governmental influence. Each interview lasted between sixty minutes and almost two hours. In order to get good results from the interviews, yes or no questions were avoided, one question was asked a time, interviewers avoided to put any value adding on questions that could mislead the interviewee (Eriksson & Wiedersheim-Paul, 2014).

A few personal interviews, instead of studying the whole theoretical population to find statistical evidence (Jacobsen, 2002), were more fruitful in order to fulfil the purpose of the study. The respondents in our study were selected out of network contacts that we built up by being present in China. The selection of respondent resulted in three groups of respondents in six different organisations in total. This division included both perspectives for CSR and Business Models from the pure Chinese context as well as from an International context operating in China and on country level.

**Interview Cases**

When we started to contact different managers, it was revealed that some companies lacked clear information regarding the subject and therefore could not participate. For some companies, the person who was contacted was not available to take part forwarded the request to co-workers, whom we later on decided to include in the interviewees with consideration of specialisation in the field. One intended interview was unable to proceed with due to time limitations. In the end a total of six interviews could be carried out plus one test interview, resulting in a reduction of three companies. The list of interviews is as follows:

1. Test interview with an incubator - December 7, 2017
2. CSR-Centre - December 8, 2017
3. Yee Yu - December 12, 2017
4. Li Liu - December 14, 2017
5. Robin Rasmussen - December 15, 2017
6. Jacob Jin - December 16, 2017
7. Science Park - December 17, 2017

All interviews were held in English, starting with explaining the purpose of the study. Both of us took part in all interviews, varying on one asking questions and one taking notes. The interview questions were formulated in three major subjects, Business Model, CSR and Political Influence. To get a solid knowledge of the market and the understanding of CSR in China a pre-study is made. The first contact was made with a start-up incubator in China, with the local advantage and awareness of the market. The case was carefully and purposefully selected, based on that we wanted to have three different approaches for the result studied. We decided to interview four companies, represented by both international managers and Chinese
managers representing a company perspective on the Chinese context. Then we decided to have one interview with an institute - a science park, that represented a national level from the Chinese side of the context. The last cluster we went to Beijing to gather data to understand and interpret the context from a national level from an institute’s perspective of the international side and a unique centre actively working with CSR related questions.

From the interviews, we had the purpose to capture their individual perspective from the four companies on how they were working and thinking of BM and CSR in their company. Then we also wanted to understand and investigate their personal experiences of BM and CSR in the Chinese context. For the science park and the institute, we wanted to grasp their opinion and understanding of the Chinese market and companies from another angle than from the business perspective. Their knowledge and experience were explored based on the two concepts, BM and CSR, for China in general and their understanding companies’ behaviour in China and how they perceive the market. Through open-ended questions the answers gave us the interviewees personal perspective through their sharing of experience instead of close-ended questions which would represent more general answers.

The purpose of doing interviews was the possibility to discuss about and elaborate on their experiences and discuss more thoroughly about certain interesting aspects that we wanted to know more about. It also allowed us to learn from others on how it actually works and look like in the Chinese context when it comes to BM and CSR, which gave us insight to the market behaviours. Since the area of BM and CSR in the Chinese context was explored as something new to us and also showed to be new in the literature, it required an inductive approach of the study. Since knowledge is individual and personal and we wanted to understand this knowledge it was obligated to investigate the person who possesses it without any aim to generalise the result. The knowledge can only be interpreted in terms of quality and not quantity, it would not be possible to do a statistic study to understand the individual’s knowledge. The respondent’s reality was guiding us through this research and introduced us to the new concept and to develop a new model for the Chinese BM context.

**Data Analysis**

First single-case analysis was made for each of the interviews, analysing on the aspects of BM and CSR from a company point of view and then from a personal perspective of the interviewees on the Chinese context. The cases that represented an industry or country level perspective were not analysed in regard to a setting of a specific company in the single-case analysis. Then a cross-case analysis was made based on the single-case analysis of BM and CSR aspects, based on a triangulation approach of the data and cases. The collected data come from different sources of social contexts, both from company level perspective, industry level perspective and country level perspective, therefore the analysis result is compared to a triangulation. The conducted cases were divided in three different levels and groups representing a company level of local and foreign companies in China (Yu, J, R), the industry level of the retail market in China (Liu, 2017) and a country level perspective in China (Science Park, 2017; CSR-Centre, 2017). The metaphor of triangulation comes from the military where it means that more than one reference point is used in order to locate an object’s exact position (Bryman & Bell, 2015). It has its origins in the mathematics and is used in studies to strengthen the trustworthiness and decrease researcher biases (Denzin, 1970 as cited by Renz, Carrington & Badger, 2018). Triangulation allows a multiple perspective on the phenomena under study in this research from different sources of data. There are different ways to achieve triangulation, investigator triangulation, theory triangulation or as in this study data analysis triangulation where two or more methods are used to analyse the collected data (Renz et al., 2018). In this study we analysed the data from the cases in single-case
analysis as well as cross-case analysis, meaning that the data were treated with two different methods and therefore achieved the criteria of triangulation.

2.4 Aspects of Quality of Research Questions of Authenticity, Legitimacy & Trustworthiness

One very important aspect of any research is the quality of research. Also this can be seen differently depending on the chosen paradigm, science positions and perception of how good quality research shall be conducted. In the positivistic studies researchers discuss aspects of reliability and validity in research, which are more applicable on quantitative studies. Reliability and validity are concepts that rather belongs to the natural science which cannot be applied for social science studies. However, some authors have made attempts to adapt these concepts to social science, since the terms belong to the natural and positivistic studies we argue for that there is no reason for integrating them to social studies. In this social study we search for understanding and insight which is not measurable.

Authenticity, legitimacy and trustworthiness were proposed as evaluation measurements in order to describe the quality of a qualitative study (Lincoln & Guba, 1985 & 1994, as cited by Bryman & Bell, 2015). Trustworthiness represents four different components, credibility, transferability, dependability and confirmability. Credibility means that the study was conducted under good practice and that the findings reflect a correct understanding of the investigated social environment (Shenton, 2004). The process of exploration, interview design and conduction in China was carried out with supports from locals and people who have in-depth knowledge of the Chinese context and are knowledgeable of the studied field. The interview transcripts were sent to respondents for approval before processed further. Therefore, we believe that this study was conducted under good practice and to ensure that the social environment was correctly understood. Transferability shows the possibility of a research result to be transferred to other environments, since qualitative studies normally is an intensive study of a small group or individuals that share certain characteristics (Bryman & Bell, 2015). We argue for that the aim of this study is not to generalise and neither to transfer the result into other contexts. However, we would say that researchers and managers within and outside of the Chinese context can utilise the study result as reference to reflect and adjust to different extents their findings or applications in different areas. Dependability on the other hand is not so widely adopted validation approach by researchers since it requires a lot to audit all the steps in a qualitative study and then let peers decide how proper procedures the research has undertaken (Bryman & Bell, 2015). It is important to show that research has been carried out in good faith, although it is impossible to be completely objective, which is measured through confirmability (Bryman & Bell, 2015). A wider set of political impact on research is evaluated through the authenticity (Bryman & bell, 2015). Legitimacy represents that actions from an organisation, or in this case study, are proper, desirable and appropriate in socially constructed systems of norms, values, belief and definitions (Suchman, 1995). We believe that legitimacy is achieved since it considered social norms, values, beliefs and definitions in the Chinese context before the study was conducted and while observations as well as interviews were conducted.

2.5 Ethical Aspect

Ethical consideration has been a growing topic when it comes to choice of method (Eriksson & Wiedersheim-Paul, 2014) and the most critical aspects in a qualitative study are informed consent, voluntary participation, confidentiality, protection from harm and to ensure the well-being of the participants (Klenke, 2008). Positivism discusses what is morally valid, ethical
rules or legislations, to achieve the greatest happiness to the greatest amount of humans. Each and every moral action is judged by what it brings to the society (Andersson, 2014).

We purposely chose a Chinese supervisor that is familiar with the western standards and cultures. Her insight in the variations and situations in China and Sweden made it easier for us to embrace the differences and understand complexity. The knowledge and familiarity with the Chinese culture also helped us with how to behave and approach our interviewees in China. Since we have a background from Sweden and Vietnam as writers we complemented each other in the study and exploration. With closer connection to Asia, a better understanding for some cultural differences was helpful while the Swedish background was useful when international and Western companies and institutes was interviewed.

Ethics is about how a person should behave, in a good way to not interfere with any harm towards someone else or nature (Wallén, 1996). Some ethical aspects are seen as general and apply to all human beings, such as to always tell the truth (Wallén, 1996). It is therefore necessary for us to describe how we handled and treated ethical aspects towards the respondents and in this study in general.

**Informed Consent**
Consent retrieved from the participants before we started to conduct data. We also asked for permission to record the interviews both for us and for the respondents’ safety so that nothing would be left out and to re-check what was said during the interviews. After the transcript was finalised, we contacted the respondents again for their consent to use the retrieved data and for the possibility to make correction if something was mis-transcribed before the data was used in the study. Direct quotation and data was then taken out of the transcripts and verified by all participants.

**Voluntary Participation**
We informed all participants that it was completely voluntary to participate in the study and they were given the opportunity to erase parts from the collected data if they did not agree for us to publish all the information.

**Confidentiality**
We decided to keep all the respondents anonymous in this study, therefore fictional names were established and applied for each case, both since some of the fields discussed in the interviews may be regarded as sensitive data and information and to protect the interviewees and their companies. All of the participants appreciated the anonymity and it might have been a key to more information for us as researcher than what they might have been willing to share otherwise.

**Protection of Harm and Well Being**
From an ethical aspect, researchers should consider the consequences of a study, but if it was conducted with good intentions researchers could not be responsible for negative consequences (Wallén, 1996). It is considered as ethically right to not damage or harm individuals that participate in research, in a way that sensitive facts are not presented in a way that any harm can appear (Wallén, 1996). Although ethical questions are not treated by the hermeneutic approach since it is seen as context dependent and of individual understanding (Andersson, 2014). Therefore, the authors have worked with empirical collection and treatment of data in a way that is approved from their understanding. The ethical standards from the positivistic approach are seen as general knowledge by us, meaning that the research has applied what for them is seen as common sense in conducting and treatment of data and
personal information. That is why a decision was made to keep all interviewees anonymous and not present fact or information in a way that it can be directly connected to a specific person or company, if the authors believe that it could result in any harm to either part. Further we also promised to not store any data or information from the interviews that can be linked to the participants longer than necessary according to the new laws regarding GDPR (EU General Data Protection Regulation, n.d) and thereafter the data will be destroyed or deleted so it won't be possible to restore it and use it for another purpose than this study.
3. Frame of Reference

This section presents the literature review of Business Model Innovation, Corporate Social Responsibility, Sustainable Business Models and the concepts in the Chinese context according to the study’s subject.

3.1 Business Model Innovation Overview

Nowadays, it is becoming increasingly important for companies to understand how to become and remain innovative and thus successful with their business models in the context of rapid growth of global economy, globalisation trends and the accordingly growing competitiveness in the marketplace (Wirtz et al., 2016; Biloslavo, Bagnoli & Edgar, 2018). Innovation in the literature of business models is seen as an important aspect contributing to the creation of competitive advantage and renewal of organisations (Boons & Lüdeke-Freund, 2013). In addition, for long term business success in the world economy today, sustainability has been recognised as one of the key factors (Yang, Evans, Vladimirova & Rana, 2017). Recent research shows that Business Model Innovation (BMI) has certain advantages for a sustainable development for companies compared to technology innovation alone (Girotra & Netessine, 2013). BMI can be applied across a wide range of industries which is in contrast with industry-specific technology innovation, for example. A company can therefore make use of business models from other sectors (Teece, 2010).

Thus, BMI is increasingly regarded as an important approach for companies to sustain (Biloslavo et al., 2018; Bocken, Short, Rana & Evans, 2014; Nidumolu, Prahalad & Rangaswami, 2009). Moreover, BMI is gaining recognition not only for improving organisations' sustainable business (Chesbrough, 2010; Boons & Lüdeke-Freund, 2013; Bocken et al. 2014; Wirtz et al., 2016), but also for improving sustainable societies by delivering social and environmental values (Lüdeke-Freund, 2010; Biloslavo et al., 2018). There has been a growing interest of researchers and practitioners in BMI and sustainable business model (Wirtz et al., 2016; Yang et al., 2017). However, in general, the current research in the field of sustainable business model innovation has not reached a maturity level, proven with a lack of agreed concepts of sustainable business models and BMI (together with the concept of business model) and the ways to achieve this in practice being poorly addressed in the existing literature.

3.1.1 Conceptualisation of Business Model Innovation

In the literature, BMI has been highly recognised as an “independent self-contained concept” (Wirtz et al., 2016, p.45). There have been different perceptions towards the definition of BMI. Saebi, Lien, and Foss (2017) conclude that BMI is often perceived as the process that management employs to actively innovates the business model to disrupt market conditions. BMI builds its shape through a process of experimentation, a long process of trial-error which is usually characterized with iteration, failure and learning (Guo, Su & Ahlstrom, 2016; Demil & Lecocq, 2015; McGrath, 2010; Sosna Sosna, Trevinyo-Rodríguez, & Velamuri, 2010; Olofsson, Hoveskog & Halila, 2018).
The chart below shows a review of BMI’s development in the literature. Only in the last decade has there been a significant change in the research work that has been published. Especially in 2015 and 2016, the number of publications according to data collected from Web of Science (2018) has been increased rapidly. It has been almost doubled when comparing the publications of 2016 with those of 2013. However, in 2017, it seems that the interest of research dropped below that in 2016.

![Chart 1](image)

**Chart 1. The number of research publication of business model innovation in the literature**  
(Data collected in February 2018 from Web of Science).

It can be indicated from the chart above that there might be a new trend relating to BMI that has attracted and navigated the interest of authors. The prediction can be supported further if the number of publication continues to drop by the end of year 2018.

Throughout the literature development, BMI can be identified in different logics. It can be equal with the creation or development of totally new business models, basing on disruptive innovation, not incremental change or improvement (Voelpel, Leibold & Tekie, 2004). Johnson, Christensen and Kagermann (2008), however, disagree by stating that BMI is the complete reinvention of the current business model of an organisation. Johnson and Suskewicz (2009) suggest BMI means a shift of the focus towards creating new systems away from developing individual technologies. Have a similar understanding with Voelpel et al. (2004), Gambardella and McGahan (2010) conclude that "business model innovation occurs when a firm adopts a novel approach to commercialising its underlying assets" (p.263). However, BMI can also be perceived as a process of designing either a modified or a new activity system (Amit & Zott, 2010). A similar definition is presented by Markides (2006), who sees it much more than the discovery of a radical new strategy, as a firm redefines what an existing product or service is and how it is offered to the customer.

Recently, BMI is on the other hand referred to a new integrated logic of how the firm creates value for its customers or users and how it captures value and is the implementation of a business model that is new to the firm (Björkdahl & Holmen, 2013; Wirtz et al., 2016).
Casadesus-Masanell and Zhu (2013) describe BMI as "the search for new business logics of the firm and new ways to create and capture value for its stakeholder" (p. 464). It is seen to be about changing how to do business, rather than what to do (Amit & Zott, 2012). BMI is not necessary to discover a new product or service; instead, it uses new ways to create and deliver the existing product or service, and new ways to capture value from it. It goes further than purely innovations in technology, product and process (Amit & Zott, 2012). Thus, BMI can occur under the need of improvement for their existing business models or new ones. In the former case, BMI seeks to align the elements of a business model to a particular environment (Fjeldstad & Snow, 2018). Generally, BMI is often framed in the context of changing the value proposition for the customer in the literature (Bocken et al., 2014).

The conceptualisation of BMI and configuration of its constituents can be reflected through the concept and components of business model. According to Biloslavo et al. (2018), the BM concept is most often referred to value creation, delivery and capture. BM refers to the logic of how a firm does business (Magretta, 2002; Osterwalder and Pigneur, 2010; Teece, 2010), and gives an overview of how the firm captures, creates and delivers value (Richardson, 2008; Zott et al., 2011). However, the use of the term BM is inconsistent in the literature due to its historical development and the varying perspectives of the authors, there is still no generally accepted definition of the concept (Wirtz et al., 2016). In a generic understanding from all existing perspectives and aligned with perspectives of some authors as mentioned above such as Amit and Zott (2012), Casadesus-Masanell and Zhu (2013), Guo, Su & Ahlstrom (2016) and Fjeldstad and Snow (2018), we argue that BMI can be referred to the process of a radical and fundamental renewal and change of the way companies create and deliver the greatest values to its target customers and stakeholders, given that the concept of stakeholders is wide and covers the company’s employees, employers, investors, and others in the networks that the companies are involved in. BMI is a process of developing and innovating business models of a company or an organisation, reflecting that BMI is dynamic with involvement of learning, trial-error and experiment throughout the business lifecycle of a company and BM is static in a given period of time.

### 3.1.2 Business Model and Its Components

So far, the definitions of business model which are the most frequently used and often employed in BMI are from Teece (2010) and Osterwalder and Pigneur (2010) (Wirtz et al., 2016; Bocken et al., 2014). “The essence of a BM is in defining the manner by which the enterprise delivers value to customers, entices customers to pay for value, and converts those payments to profit. It thus reflects management's hypothesis about what customers want, how they want it, and how the enterprise can organize to best meet those needs, get paid for doing so, and make a profit.” (Teece, 2010, p. 172). Osterwalder and Pigneur (2010) define it in a short way, which has been well acknowledged in the literature as well: “The BM describes the rationale of how an organization creates, delivers, and captures value.” (p. 14).

A distinctive feature can be realised that there is a heterogeneity in the understanding of the business model components (Wirtz et al., 2016). Some authors consider only a few components and thus their understanding is emphasised in a minimum of aspects. Other authors, however, demonstrate clearly a more comprehensive point of view. So far, many authors consider the following elements as necessary components of a business model (Wirtz et al., 2016): (1) the firm’s value proposition, (2) the market segments or target customers, (3) the structure of the value chain, which is needed to realize the value proposition, (4) the mechanisms of value capture that the firm deploys, and (5) the often firm-specific ways in which these elements are linked in an architecture (DaSilva & Trkman, 2014; Bocken et al.,
Increasingly, the literature has been taking steps towards a more dynamic view that examines phenomena like BMI and adaptation (Wirtz et al., 2016).

Among the authors who have had the focus on conceptualising, characterising and explaining a business model at a given point in time (Wirtz et al., 2016), Richardson (2008) proposed a widely accepted framework for business models, composed of 1. Value proposition, including the offering, the target customer and differentiation strategies; 2. Value creation and delivery, including resources and capabilities, organisation and position in the value network; and 3. Value capture, including revenue sources and the economics of the business. A business model canvas is developed by Osterwalder and Pigneur (2010), which contains similar nine blocks: value proposition, customer segments, customer relationships, channels, key partners, key activities, key resources, cost structure and revenue streams.

Acknowledging the proposition of Osterwalder and Pigneur (2010), Lüdeke-Freund (2010) frame the nine blocks into 5 grouping elements, making a visual representation of the business model template: value proposition; infrastructure management (including key partners, key activities, key resources); customer interface (including customer segments, customer relationships and channels); cost structure and revenue. Boons and Lüdeke-Freund (2013) later combined the approaches of various authors, with a special acknowledgement of Osterwalder and Pigneur (2010) and Lüdeke-Freund (2010) and suggested a generic framework composed of four elements: “1. Value proposition: what value is embedded in the product/service offered by the firm; 2. Supply chain: how are upstream relationships with suppliers structured and managed (the relationships with suppliers). 3. Customer interface: how are downstream relationships with customers structured and managed (the relationships with customers); and 4. Financial model: costs and benefits from 1), 2) and 3) and their distribution across business model stakeholders” (p. 10).
3.2 Corporate Social Responsibility

Corporate Social Responsibility, CSR, is defined as responsibilities that companies have and their impact on the society (European Commission, 2018). Carroll (1999) found evidence for social responsibility that can be traced back several years, all the way to the 1930s and 1940s, but a more recent concept of CSR appeared in the 1950s and 1960s literature. Later the concept has been more and more acknowledged, as can be seen from statistics of the data collected from Web of Science where the amount of papers including corporate social responsibility increased to 1749 publications in 2017 compared to 270 publications in 2007 (Web of Science, 2018). Before 2000 the concept of CSR was barely studied and not to many publications was published. Between 2000 until 2015 the field was booming (Danilovic et al., 2015; Web of Science CSR, 2018), showing a strong increase of studies published in the field and reached over 1500 publications. In 2016 the growth continued and almost reached 2000 publications, although in 2017 the subject saturated a bit and the number of publications sank to the same level as in 2015.

![Number of Publications of Corporate Social Responsibility](chart2.png)

**Chart 2.** The number of research publication of Corporate Social Responsibility in the literature (Data collected in February 2018 from Web of Science).

Carroll and Shabana (2010) traced down the development of CSR, starting already in 1946 by Donald K. David at Harvard Business School. Moving to the 50’s where CSR was described as for companies to think about the employees, customers and society in total by Abrams (1951, as cited by Carroll & Shabana, 2010). During the 1960’s CSR was growing, social movements was taking place especially in the USA with civil rights, women’s rights, consumer rights and environmental movement (Carroll & Shabana, 2010). Frederick (1960) states that “Businessmen should oversee the operation of an economic system that fulfils the expectation of the public. And this means in turn that the economy’s means of production should be employed in such a way that production and distribution should enhance total socio-economic welfare.” (p.60).

Social responsibility implies an attitude towards human resources and society’s economy and shows that those resources are used in a way that also benefits others, not only a single person.
or company (Frederick, 1960; Davis, 1960; Heald, 1957). In the same epoch Eells and Walton (1961, as cited by Carroll, 1999) describes CSR as “problems that arise when corporate enterprise casts its shadow on the social scene, and the ethical principles that ought to govern the relationship between the corporation and society” (p.39-40). People expect more than just economic considerations in businesses (Davis, 1960). Davis (1960) states that business leadership has the capability and capacity to act socially responsible, the question is rather to find solutions that work for the nature and the company’s social responsibility. In the 1960’s CSR was also an accepted concept in full texts showing a lower degree of importance (Danilovic et al., 2015).

Corporate Social Responsibility, Responsiveness and Performance grew in the 1970’s (Carroll & Shabana, 2010), now CSR started to appear in titles and abstracts, showing the increased importance of the concept (Danilovic et al., 2015). Frederick (1978) concluded a distinction between Corporate Social Responsibility and Corporate Social Responsiveness. Defining CS-Responsibility as “corporations’ obligation to work for social betterment” and CS-Responsiveness as “the capacity of an organisation to respond to social pressure” (Frederick, 1978, p.150).

Corporate Social Performance was emerging in the middle of 1970 and moved CSR closer to the business aspect (Carroll & Shabana, 2010). In the 1980’s, attempts were made trying to establish a linkage between Corporate Social Responsibility and Corporate Financial Performance (Carroll & Shabana, 2010). In 1999, Carroll (1999) suggested that CSR should consist of four elements in order for business to approve it, these four elements is presented as Economic-, Legal-, Ethical- and Philanthropic Responsibilities. CSR has been of growing interest lately, spreading from a local business issue to a world-wide viewed issue (Carroll & Shabana, 2010). A new approach to CSR has been developed, mentioned as CSR 2.0, including Corporate Sustainability and Responsibility, developed by CSR International (CSR International, n.d).

In 2010, ISO 26000 Social Responsibility was launched, aiming at all companies regardless of size or location. ISO 26000 standard represents a global consensus standard since it was developed together with Government representatives, NGO’s, industry, consumer groups and labour groups around the world. The standard works as a guidance for companies regarding how they can operate in a Socially Responsible way (ISO, n.d). According to Jenkins (2009), a growing pressure is put on companies to engage in CSR activities. Environmental sustainability is just one of the CSR aspects that is highly needed at the moment (Aggarwal, 2013). CSR relates to the activities of business, especially in terms of their contribution to achieve economic, social and environmental sustainability (Jenkins, 2009). In practice CSR is how companies manage their business process to produce an overall positive impact on society. Danilovic et al. (2015) found an increasing complexity and progress in the research field of CSR, proving a changing priority of businesses and society.

3.2.1 Corporate Social Responsibility Aspects

There are different ways for companies to practice CSR, some of the most common activities are listed as: Environment Efforts, Philanthropy, Ethical Labour Practice and Volunteering (Fallon, 2017). Although more pressure is put on CSR there is still not a common agenda for what CSR is (UNIDO, 2018). Starting with the pressure from large Transnational Companies, it is impossible for SMEs\(^1\) to be able to meet the criteria requested, due to limited resources

\(^1\) SME - Small and medium-sized Enterprises
One way to measure CSR is through Corporate Social Performance (CSP), the model was first described by Carroll (1979), merging the aspects of social responsibility (Discretionary, Ethical, Legal and Economic) with the philosophy of social responsiveness (Proaction, Accommodation, Defence and Reaction) and the social issues involved (Consumerism, Environment, Discrimination, Product Safety, Occupational Safety and Shareholders) (Carroll, 1979). The model developed by Carroll (1979) was later restructured by Wood (1991), including Principles of corporate social responsibility, process of corporate social responsibility and outcomes of corporate behaviour, displayed in table 1 below. Wood (1991) also discovered that all actions a company make has some social impact, therefore is relevant for CSP.

**TABLE 1**
The Corporate Social Performance Model

<table>
<thead>
<tr>
<th>Principles of corporate social responsibility</th>
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<tbody>
<tr>
<td>Institutional principle: legitimacy</td>
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<tr>
<td>Organizational principle: public responsibility</td>
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<tr>
<td>Individual principle: managerial discretion</td>
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<table>
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<tr>
<th>Processes of corporate social responsiveness</th>
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<tbody>
<tr>
<td>Environmental assessment</td>
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<tr>
<td>Stakeholder assessment</td>
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<tr>
<td>Issues management</td>
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<tr>
<th>Outcomes of corporate behavior</th>
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<tbody>
<tr>
<td>Social impacts</td>
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<td>Social programs</td>
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<tr>
<td>Social policies</td>
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</tbody>
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Table 1. The Corporate Social Performance Model (Wood, 1991).

According to the European Commision (2018) companies can be socially responsible by including concerns about social, environment, ethics, consumer, and human rights in their business strategy and operations as well as following the laws. CSR is referred to as the “Triple-Bottom-Line-Approach” (3BL), meaning when companies achieve a balance between economic, environmental and social imperatives (UNIDO, 2018; Moratis & Cochius, 2011; Govindan, Khodaverdi & Jafarian, 2013). The 3BL arose awareness in 1997 when John Elkington presented the concept (Norman & MacDonald, 2004). The 3BL approach means that companies should not only measure their success with the financial aspect but also include the aspect of social and environmental performance, making the evaluation base to a three-lined aspect (Norman & MacDonald, 2004). This approach resulted in CSR being seen more as a business concept (Moratis & Cochius, 2011). Carroll (1979) explains that CSR consists of four aspects, Discretionary-, Ethical-, Legal -, and Economic Responsibilities, and the expectations that society has on a company. All companies have a responsibility to produce and sell goods to the society, the economic aspect while it is assumed to be operated
within the framework for legal aspects as well as ethical responsibilities, one of the most difficult approaches to handle since it is not clearly stated what is ethical and what is not. Lastly the discretionary responsibilities, i.e. philanthropic activities, in-house training or a day-care centre (Carroll, 1979).

A newer aspect in the CSR field is human rights. Esteves, Factor, Vanclay, Götzmann and Moreira (2017) highlight the importance for companies to take human rights into consideration. Although Esteves et al., (2017) states that the concept is newer in the field it was first established in 1948 in the Universal Declaration of Human Rights (OHCHR, n.d). Human Rights refers to “Rights inherent to all human beings, whatever our nationality, place of residence, sex, national or ethnic origin, colour, religion, language, or any other status. We are all equally entitled to our human rights without discrimination.” (OHCHR, n.d). The UN Global Compact (n.d.b) also includes the aspects of human rights in their guidelines for CSR. The concept of CSR also means that any damage on environment, people and society should be held accountable by the company causing the problem (Moratis & Cochius, 2011).

The United Nations Global Compact (UNGC) is for now the largest global CSR initiative (Baumann-Pauly, Nolan, van Heerden, Samway, 2017), “Corporate sustainability starts with a company’s value system and a principled approach to doing business” (UN Global Compact, n.d.a). The initiative of UN Global compact was founded in 1945 and has since then presented principles for CSR (UN Global Compact, 2016). These principles represent a global frame for CSR activities that applies for all the United Nations; therefore this study applies the Ten Principles as the main approach for CSR. Companies are achieving the stage for long-term success, along with the basic responsibilities to people and planet by including the Ten Principles by UNGC into their strategies, policies and procedures as well as establishing a culture of integrity (UN Global Compact, n.d.a). Since the United Nations is an intergovernmental organisation, the organisation is interfering with political agents, which however can affect the implication of the principles. The Ten Principles presented by the UNGC is divided to Human Rights, Labour, Environment and Anti-Corruption (UN Global Compact, n.d.a). The Ten Principles is elaborated on underneath (UN Global Compact, n.d.a):

**Human Rights**

Human Rights consists of two principles, standing for that

1) **Businesses should support and respect the protection of internationally proclaimed human rights;** and

2) **Make sure that they are not complicit in human rights abuses**

The first principle sets out the expectations for companies to respect and support human rights (UN Global Compact, n.d.b). Meaning that “due diligence” should be adopted to avoid infringing human rights and to implicit say which human rights they are involved in (UN Global Compact, n.d.b). Companies are also encouraged to voluntarily support human rights, to grasp opportunities and through core business, strategic social investment, philanthropy, public policy engagement, advocacy and/or partnership and other collective actions to positively contribute to the protection and fulfilment of human rights (UN Global Compact, n.d.b). “Action to support human rights should be a complement to and not a substitute for action to respect human rights. Special attention should be paid to the rights of vulnerable groups, including women, children, people with disabilities, indigenous peoples, migrant workers, older persons etc” (UN Global Compact, n.d.b). If human rights are not respected by a company, risks and costs for business, damage of reputation, boycotts from consumers, as well as putting company license for operation at risk (UN Global Compact, n.d.b).
The second principle means that companies take actions in human rights abuse that is caused by another company, government, individual or other group (UN Global Compact, n.d.c). Complicity stands generally for two elements “A act or omission (failure to act) by a company, or individual representing a company, that “helps” (facilitates, legitimates, assists, encourages, etc.) another in some way, to carry out a human rights abuse, and the knowledge by the company that its act or omission could provide such help” (UN Global Compact, n.d.c). Another way to align with the human rights is for businesses to respect and support Lesbian, Gay, Bisexual and Transgender (LGBT) rights, through for example non-discrimination policies beyond legal minimum legal requirements or to promote and support LGBT outside of the workplace (UN Global Compact, 2015).

**Labour**

Labour represents the next four principles, standing for:

3) *Business should uphold the freedom of association and the effective recognition of the right to collective bargaining;*

4) *The elimination of all forms of forced and compulsory labour;*

5) *The effective abolition of child labour; and*

6) *The elimination of discrimination in respect of employment and occupation.*

The third principle concerning labour stands for employees and all workers right to join groups for the promotion and defence of their occupational interest and their right to set up, join and run organisations (UN Global Compact, n.d.d). Without any interference from the State or other entity as well as the right to freedom of expression and opinion. Requiring an environment without violence, pressure, fear and threats (UN Global Compact, n.d.d).

The fourth principle prevents forced and compulsory labour (UN Global Compact, n.d.e). Child labour is not under any circumstances allowed, principle five states the guidelines and acceptance for what is recognised as child labour and that it should not be confused with youth employment or student work (UN Global Compact, n.d.f). According to the sixth and last principle under labour, it is prohibited for companies to involve discrimination in employment, such as race, sex, colour, religion, political opinion, national extraction, social origin, age, disability, HIV/AIDS status, trade union membership and sexual orientation (UN Global Compact, n.d.g). Meaning that all employees should be selected based on their ability to perform the work and no other grounds (UN Global Compact, n.d.g).

**Environment**

Environment aspect is represented by principles seven to nine:

7) *Businesses should support a precautionary approach to environmental challenges;*

8) *Undertake initiatives to promote greater environmental responsibility; and*

9) *Encourage the development of environmentally friendly technologies.*

Principle seven concerns the environment, decision makers have to be precautious when it comes to situation where harm can be an outcome (UN Global Compact, n.d.h). It is better for companies to act in a precautious way in order to prevent environmental harm to happen (UN Global Compact, n.d.h). Reflecting on principle eight, it is up to each company to make sure that their operation is not making any harm to the environment as it is expected from the society (UN Global Compact, n.d.i). “Business gains its legitimacy through meeting the needs of society, and increasingly society is expressing a clear need for more environmentally sustainable practices” (UN Global Compact, n.d.i). Technologies developed by companies
addressed in principle nine should be less polluting, use resources in a more sustainable way, recycle more of the waste (UN Global Compact, n.d.j). Environmental sound technologies can be applied to organisations in order to reduce the impact, inefficiency, worker exposure and environmental disasters (UN Global Compact, n.d.j).

**Anti-Corruption**

The last principle is about Anti-Corruption and stands for: **10) Businesses should work against corruption in all its forms, including extortion and bribery.**

The last principle was included later in the principles, not only to avoid bribery and extortion and so on but also to develop policies proactively and programmes that specify corruption in the organisation as well as in the supply chain (UN Global Compact, n.d.k). The principles underlying legal framework is the UN Convention Against Corruption, corruption can appear in many phases and the Transparency International’s definition is “the abuse of entrusted power for private gain” (UN Global Compact, n.d.k).

### 3.2.2 Corporate Social Responsibility - Financial Performance and Marketing

CSR is a value creating activity socially, ecologically and economically, referred to as 3 Ps, People, Planet, and Profit (MVO Nederland, 2015). According to Friedman (1970) companies should only involve in activities that are financially profitable, meaning that CSR is allowed if there is a business case for it (as cited in Moratis & Cochius, 2011), while stakeholders are pushing companies to invest more resources in CSR (McWilliams & Siegel, 2000; Matten & Moon, 2008; Lin, Yang & Liou, 2009). If the market demand for companies active in CSR activities is greater than the supply of companies active, the value of the company increases (Mackey, Mackey & Barney, 2007), resulting in greater opportunities to increase the financial performance. Ding, Ferreira and Wongcoti, (2016) also found a pattern that higher than average CSR activities positively affected the firm value while lower activities did not have any correlation to firm value.

On contrary Mackey et al. (2007), found out that some investors have an interest in pursuing socially responsible activities although these reduce the cash flow value in the company. Lin et al. (2009) explored a long-term impact of CSR on the financial performance, especially for companies that includes R&D as a business strategy for sustainable development. The positive impact of CSR is supported by better relationships with the stakeholders, a better reputation, increased possibility to attract and maintained qualified employees, savings in costs, efficiency in operational activities, innovations, increased competitiveness as well as greater access to capital (Aggarwal, 2013). Even though CSR activities might not result in increased financial performance, some studies show that CSR might be valued by some shareholders anyways (Mackey, et al., 2007).

Including CSR gives companies an opportunity to align the business strategy to the business model (Baumgartner, 2014). Gallego-Álvarez, Prado-Lorenzo, Rodríguez-Dominguez & García-Sanchez (2010) found that all CSR activities have a positive effect on shareholder value, especially the activities that are linked to enhancing the image of a company. Although there is no link between CSR activities and the influence of corporate reputation (Gallego-Álvarez et al., 2010). However, they discovered that CSR practices that are related to marketing purpose improves companies’ behaviour above average of the industry (Gallego-Álvarez et al., 2010). Managing CSR decisions in safe and sustainable products could meet customer’s needs and also improve the loyalty that they have for the company (Xie, Jia, Meng...
and Li., 2017). It can be a crucial component for managers to include in their decision making (Xie et al., 2017).

### 3.3 Sustainable Business Model or Business Model for Sustainability?

Due to the growing interest in sustainability, business model has been re-conceptualised from different perspectives and the term “sustainable business model” has been increasingly used to refer to sustainability in business model literature (Biloslavo et al., 2018). In recent years, different concepts have been used interchangeably, such as “sustainable business models”, “sustainability business models”, “business models for sustainability” (Witek-Hajduk & Piotr Zaborek, 2016). All of these new constructs build on the theory of corporate sustainability management, which is seen to aim at integrating various corporate activities and impacts in societal, environmental, and economic areas (Witek-Hajduk & Piotr Zaborek, 2016). Therefore, scholars have demonstrated a growing interest in sustainable business model research as a new mechanism to achieve corporate sustainability (Biloslavo et al., 2018). There seems to be a consensual understanding that BMI should be reconfigured somehow (Bocken et al., 2014). Business models should then be re-designed in such a manner that the principles of sustainability are taken into account (or not) when attempting to deal with expected change (Rauter, Jonker & Baumgartner, 2017).

The following chart shows the growing interest of research on sustainable business model. It only has gained a considerable increase in traffic in the literature since 2015. For that reason, this paper reviews some of the most noticeable articles among the research work of the period from year 2008 to the first quarter of 2018. This increase in sustainable business model might give a clue to explain the drop of authors’ interest in research on BMI as shown in Chart 1 and there has been a new move towards sustainable business model.

![Chart 3](image-url)

**Chart 3. The number of research publication of SBM in the literature** (Data collected in February 2018 from Web of Science).

Some authors have attempted to define a sustainable business model. Stubbs and Cocklin (2008) defines it as a business model that identifies its purpose from economic, environmental and social aspects simultaneously, employs a triple bottom line approach to measure
performance, concerns the needs of several stakeholders as well instead of favouring shareholders, considers nature as a stakeholder and promotes environmental stewardship and lastly use both a systems and firm-level perspective. Lüdeke-Freund (2010) has defined a sustainable business model as one “that creates competitive advantage through superior customer value and contributes to the sustainable development of the company and society.” (p. 17). According to the definition of Lüdeke-Freund (2010), it is recognised that the core of a sustainable business remains to be creating and delivering customer value as the core of current business model (Chesbrough, 2010; Osterwalder and Pigneur, 2010; Teece, 2010; Zott, Amit & Massa 2011). However, the environmental and social benefits are embedded in it.

In line with that, Bocken et al. (2013) and Tyl et al. (2015) understand that the core of a sustainable business model is a sustainable value proposition, which allows multiple-stakeholder value creation by considering the needs of customers, shareholders, suppliers and partners as well as the environment and society. Developing from the perception of sustainable business models as ones that capture economic, social and environmental value for a wide range of stakeholders (Bocken et al., 2013), Bocken et al. (2014) define business model innovations for sustainability as: “Innovations that create significant positive and/or significantly reduced negative impacts for the environment and/or society, through changes in the way the organisation and its value-network create, deliver value and capture value (i.e. create economic value) or change their value propositions.” (p. 44).

Schaltegger, Hansen and Lüdeke-Freund (2016) propose that sustainable business model innovation should aim to benefit society and/or the environment at the same time with economic value generation. Continuing with the research, Schaltegger et al. (2016) raise the question concerning the influences of existing corporate business models on the sustainability of the global economy and society. Schaltegger et al. (2016) argue for the concept of Sustainable business model with the focus of sustainability management, which is defined as “approaches dealing with social, environmental, and economic issues in an integrated manner to transform organizations in a way that they contribute to the sustainable development of the economy and society, within the limits of the ecosystem” (p. 4). It is concluded that sustainable development at the societal level is contributed by organisations’ sustainability in which the business model plays as a key-initiating component. In other words, their argument seems to imply the transformation of sustainable business model towards a business model for sustainable societal development.

Currently, a few approaches to bring about a radical transformation of organizations, industries, and societies toward genuine, substantive sustainable development mainly are sustainable development of philanthropy, corporate social responsibility, and technological process and product innovation (Schaltegger, Hansen & Lüdeke-Freund, 2016). Moratis (2014) emphasises that CSR contributes to sustainable business model thinking. For achieving sustainability, company’s value propositions should be incorporated with CSR value creations (Bocken et al., 2015). Chou, et al., (2015) advocate that idea of having CSR embedded in business model: “Company policies and brand image are driven by value propositions. The company mission reflects the core business value and competitive strategy, and the sustainability vision implies the direction of social responsibility the company intends to pursue. These two factors should be linked in order to produce clear, sustainability-led value propositions.” (p. 50). Lodsgård and Aagaard (2017) recognise CSR value creation as the resources, activities, and partnerships that companies apply to and put into play in order to realise their sustainable value propositions. Moreover, Lodsgård & Aagaard (2017) state that other and more company functions than human resource management, communication, and
R&D, such as production, supply chain, and finance can be studied to explore the interface in between CSR and different company functions.

To develop new business models for sustainability, it is essential to consider the integration of social and environmental goals into a more holistic meaning of value in business models (Schaltegger et al., 2012; Schaltegger, Hansen & Lüdeke-Freund, 2016). A sustainable business is not only achieved through innovation in technologies, products or services, but also through BMI (Girotra & Netessine, 2013; Schaltegger et al., 2016; Evans, Vladimirova, Holgado, Fossen, Yang, Silva & Barlow, 2017). Boons and Lüdeke-Freund (2013) reviewed existing research into business model innovation for sustainability and proposed a set of basic requirements for marketing sustainable innovations in terms of value proposition, supply chain, customer interface and financial model (as mentioned before). The four elements are further elaborated accordingly (Boons & Lüdeke-Freund, 2013):

1. **Value Proposition**: “The value proposition provides measurable ecological and/or social value in concert with economic value” (p. 13). This value proposition reflects the concern for the balance of economic, ecological and social needs. Such a particular balance conveyed through an existing product is embraced in existing practices of actors in the system of production and consumption (for an existing product) or among participants in the potential network of producers, consumers, and other associated actors (for new products or services).

2. **Supply Chain**: “The supply chain involves suppliers who take responsibility towards their own as well as the focal company’s stakeholders” (p. 13). The suppliers do not suffer from the focal company’s own socio-ecological burdens but rather actively engages into sustainable supply chain management. Supply Chain is about how are upstream relationships with suppliers structured and managed (the relationships with suppliers).

3. **Customer Interface**: “The customer interface motivates customers to take responsibility for their consumption as well as for the focal company’s stakeholders” (p. 13). Similar to supply chain, the customers will not take over the socioecological accountabilities of the focal firm but rather recognise themselves of different level in relation with the respective sustainability challenges of markets with different development status (Hart & Milstein, 1999; as cited in Boons & Lüdeke-Freund, 2013) as well as challenges the companies face due to the configuration of its individual supply chain. Customer interface is about how are downstream relationships with customers structured and managed (the relationships with customers).

4. **Financial Model**: The financial model represent how economic costs and benefits are distributed among actors who are involved in the business model and accounts for the company’s ecological and social impacts (Maas & Boons, 2010; as cited in Boons & Lüdeke-Freund, 2013).

For a general conceptualisation, Boons and Lüdeke-Freund (2013) suggested a generic framework composed of four elements: “1. Value proposition: what value is embedded in the product/service offered by the firm; 2. Supply chain: how are upstream relationships with suppliers structured and managed (the relationships with suppliers). 3. Customer interface: how are downstream relationships with customers structured and managed (the relationships with customers); and 4. Financial model: costs and benefits from 1), 2) and 3) and their distribution across business model stakeholders” (p. 10). Despite of the heterogeneity of understanding of BM components, among authors there seems to exist a shared common set
of components. In response, we have those components concluded by Boons and Lüdeke-Freund (2013) to be employed in our research.

Although it can be recognised that there is currently one stream with long history of development in the literature, Sustainable Business Model, and one newly raised up, which can be called business model for sustainability, interest of researchers is still highly focused on sustainable business model and very little on business model for sustainability, demonstrated through very few studies as reviewed above. Remarkably, despite extensive literature on business models as well as the growing interest of academic scholars and practitioners, the definitions of BMI as well as sustainable business models still have not been established in the literature. The situation has therefore led to a very high ambiguity in definition, component and framework of a sustainable business model among scholars (Bocken et al., 2014; Adams, Jeanrenaud, Bessant, Denyer, & Overy, 2016). Due to no generally accepted definition of the concept and inconsistent use of the concept due to varying perspectives of researchers, different views on components of business model have exposed through the development of business model. The literature of business model and BMI has become highly fragmented and so leads to a wide uncertainty of what can be sustainable business model.

Lately, some authors have been highly active in attempts to shape sustainable business model literature from wider and more holistic perspectives. Laasch (2018) argues that business models have been perceived under the homogeneous value logic of value proposition, creation, exchange and capture, and therefore suggests taking the logic of heterogeneous value to examine business models. Heterogeneous value logic is co-shaped by two or more institutional logics (Jabłoński, 2016; Stubbs & Cocklin, 2008). Whereas, homogeneous value logic is perceived to be dominantly shaped by individual institutional logics, such as the value logic of businesses shaped by an institutional logic of the commercial market (Laasch, 2018). SBM are seen to be built on a heterogeneous value logic that combines elements from commercial, sustainability, welfare and government logics (Laasch, 2018; Jabłoński, 2016; Bocken et al., 2014; Stubbs & Cocklin, 2008).

Figure 2. Combination of logics across value functions (Laasch, 2018).
Figure 2 illustrates how heterogeneous logics can be constructed from the combination of elements from multiple logics across the functions of value proposition, creation, exchange and capture. It gives an illustration of how commercial, sustainability and further logics may be combined across functions involving complementarities, such as the pursuit of environmental sustainability leading to a commercial-logic business case, and tensions, such as the conflict between commercial and sustainability logics’ principles and underlying values. Through the process combining elements from all these logics, sustainability business models emerge as heterogeneous value logics.

Building on the two concepts of value surplus and value absence proposed by Yang et al. (2014), Yang, et al., (2017) develop a new business models that contains un-captured values, which is defined as the potential value existing in almost all companies that could be captured but has not yet been captured. Some value un-captured is visible while often it is invisible. From the understanding of business model as what and how a firm creates and delivers value to its stakeholders, and how the firm captures value from it, Yang, et al., (2017) extend to a wider scope from the widely accepted business model framework proposed by Richardson (2008). Firstly, the value should be for all stakeholders, such as end users, suppliers, shareholders, government and partners. Secondly, the value should cover also wider value for the environment and for society. By identifying the value un-captured in current business models, sustainable business model innovation can be triggered and more easily achieved, and value opportunities can be turned out from this new understanding of the current business and thus new business models with higher sustainable value can be achieved.

Biloslavo et al., (2018) shows that existing business model frameworks exclude natural and social aspects of organizational environment from the discussion of business model. The interrelationships between economic and non-economic actors are likely to be neglected. Basing on the results of the analysis, Biloslavo et al., (2018) propose a new sustainable business model framework named “Value Triangle” (VT), explicitly including society incorporating the natural environment and future generations and three types of co-created and co-delivered value: public, partner and customer. In their VT BM canvas, nine components are included: Society, Value proposition, Customers, Products, Key operational activities, Capital, Partners, Benefits & Costs. It is noteworthy that the three Society, Value proposition and Products differentiate their model from that of Osterwalder and Pigneur (2010). Society component “includes various stakeholders by whom firm establishes and maintains mutually beneficial relationships as well as natural environment with its eco-system services that represent a source of all human life and activities” (p. 756). Society is put on the top as a source and the last recipient to emphasize the systemic interrelationship between business and society, as we are part of the circle (i.e. the circle of life) in which our ecosystem is interconnected and dependent on each other for survival. Value proposition is defined as a “firm's statement to co-create and co-deliver value for its stakeholders including society and natural environment, by fulfilling their needs and solving their challenges.” (p. 756). Products is recognised as the bundle of goods and services that create values for customers by satisfying their needs and wants (i.e. customer value). Like other BM frameworks (e.g. Osterwalder and Pigneur, 2010), the VT puts the value proposition at the heart of the model, but the content of value proposition has been changed. The “bundle of goods and services that create values for customers by satisfying their needs and wants (i.e. customer value)” (p. 756) has not been at the heart of BM any longer. The VT BM canvas can be acknowledged thanks to the proposition to a sustainable business model, but at the same time may receive criticism or doubtful thoughts from researchers as well as practitioners.
Gallo et al., (2018) introduces a new category featured as Associative Sustainability Business Models (ASBM) as a subset of SBM. The four identified distinct ASBM subcategories: distant divestment, distant control, embedded investment, and local control focus on associative behaviours to mitigate sustainability challenges. ASBM is identified as an innovative business model that rely on partnership, association and collaboration to create value in the triple bottom line and address pressing sustainability challenges. Gallo et al., (2018) extend the literature on Sustainable business model by providing new insights on how BMIs based on strong association and collaboration can generate solutions to social and environmental challenges, contributing to sustainable development.

Sustainable business model is seen to imply corporate sustainability (Biloslavo et al., 2018) since it can be perceived as a way to create competitive advantage, competitiveness, renewal of organisations (Boons & Lüdeke-Freund, 2013) or long-term success (Yang et al., 2017). The business model is incorporated by different actors, different activities and links which works in a certain way that contribute to the sustainable development of a company. In contrast, business model for sustainable development (sustainability) (Witek-Hajduk & Piotr Zaborek, 2016; Schaltegger et al., 2016) may indicate that the company innovates and develops a business model in such a way that it “co-create and co-deliver value to its stakeholders including society and natural environment, by fulfilling their needs and solving their challenges” (Biloslavo et al., 2018, p. 756) so that the society becomes stronger and more sustainable. In other words, the company’s inner business activities in different ways have impacts on the outside world in terms of societal, environmental, and economic aspects (Witek-Hajduk & Piotr Zaborek, 2016; Schaltegger et al., 2016). Therefore, it can be argued that the logic of Sustainable business model is different from the logic of building a business model towards a sustainable development of the whole society, where the company is operating in and has influence on.

3.4 Business Model & Corporate Social Responsibility in the Chinese Context

3.4.1 Business Model in China

Birkin et al. (2009) suggest more researches to be done about sustainable business models in China, which should not be simply exported from the Western world. Birkin et al. (2009) explain for their argument, that changes to a more sustainable way of developing can be facilitated by the political situation in China. Chinese government’s decisions may come into effect far more effectively than in western-style democracies, where the intentions of governments are diluted by lobbying, electorate and counterarguments. In addition, it is obvious that Chinese government desires for review and overhaul of the existing business models in China to embed at least eco-efficiency aspects of sustainability. Therefore, as a significant force for change, Chinese government and its significant influence is expected to be accommodated in Chinese business models (Birkin et al., 2009). Some characteristics are suggested to be included in the sustainable business model in China, however, Birkin et al. (2009) do not propose a specific business model.

Wu, Ma and Shi (2010) have defined the secondary business-model innovation of Chinese firms as “the specific process of tailoring the original business-model from advanced economies to local customer preferences and market infrastructure in emerging economies” (p. 54). “How to design a business model in China? And how do different designs have competitive advantage implication?” (Wu et al., 2010, p. 345) are the two main questions that
are crucial for Chinese new firms, according to Liu and Wei (2013). To address these questions, business model’s main components of value proposition, value creation and value capture are reconfigured in Chinese context. Chinese entrepreneurial firms have the focus on high technology, variety and customization at minimal price premiums; however, they do not have world-class technological and managerial resources and suffer from the liability of newness (Liu & Wei, 2013). That can be one of the characteristics that makes the reconfiguration of business model unique. Accordingly, the authors propose a framework for business model design and four different models for Chinese entrepreneurial firms in the Chinese context: focused cost innovation, integrated cost, innovation, focused value innovation, and integrated value innovation.

Looking at the retail industry in China, the largest and fastest growing and the most heavily engaged country in international trade and investment in retail, six different patterns of BMI are identified to enable the international firms to renew or adapt the core logic of their business model in China (Cao, Navareb & Jin, 2017). They are “legitimising brand image in the local market; sharing resources within the group, transferring knowledge from headquarters; alliance with the local stakeholders; and imitating the local competitors; and new innovation for the local market” (Cao, et al., 2017). Cao et al., (2017) conclude with a proposal of a novel analytical framework to study business model innovation in international context, which consists of two dimensions: organizational learning capability (exploitation vs. exploration) and source of resources: (home-based vs. host-based resources).

Tong, Tao & Lifset (2018) discover three emerging models in post-consumer recycling in urban China: (1) community-based programs targeting the garbage sorting behaviour of consumers for all household waste, (2) reverse logistic systems with automatic vending machines attached to traditional commercial chains, and (3) pure internet solutions to bridge the transactions between the consumers and recyclers. An interesting finding of their research can be the shared characteristic of these model, the employment of internet technology, which is explicitly an aggressive promotion in China as “Internet Plus” by both government policies and venture capital investment. Moreover, it is observed that there is a link through various business models to connect the firm and the system level, which reflect the diverse possibilities for the future evolution of business models in the Chinese recycling system.

In terms of SBM, Birkin et al. (2009) acknowledge some of the arguments as to why Chinese companies are likely to work to improve their social and environmental performance but disagreed with the idea that they will still develop and adopt business models which are not radically different from those in the West. They argue that some certain aspects of Chinese culture and society will make such radical change more likely and potentially very different from change in the West. These aspects can be currently masked by their current enthusiasm for free-market economics, hi-tech industrialization, consumerism and the effects of the Cultural Revolution, which affect pervasively the Chinese world view at deeper levels.

In line with Cramer (2005) (as cited in Birkin et al., 2009), who understands that it will be easier to communicate the norms and values underlying the concept of CSR if it becomes an integral part of the culture, Birkin et al. (2009) conclude that culture-related distinctive characteristics such as Daoism, informal social performance appraisal of company should be embraced in the Chinese business models. The increasing involvement of China in global markets has put more pressures on western companies to bring about reforms: stakeholder influences, supply-chain issues, product and waste liabilities, life cycle assessments and voluminous legislation (Birkin et al., 2009). However, Birkin et al. (2009) argue that the
performance of companies in China in response to CSR are fragmented rather than driven strategically. Having a similar understanding, Li, Lin and Yang (2016) suggest further studies on multinational companies in China in order to study the impact of internationalisation on CSR practices.

Business model in China is also viewed at country, state and business levels (Windsor, 2017). The Chinese business model can be interpreted in four dimensions: corruption, favouritism (including guanxi\(^2\)), reliability (political), and corporate social responsibility. Windsor (2017) states that state, party, and business in China are “infected with corruption” (p. 52) and emphasizes that it needs to have a close attention at those four dimensions. From his research’s findings insights of the role of those dimensions can be retrieved. Windsor (2017) suggest that “Chinese practice of CSR may arguably be closely influenced by corruption and reliability” (p. 43). Reliability is viewed to be political related and involved with how party officials perceive the pro-regime loyalty of business owners and managers. In China, social responsibility is perceived more as philanthropy under the desire and influence by party officials. Philanthropy is defined somewhat more narrowly as donations of corporate monies and employee volunteers. However, this seems not to correspond to the conceptualisation of philanthropy of the Western thinking. In addition, a distinction between CSR as a general orientation and corporate philanthropy as a specific practice is identified clearly. Windsor (2017) supports the idea that CSR must be assessed within the special context of China’s model for business.

### 3.4.2 Corporate Social Responsibility in China

Danilovic et al., (2015) acknowledges Carroll and Shabana’s (2010, p. 86) findings stating that “CSR is not a domestic business issue in leading countries of origin” but it is now prevalent in all developed nations as well as in emerging nations (p. 138). Exogenous factors seem to have driven the development of CSR in China since its first appearance in the 1990s (Zhou, 2006 as cited by Tan-Mullins & Hofman, 2014). Some NGOs and MNCs\(^3\) have drafted “codes of conduct” specifically for Chinese business, including the “China Business Principles” of the International Labour Rights Fund and Global Exchange (Wang & Justlin 2009). What can be concluded here is that CSR was mostly driven by external factors rather than a firm’s internal desire for normative change. The push for CSR mainly comes from the Chinese Government, sometimes the driving force for sustainable development is so strong and proactive in promoting CSR that it has been discussed whether to rebrand CSR in China as “government social responsibility” (Zhou, 2006 as cited by Tan-Mullins & Hofman, 2014).

CSR is defined in terms of “actions to implement the philosophy of scientific development” and state-owned enterprises, which are the majority of businesses in China, are required to not only develop in a people-centred, “scientific” way and make profits, but also to “take responsibility for all stakeholders and the environment, and ultimately to harmonise the enterprise with social and environmental development” (SASAC, 2008). In 2008 almost 200 Chinese companies signed up for the UN Global Compacts and the aspects they are representing (Zadek et al. 2009: 31). Chinese firms tend to focus more on the philanthropic and charity aspects than the transparency and accountability of their investments (Tan-Mullins & Hofman, 2014).

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\(^2\) Guanxi is translated into English as "relationship"

\(^3\) MNC - Multi National Companies
Although the government regulations encouraged and promoted the uptake of CSR by Chinese firms, actual implementation still relies on the voluntary will of businesses (Tan-Mullins & Hofman, 2014). “As such, CSR in China could be considered as a “green-washing strategy” to comply with the government’s legislation with few actual impacts and outcomes” (Tan-Mullins & Hofman, 2014, p.9). All NGOs in China have to register with the government. NGOs with politically sensitive agendas, such as human rights and ethnic-minority rights issues, are not allowed to formally register either. For NGOs in China CSR has works as an empowerment platform, especially for those that are working with the environment for example, so called non-sensitive areas, to enhance the influence of operating practices of private firms. Due to the political, cultural and social situation in China, it is difficult to discuss transparency issues. This is because the act of gift-giving is considered an integral part of Chinese culture, which has also led to it becoming an outlet for bribery and corruption (Tan-Mullins & Hofman, 2014), especially when it is a way of building relationships (guanxi).

Kolk, Dolen and Ma (2014) investigated the perception of CSR performance on Chinese firms and international firms and how Chinese consumers perceive CSR. Their study found out that Chinese consumers perception distinguish CSR in two categories, e.g. required CSR representing the economic and legal responsibilities and expected CSR standing for the ethical and philanthropic responsibilities (Kolk et al., 2014). For Chinese companies a different approach for CSR compared to western companies can be identified, the interpretation of CSR entails contributing to the expectations of the community through local economic growth, complying with local laws, caring for the environment and making donations to schools and hospital (Illegal-logging.info, 2007 as cited in Tan-Mullis & Hofman, 2014)).

The development of CSR in China is mainly due to political commitment and international influence as well as a larger academic interest (Lin, Banik & Yi, 2016). Chinese consumers do not expect as much from foreign companies to perform in CSR as they do on local Chinese companies (Kolk et al., 2014). The required CSR is more requested by Chinese consumers than what the expected CSR is (Kolk et al., 2014). On the other hand, Li, Lin and Yang (2016) found that customer concentration is negatively associated with overall CSR activities. Employees in China also tends to not demand CSR activities to the same extent as employees in Western countries (Li et al., 2016). CSR has mainly been driven by regulations, laws and guidelines through the use of state power along with mass media and academic articles (Lin et al., 2016). In China a significant growth in consideration of CSR in businesses and private sector’s contribution to sustainable development has been observed (Welford, n.d). In terms of factors influencing on CSR performance, studying 471 Chinese listed firms basing on the content of CSR reports, Lau, Lu and Liang (2016) conclude that the more experiences in foreign countries that the firm’s directors have, the more likely they are to have an initiative to launch CSR activities and pay more attention to a firm’s social performance.

With the literature review on Business model and CSR in China, it is arguable that the literature body of such fields is poorly developed and very fragmented. Compared to the status of CSR in general as a growing concept but not yet achieved adequate attention not only at a macro level in terms of systemic changes but also at a meso-level in terms of business logic (Visser & Tolhurst, 2010; Nijhof & Jeurissen, 2010; Moratis, 2014; Chou, Chen, & Conley, 2015; Lodsgård & Aagaard, 2017), Business model and CSR in China seems to be potentially rich research areas for exploration and investigation and can be an increasing interest for academic research.
3.5 Discussion on Literature Review

The impact of BM and BMI has reached the global level, both for organisational competitive advantages and success as well as management science (Wirtz et al., 2016). In the last decade BMs have been much more impactful on global business community than most other management tools (Biloslavo et al., 2018). Despite of the increasing interest in the BMI, Sustainable Business Model concepts by academics and managers, no common definitions have yet been accepted (Massa et al., 2017; Biloslavo et al., 2018) and there is still little research that has been done (Laasch, 2018; Biloslavo et al., 2018; Gallo et al., 2018), Yang et al., 2017; Girotra & Netessine, 2013; Schaltegger et al., 2012; Schaltegger et al, 2016).

Moreover, most of the studies of BMI and SBM have been done basing on the current business model definitions and components which are still uncertain and have not yet caught up with the changes in global economy context (Biloslavo et al., 2018; Yang et al., 2017). There is a lack of integration across perspectives and a lack of larger academic interest in practical application. In addition, there is no comprehensive view of how firms should approach embedding sustainability in their business models (Bocken et al., 2014). Most of the studies have mainly focused on understanding how the business model of a single firm can address social and environmental impacts (Birkin et al., 2009).

Sustainable Business Model publication in comparison with Business Model Innovation

The following chart indicates a clear distinction between the interest of academic work in BMI and sustainable business model.

![Sustainable Business model vs. BMI](chart.png)

**Chart 4. The number of research publication of Sustainable Business Model vs BMI in the literature** (Data collected in February 2018 from Web of Science).

The chart above indicates a clear distinction between the interest of academic work and in BMI and that in sustainable business model, which can be seen as a part of the innovation in
business model. Although BMI is still a new area of research, in the last two years, it seems that Sustainable Business Model has attracted more attention and interests from researchers. In the first months of Quarter one 2018, the number of publication in BMI and sustainable business model are almost the same while last year the BMI publication dropped in comparison with that of the previous year.

However, there is an outstanding characteristic noticeable among the existing studies of sustainable business models that they all share the idea that a BM should be incorporated with social and environmental values to their stakeholders, which can be seen as part of corporate social responsibility aspects. Although some authors do not explicitly or consciously express that their model touches on CSR aspects, and instead the triple bottom line approach is employed, it can be argued that some aspects of CSR are already conveyed through their business models towards proposing sustainability business models. This statement is in line with what is argued by Biloslavo et al. (2018), that there is a range of perspectives on sustainable business models but somehow the situation is similar to the one that we could find in CSR area at the start of this century. The concept of triple bottom line is seen to have relation with CSR (Witek-Hajduk & Piotr Zaborek, 2016). Along with the growing interest of authors in sustainable business models, yet few has addressed CSR directly or used the term in business model innovation.

*Publication of Corporate Social Responsibility in relation with Business Model Innovation and Sustainable Business Model*

The chart below shows the little occupation of CSR in BM studies compared with ones done in the growing field of sustainable business model and BMI.

![CSR among BMI and Sustainable business model](chart5.png)

**Chart 5. The number of research publication of CSR and BMI, sustainable business model concepts in the literature** (Data collected in February 2018 from Web of Science).

As mentioned before, there is a big gap between interest of research on sustainable business model and BMI; nevertheless, the gap between CSR research in connection with sustainable business model and BMI is even clearer and larger. At the same time, it is shown that there is
an increasing number of publication of CSR in relation with BMI and sustainable business model. This can imply that CSR is gaining more attention and consideration among researchers and despite of several years of increase of articles, CSR is still a very much new area of research for authors focusing on BMI and sustainable business model.

Corporate Social Responsibility throughout the development of research in Business Model, Business Model Innovation and Sustainable Business Model

A vivid contrast can be achieved when CSR publication is put into that of the 3 concepts BMI, sustainable business model and the well evolving concept BM. The records of publications are retrieved from Web of Science data base.

![CSR among business model concepts](image)

**Chart 6. The number of research publication of CSR among BM concepts in the literature**
(Data collected in February 2018 from Web of Science).

The chart clearly illustrates that CSR in business model has been neglected to a large extent and a high degree throughout the development of BMI and sustainable business model research. According to the statistics, CSR is very little employed towards building a sustainable business model.

Along with a growing concern and interest in the field of sustainable business model, the interest has increased dramatically for CSR and sustainability (Danilovic et al., 2015; Web of Science CSR, 2018), with the desire of moving towards a sustainable society. For more than three decades, there has been an increasing interest in various aspects of value creation through CSR, which has led to substantial growth in CSR business case research examining the correlation between social and economic performance (Lodsgård & Aagaard, 2017). Nevertheless, the findings are ambiguous in most meta-studies. Very few authors in BM field have been navigating their attention and efforts towards CSR and taking it into account in business model studies (Laasch, 2018; Rantala et al., 2018; Chou et al., 2015; Bocken, Short, Rana & Evans; 2014; Stubbs & Cocklin, 2008). Witek-Hajduk and Piotr Zaborek (2016) argue that “there is no lack of conceptual studies trying to integrate CSR with developing
strategies and business models” (p. 1). We do not agree with them on this, basing on the number of articles addressing the concept directly and even very few articles trying to formulate a model with CSR integrated, as well as the changes in concept definition and understanding. Our argument can be supported with the chart above, when putting CSR in the business model literature context, it appears to be little research that has had it as a focus.

In contrast to the little participation of CSR concept and aspects in BM, CSR literature is seen to touch on different aspects of BM, although the link is not explicitly expressed. Including of CSR activities shows which responsibilities that a company has and what impact these has on the society (European Commission, 2018). Corporate Social Responsibility is closely related to the triple-bottom-line approach, (UNIDO, 2018; Moratis & Cochius, 2011, Biloslavo et al., 2018) which allows CSR to be seen in business context (Moratis & Cochius, 2011). For example, some CSR aspects describe the business strategy and activities (Baumgartner, 2014), discuss about CSR activities that are linked to business activities and which are used by companies to align the business strategy with the business model. Some others linked CSR activities to the production process of goods, business operation and the financial performance or marketing of a company (Carroll, 1979; European Commission, 2018; Aggarwal, 2013; Baumgartner, 2014; Gallego-Álvarez et al, 2010), which are perceived to be related to different aspects of BM representing the process of value creation, delivery and capture. Considering the pressure to include CSR from the stakeholders including customers can be assumed to be in relation to the downstream management of Customer Interface and the upstream relationship management of Supply Chain. Widely results have been discovered of the CSR impact in business (Lin et al., 2009; Aggarwal, 2013; Mackey, et al., 2007; Ding, et al., 2016; Torugsa, O’Donohue & Hecker, 2012; Xie, et al., 2017) however, companies are more pressured by stakeholders to consider social responsibility (McWilliams & Siegel, 2000; Matten & Moon, 2008; Lin, Yang & Liou, 2009).

Without referring to all studies, we elaborate the findings from some of the most significant ones, either explicitly or implicitly addressing the concepts of BM and CSR. Accordingly, we created two tables to help gain deeper understanding of the concepts.

The two tables, Table 2 and Table 3, first are created to visualise to what extent the existing studies of BM cover CSR aspects as well as the existing studies of CSR covering BM aspects. Secondly, it shows that there are too few researches regarding CSR incorporated in business model innovation while a large number of articles in CSR literature address BM aspects. Table 2 represents BM model articles and the connection to the four aspects of CSR presented by UN Global Compact (n.d.a). Table 3 illustrates CSR related articles and the extent of inclusion of four BM aspects according to Boons and Lüdeke-Freund (2013).
By doing summary and critique of a number of articles in BM literature, we have identified three patterns in connection with three clusters of articles which involves with CSR in different ways. The first pattern can be regarded as the most intensive engagement of CSR in business model. This pattern is demonstrated by a cluster of articles represented by Group A that address CSR conceptualisation and aspects at the most. Unfortunately, this cluster of articles as shown in the table is only the minority. Secondly, the cluster consisting of SBM articles that just refer to very few aspects of CSR, and mostly by using terms similar to the ones used for CSR aspects, Group B, is the majority. Interestingly, in this group there is one common pattern among the studies is that some of them purposefully and directly address CSR, showing the perspective and advocacy of active engagement of CSR in BM. However, these articles also are very few (Biloslavko et al., 2018, Gallo et al. (2018), Bocken et al. (2015); Chou, et al., 2015). The pattern linked to this major cluster can be called low

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<td>29 Rauter, Jonker &amp; Baumgartner (2017)</td>
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<td>30 Cao, Navareb &amp; Jin, (2017)</td>
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<td>31 Liu and Wei (2013)</td>
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<td>32 Wu et al. (2010)</td>
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</table>

**Table 2. Review of BM articles.**
involvement of CSR in business model. The third pattern is BMs mentioning no aspects of CSR, which is demonstrated with the cluster of articles in Group C that do not address CSR at all but claim themselves to make contribution in Sustainable business model literature. This cluster, Group C, is also minority.

On the other hand, the pattern for articles in CSR field that involve BM aspects is shown to have a higher engagement which is illustrated in Table 3 below.

<table>
<thead>
<tr>
<th>Authors</th>
<th>Value Proposition</th>
<th>Supply Chain</th>
<th>Customer Interface</th>
<th>Financial Model</th>
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<td>34 Welford (n.d)</td>
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Table 3. Review of CSR articles.

While observing the CSR literature closer and thoroughly, we noticed that almost all articles either explicitly or implicitly convey two or more BM concepts. Interestingly we also noticed that nearly half of all articles related to all aspects of BM (Frederick 1960; Carroll, 1979; Norman & MacDonald, 2004; Mackey et al, 2007; Matten & Moon, 2008; Jenkins, 2009; Lin et al., 2009; Gallego-Alvarez et al., 2010; Moratis & Cochius, 2011; Torugsa et al, 2012;
Baumgartner, 2014; Lau et al., 2016; Li et al., 2016; Lin et al., 2016; Welford, n.d). This pattern shows a close relationship of CSR and BM and also indicates the importance of a business model towards sustainability, by integrating CSR. It is also important to mention that only one (Baumann-Pauly et al., 2017) out of 34 articles did not explicitly or implicitly talk about any of the BM aspects. However, the article does investigate the stakeholder influence which is part of the BM approach so in other words the article does consider BM aspects. Such finding indicates that all articles, to certain extents includes BM in their discussions regarding CSR. This result was surprising to us that the majority would include two or more aspects, although we assumed that some articles probably discussed issues concerning some of the aspects. There is neither any distinction or differentiation among the years, the findings show that it was equally common to discuss CSR related to BM aspects in the 1960s as it is nowadays, while the concept of Sustainable Business Model did not appear until the 1990s.

Table 3 shows a clear and high degree of relations of BM aspects in CSR context, therefore it is relevant and important to consider the implementation of CSR in the BM context. The aspects of BM can be traced to the early articles of CSR and included even then to the same extent as it is nowadays. This shows the link from CSR to business models, authors who investigate and study the concepts of CSR usually put it in the context related to BM pointing on the beneficial or non-beneficial aspects of considering CSR activities. Most articles discuss the BM aspects as positively affected or even drivers for CSR activities, although there are some who have combined them and tried to explore the links but not found any relations.

Accordingly, it can be concluded that there is a lack of literature touching on the integration of CSR and BM. In other words, the literature stream explicitly addressing the concept of Business Model for Sustainability is very new in the BM literature. Particularly, with acknowledgement of the above articles’ existence in the literature, it can be argued that the literature has been built with researches having little focus and emphasis on specific contexts but more on generic view. For instance, the social and environmental goals, which is seen to be necessarily integrated into a more holistic meaning of value in business models in order to develop new business models for a sustainable development (Schaltegger et al., 2016) can differ in different setting of the society and status of the environmental issues. For CSR, some aspects such as human rights are highly dependent on the culture where it is applied. In some regions human rights might be seen in one way, or some aspects are more important than others while in other regions other aspects may be of importance.

Regarding the Chinese market with highly complex and multi-dimensional context in particular has been approached with inadequate attention and consideration in the business model literature in terms of business model, business model innovation and sustainable business model as well. The stream of CSR in Chinese context is fragmented to a high degree. Particularly, little research has been done to explore CSR and its role in business model innovation in the Chinese context. Therefore, the status of literature development has provided a ground which highly supports our argument and convince us further to go for a research in relevant to our exploration.
4. Empirical Findings

In this chapter, we structure in the following way. As discussed in the Methodology chapter, the empirical findings of six cases will be categorised in two (2) groups, the first group with three (3) cases from business perspective and one (1) case from industry perspective, the second group with two (2) cases from institutional perspective. Every case will start with a short description and then continue with single-case analysis. The single-case analysis is divided into two subsections, BM analysis and CSR analysis.

In the first group, in each subsection, the cases are analysed in terms of different aspects of the concept, i.e. BM aspects and CSR aspects, from organisational perspective of the company. Since we were interested in the interviewees’ personal knowledge and experience the analysis was also made on a personal perspective of the interviewee in the analysis and presented in a new section separately right after the organisational perspective. Case four that represents the industry level is analysed only based on the personal perspective level and represents the understanding of the whole segment, the industry, both in BM and CSR. In the second group, BM is not analysed in terms of BM aspects since the institutions are not regarded as a business which is operated in the market to earn benefits. Rather BM and CSR concept are analysed from institutional point of view and perception in order to give us an understanding of the context from the knowledge from a country level perspective of two different institutions. In conjunction with triangulation method as discussed before, the two institutional cases as well as the industry case will serve as another point of view to refer to for the cases from business perspective in the cross-case analysis later on. Therefore, it is reasonable to keep the analysis of BM as a single part and of CSR as a single part.
4.1 Case 1 – Yee Yu

4.1.1 Case Description of Case 1
Yee Yu, here in after will be presented as Yu, is the founder of a Chinese established company. The manager is a Chinese born citizen with international background and experience from living abroad in Canada. Yu has established two companies. One company works with financial funds, investing in start-up companies both financially and also with support services. The company connects their customers to their established networks and market resources in order to provide resources for them to be able to set up their company. The other company is a technical company working with big data. In China, big data is a rising concern for a lot of companies since data is becoming increasingly huge and owning big data for companies can be very harmful to the society. Therefore, the company is providing support services regarding big data with a supposition that big data ownership belongs to either the society or government.

Based on the founder’s experience from coding, sales, technology products and after facing and solving a wide range of difficulties and problems the two companies’ business models were established. The first company helps start-up companies plan their business model establishment with governmental regulations and respective legal systems, financial systems and resources as well as connections to an established network, by connecting them with different actors in the industry, the government and investors. Basing on that, the company guide start-ups to build their business models. The company’s growth mainly rely on its investments in start-ups and service offers. For the second company, to help customers avoid the potential consequence of owning big data, the company provides such its customers with the service of building data centres. In addition, a lot of companies have troubles and faces difficulties with treating and managing data. The company therefore offers services of how to manage and exploit big data in their business by providing access to resources and networks.

In respect of CSR, the companies are actively not investing in any companies or projects that are influencing the society badly or creating any harm. This guiding principle prevents the companies from doing certain investments, which can harm the environment or the development of the society, which is the way for the companies to act responsible. In general companies need to be responsible and take their responsibility towards the society, therefore the companies are suggesting all of their customers to include the concepts of CSR in their business models already in the beginning in order to have a long-term development. In the future, the companies will still invest in start-ups and at the same time focus on technology and industry. Making smart investments in technologies and industries that will benefit the sustainable development will be the contribution towards sustainability from the companies.

4.1.2 Analysis of Case 1

Business Model
The founder of the companies faced a wide range of difficulties and problems in the processes of developing the products, financial support, business modelling and management (Yu, 2017). Through different stages and time periods with trials and failures along with the help from previous experience, the founder developed and finalised the business models.

“It’s all about keep on doing and keep trying, in the end you will come up with your business model.” (Source: Yu, 2017).
It can be concluded that the business models of Yu’s companies were shaped through a long process of the founder’s learning and trying, experiment (Guo, Su & Ahlstrom, 2016, Demil & Lecocq, 2015; McGrath, 2010; Sosna et al., 2010; Olofsson et al., 2018). The business models seem not to reflect the conventional logic of business model innovation. Start-ups or big data is not a new concept to business people nowadays, but how to support start-ups or how to facilitate companies in China in terms of employing and exploiting data seems to remain a big challenge. The business model innovation in both companies is more about a new way to create and deliver the existing product or service, and a new way to capture value from it (Amit & Zott, 2012), instead of discovering a new product or service. By collaboration with different actors in the industry of their customers, such as investors, industries, as well as by engagement of the Chinese government, this innovative business model goes further than purely innovations in technology, product and process (Amit & Zott, 2012).

Business Model Aspects

In the case of the first company, the Value Proposition is the unique solution for start-ups to fully focus on their core product and not having to put a big deal on other essential aspects concerning business model establishment (Yu, 2017; Osterwalder & Pigneur, 2010; Lüdeke-Freund, 2010; Boons & Lüdeke-Freund, 2013), which are embedded in their services of access to resources and networks as well as business model foundation for their customers. With connections to different actors and services offered by the company, together with start-ups’ fast learning and understanding, the company guides start-ups to build their business models (Yu, 2017). The company has created a key value to their customers in a way that customers and other stakeholders can be supported to fulfil their need and solve their problem (Biloslavo et al., 2018). Start-ups have ideas and/or technology but often lack financial sources, experience in business, access to information, knowledge and networks, and particularly have a weakness in establishing business models (Yu, 2017). This is supported by Liu and Wei (2013) stating that focusing on technology and lacking financial and management resources are the two distinguishing characteristics of Chinese entrepreneurial firms. With the company’s services, such problems are solved.

In the second business model, the value proposition is that data can be stored, utilised and create values in a safe way without owning the data (Yu, 2017). Firstly, data can be stored through data centre. Secondly, the company works with different companies, who are not just technology companies but also have different solutions. Together with the data gathered, the company supports its customers to find the right partners, access the right resources and build and/or develop their business accordingly (Yu, 2017). In the same way with the value proposition of the first company, the value proposition of the second company is supposed to co-create and co-deliver value for its stakeholders (Richardson, 2008; Bocken et al., 2013; Yang et al., 2017) including society by fulfilling their needs and solving their challenges (Biloslavo et al., 2018). For example, start-ups or other companies can find good financial support from investors, investors can find potential projects from start-ups to earn profits, through the services that the company provides (Yu, 2017). By creating data centers for its customers, privacy protection of data is ensured for the sake of the company as well as the society, harmful occurrence is prevented from happening, the government is facilitated to allocate, control and manage the data in an easier and more feasible manner.

In terms of Supply Chain, different stakeholders involved in the delivery of value proposed by the company are interconnected and interrelated, which make their value proposition sustain (Osterwalder & Pigneur, 2010; Boons & Lüdeke-Freund, 2013; Moratis, 2014;
Bocken et al., 2015; Chou et al., 2015; Yu, 2017). They contribute to the delivery of the company’s value to their start-ups customers in different parts of the process like set up, investment, etc. since the company acts as an incubator. In some cases, the company becomes an investor since the company also invests in start-ups, for example. In this situation, the roles of both sides interchange under specific circumstances. Significantly, the network of supply chain of the second company’s business model includes the customers as well since some of them also have the partnering collaboration with the company (Yu, 2017). As the companies are not only pure technology-based but also have different solutions that Yu’s (2017) company can work and cooperate with. Besides the partners in the supply chain of services, moreover, concerning the privacy aspects of big data, the government is one of the key stakeholders that the company prioritises and closely work with.

“Whatever the industry we have, we usually ask the government to back us up and ally with associates.” (Source: Yu, 2017).

The government and associates take a big part in their supply chain since data is suggested not to be owned by the company or its customers but to be owned, governed and endorsed by the government, society or associates.

In terms of Customer Interface, due to the interconnectedness, interrelationship as well as some interchange of roles between customers and the companies, customer relationship management becomes complex. It can be a simple case that the company provides services and support to build business model with relevant accesses to resources, the customers focus on their core products. However, complexity increases when the start-ups also work closely with the industry, the company and its customers sometimes role play interchangeably. Additionally, working with the government regarding the privacy feature of data can imply sensitivity as well as high likelihood of interference from the government. In the delivery processes of both companies’ values, it can be indicated that there exists different levels of the interrelationships and interconnectedness within the network of different stakeholders (Osterwalder & Pigneur, 2010; Boons & Lüdeke-Freund, 2013).

For Financial Model, costs and profits are distributed and managed differently in the two companies. The difference is shown through the main source of profits that the companies target to. The first one works as an incubator for start-up, costs are accordingly distributed mainly to the networks outside the company which supply different resources to it. Profits are mainly gained through service supplied to start-ups but also from investment in start-ups, as it operates as both consultancy service provider and investor. However, in the second company, service of building data center is the main product of the company; therefore, cost and benefits mainly are distributed and managed within the network of the company and customers. Only a small percentage is represented in the extra service which is providing access to resources and networks. However, due to the interrelationships and interconnectedness of different levels within the network of different stakeholders as analysed before, the management of cost and benefits become more complex in both companies, especially when there is interference from the government.

Personal Perspective
Apart from the business models of the companies, Yu (2017) also views business model at the country level (Windsor, 2017) and stresses on the strong power of the government. Saying that the government also operates as a business, Yu (2017) urges the government to think about their business model to do more efficiently and reduce waste of time and resources.
“They have to think about their Business Model. China is very good at what to do but not as good in how to do it.” (Source: Yu, 2017)

China can be good at planning but not so efficient in implementation, which can be understood that the Chinese government lacks experience in action and progress to make things happen in the desired way. The Chinese government needs to develop their business model accommodating their strategy for how they want the country to develop, otherwise there is a high likelihood for the strategy to fail. Further Yu (2017) states that Business Models in China are strongly impacted by the Chinese government.

“It is very interesting, in China, whenever the central government points out what you need to do, nobody will reject it. The only way you can work well is aligning with the government. That’s the big business model. The resources are controlled by the government.” (Source: Yu, 2017)

The government sets the rules and policies and business models of companies have to be adapted to what the government wants and focuses on. The power of the government is strong and intensive to the extent that companies will follow and align with their guide and instruction in order to run their business in the Chinese market, especially when resources are also under the government’s control. The effect of political power is direct, fast and comprehensive and therefore, it is necessary to accommodate the role of the government into business model (Birkin et al., 2009; Windsor, 2017).

Accordingly, Yu (2017) proposes an ideal innovative business model for the whole industry of China. Yu (2017) suggests the Chinese government to establish and manage a synchronised platform, where all data from all industries will be gathered, stored and managed by the government, where capital is only from the investors instead of being funded by the government, creating an ecosystem. This platform will provide the whole picture of big data to all platform actors. On such platform, the company provides services of supporting companies building their data centers. Furthermore, to make the whole thing structured, the company works with all actors which should be involved in such platform, such as investors providing financial resources, industry companies providing big data under the request and governance from the government. Accordingly, the company filters all the data to serve to a certain industry and provides services of accesses to resources and networks.

“We ask the government to bring the industry together. We pick the biggest manufacturing companies, for example, to tell them how important the data is. So the government will put the data on the platform center and start-ups just study them” (Yu, 2017).

Sketching this platform and business model, Yu’s (2017) indicates that such industry business model innovation can enable the co-creation and co-delivery of values to all stakeholders, including the society (Richardson, 2008; Bocken et al., 2013; Yang et al., 2017).

“If you combine all together, what is the business model for the industry? not for one company” (Yu, 2017).

The value is not only that data can be stored, utilised and create values in a safe way without owning the data but also all of the need of different platform players and actors and society will be fulfilled, challenges will be solved (Biloslavo et al., 2018). That can be seen as the greatest Value proposition. All partners are brought on to one platform, where investors can
benefit from the most potential start-ups customers of Yu’s company, industry companies can have their big data protected and utilized under governmental monitoring and security. Particularly, the government not only can achieve their desire to allocate and control resources, Big data of the society can be stored and managed in a safe way. The platform allows network building for parties to cooperate, to learn and understand things from different angles resulting in possibilities to grow. By considering the needs of customers, shareholders, suppliers and partners as well as society’s concern of big data security and privacy, Yu’s business model can deliver a sustainable value proposition which allows multiple-stakeholder value creation (Bocken et al., 2013 & Tyl et al., 2015).

Accordingly, there exists highly intensive and close cooperation and relationship among stakeholders in the Supply Chain system and Customer Interface. In the network of supply chain all stakeholders have the need to find solutions to their issues (Yu, 2017), and thus have intensive and close cooperation. For example, concerning big data allocation and management, the industrial players can rely on the government for managing the security issues, the government can allocate and manage data utilisation in a faster and controllable manner, thanks to industry players who made all data available. The roles of different stakeholders are not only interconnected (Osterwalder & Pigneur, 2010; Boons & Lüdeke-Freund, 2013) but also interchanged, such as investors and other industrial players; they can be both the customers and suppliers (Yu, 2017). There will be huge amount of interactions and linkages between parties in the supply chain system and customer interface. Cost and benefits, representing the components of Financial Model (Osterwalder & Pigneur, 2010; Boons & Lüdeke-Freund, 2013), are structured and managed in a self-efficient way of an ecosystem (Yu, 2017).

Corporate Social Responsibility
It is important for the companies to behave and invest in a responsible way and concern about their impact on the society (Yu, 2017; European Commission, 2018). Therefore, the companies encourage their customers to include CSR in the business model from the beginning in order to have a long-term development (Yu, 2017). The company’s approach to include CSR is by obtaining the capacity to work for a social betterment in finding smart people and technology while not investing in companies that are doing badly or creating any harm to the society (Yu, 2017; Frederick, 1978; CSR International, n.d).

Corporate Social Responsibility Aspects
From the Environment aspect (UN Global Compact, n.d.a) the company’s act responsible through encouraging the development of environmentally friendly technologies.

“I will be looking for smart people focusing on new tech industry. I think that’s the way for me, what I can do.” (Source: Yu, 2017).

New technologies developed by smart people can be assumed to be in line with the development of environmental friendly technologies, especially when China is highly concerned about environment and moving towards a country of innovation and technology at the same time. It can also be interpreted that the company is concerning about the aspects of Human Rights in their investments as well as for the company’s behaviour (UN Global Compact, n.d.a). The data centers that are established for their customers prevent the utilisation of individuals big data (Yu, 2017).
“Due to privacy, we don’t suggest companies to own any data. The data should be owned by the society or the government, otherwise it won’t be sustainable and could be very harmful to the society.” (Source: Yu, 2017)

The aim of the data centers is to prevent any potential harm to the society, therefore it is an act towards a more sustainable society, where every one's right is equal and it should not be utilised by whom it does not belong to. Anti-Corruption and Labour were not mentioned at any point, so it could not be interpreted as something that the companies are considering (UN Global Compact, n.d.a).

**Personal Perspective**

From a personal point of view, Yu (2017) perceives CSR as a societal circle of responsible behaviours towards the society where companies with more resources should take more responsibility, if not the circle will stop (Yu, 2017). Everyone is part of the circle of life and in order to survive the ecosystem in the circle is interconnected and dependent on each other (Biloslavo et al., 2018). Environmental harm is not only hurting companies themselves but also three other generations, there is a need to be responsible not only for yourself but for others as well (Yu, 2017). In order to achieve a sustainable society in China the government and companies have to consider what they do and how it affects the society, employees and the environment (Yu, 2017), similar to the perspective of CSR presented by Abrams (1951, as cited by Carroll & Shabana, 2010).

“The stronger you are, the more resources you have, the more responsibilities you have to make the whole society much healthier, if not the circle will stop. It has nothing to do about good or bad, wrong or right, it’s about the logic.” (Source: Yu, 2017)

In response to more resources that companies are provided and so become stronger companies are expected to be accountable to help, to reimburse or return to the industry and society. Nevertheless, it also depends on the government. For China the most important aspects of CSR is to obtain the sense of CSR and technology to support a sustainable development (Yu, 2017). In the bigger tier cities people are becoming more aware of their rights and the importance of their freedom, and thus to some extent successful in negotiation with the government (Yu, 2017), recalling the development from America in the 60’s when the movements of women’s rights and civil rights occurred (Carroll & Shabana, 2010). However, the majority of the people in the whole society have not acquired that sense yet (Yu, 2017).

Comparing Chinese companies to international companies, international ones in general take better care of their employees than the local Chinese ones since they already have the sense due to their background and better education (Yu, 2017).

“Unfortunately, local companies focus more on the profit, using back doors to achieve goals, it is not very good but it still happens.” (Yu, 2017)

The lack of a sense for acting responsibly can lead to unhealthy actions from local companies. Respectively, the main aspect for China to succeed with the sustainable development is education so that everyone has the sense in order to facilitate CSR development (Yu, 2017). Similar to the result of Lau et al. (2016) that company directors with more international experience are more likely to launch CSR activities. The more knowledge the company obtains about CSR the more likely they are to include it (Lau et al., 2016). Therefore, the
major concern in China is the population’s lack of knowledge, education is thus the key to solve the problem in all societies (Yu, 2017).

“Education is the number one key for all societies.” (Source: Yu, 2017).

The Chinese government, however, focuses more on telling companies and people what to do and not to do (Yu, 2017) instead of providing CSR education among population, which indicates the short-term approach. Especially in comparison with developed countries like Canada, the approach can be seen as immature. In China CSR is impacted by the government. They have demonstrated a clear interest in promoting CSR and plays a major role in the development of CSR (Zhou, 2006 as cited by Tan-Mullins & Hofman, 2014; Lin et al., 2016). Another aspect, which can be considered as a challenge, is the unbalanced status of the country, as long as there is an unbalance in the country and the knowledge level as well as capacity is not equal it will be hard to implement a perfect working CSR environment.

“In China it’s still unbalanced. That’s the challenge for everyone to make it better. As long as you have it in mind, you will make progress.” (Source: Yu, 2017).

Since there are different development levels of cities, rural areas and backgrounds influencing on the level of knowledge it becomes difficult to make everyone understand what is important, which creates imbalance (Yu, 2017). The richer and more developed areas have started to think about the environment while the rural areas are still focusing on how to make money (Yu, 2017). There is also imbalance between Chinese and international companies considering the sense for CSR, international companies apply the principles easier since they obtain more knowledge and resources (Yu, 2017). Companies’ business model also works as a foundation for how companies are working with and treating their employees, similar to the principles of labour rights (Yu, 2017; UN Global Compact, n.d.a).

Although that international companies do more in relation to CSR than local Chinese companies, (Yu, 2017), the study of Kolk et al., (2014) showed that Chinese consumers do not expect as much performance in CSR from international companies as they do from Chinese companies. Windsor (2017) supports the idea that CSR must be assessed within the special context of China’s model for business. Even if there are differences in the consumer demands from companies and the commitment from international companies and local companies, it implies the importance for businesses to actually include CSR in the daily operation (Yu, 2017). Even though the government might not require CSR activities for now, companies should be half a step ahead the government and already include CSR activities (Yu, 2017). Chinese start-ups at the moment tend to focus more on the charity aspect of CSR, along with most Chinese companies, which seems not to be sufficient (Yu, 2017; Tan-Mullins & Hofman, 2014). However, to some extent they meet the expected CSR criteria from Chinese customers (Kolk et al., 2014).

“In china, there must be time to let start-ups understand. A lot of start-ups do a lot of charity. The only problem that people need to understand is how to do it. But I don’t think that just giving charity is enough.” (Source: Yu, 2017)

Comparing China to other countries must be understood that it is not the same level of knowledge and understanding, and therefore time for understanding and exploring is needed. The Chinese government is acting in a CS-Responsive way by meeting the requirements from the society and understanding the need for change, responding to the social pressure from the society as well as from the global society (Yu, 2017; Frederick, 1978). In the past the business
model for China has been being the manufacturing centre of the world, consequently the government steered the country into an unhealthy society.

“Now when China is richer and wealthier, the government needs to stop and think more of what needs to be done. Actions are taken to better treat the environment, which unquestionably is an absolute need for the society.” (Source: Yu, 2017).

The government is taking actions to influence in the supply chain of the industry in terms of logistics by moving industry to other areas, away from polluted cities or in terms of production by setting requirements for production input and technology (Yu, 2017).

“Now the government is treating the environment, considering the green society much more seriously. They also ask companies in the industry to help them make food grades, not only to make the manufacturing become more upper level but also to make technology involvement or capital involvement much smarter.” (Source: Yu, 2017)

In the same way that stakeholders pressure companies to invest additional resources into CSR (McWilliams & Siegel, 2000; Matten & Moon, 2008; Lin, Yang & Liou, 2009) the Chinese government is deciding if companies in China should invest more or less capital in CSR changes (Yu, 2017). If the government does not think that it is important and does not care about CSR aspects anymore it will result in that a lot of companies will follow and forget to emphasise on the aspect of CSR in their business (Yu, 2017). If companies follow the requirements from the government there is a greater possibility for them to increase the profits, same as if the demand for CSR in the society is greater than the supply (Mackey, et al., 2007).

“The only way companies can work well is aligning with the government.” (Source: Yu, 2017)

If companies do not obey the policies presented by the government, there will be fewer opportunities for them to increase the profit or even to sustain in the market. In China the government does not seem to consider the financial performance of CSR, rather the sustainability and condition for the country (Yu, 2017). It is although acknowledged that all stakeholders do not value CSR in terms of profit creation, there are other values for the concept as well (Mackey et al., 2007).

“Whenever the central government points out what you need to do, nobody will reject it.” (Source: Yu, 2017)

It is strongly implied that going along with the government is the only choice that companies have, indicating the superpower of the government. If the government changes the direction from GDP growth with export as the focus to green energy and sustainable production and development, every company will change their focus (Yu, 2017; UN Global Compact, n.d.a). If companies however engage in activities that harm the environment in some way, the government will take actions and close down the business immediately (Yu, 2017). Though there may be no clear indicator from the government, preparation will be necessary to help companies be half step ahead and catch up with government’s movement and direction when it is the time (Yu, 2017).

“As long as the government is a good government, that’s the good thing.” (Source: Yu, 2017)
The government plays a huge role and puts effort in policies, as a way to increase awareness of CSR and facilitate the development of CSR making employers take care of the employees. Although the government is forcing companies to change, it is a hard process for companies since the government do not provide any guidelines for how to change. Resulting in waste of time and resources, therefore the government maybe should collaborate more with companies (Yu, 2017). The good thing is that the government is aware of this and are making changes to prevent it. As long as there is willingness among companies to change and CSR is still developing (Yu, 2017).
**4.2 Case 2 – Jacob Jin**

**4.2.1 Case Description of Case 2**

Jacob Jin, hereinafter will be referred to as Jin, is the founder of a Hong Kong based company. The founder was born in Hong Kong which serves as a more international environment than mainland China due to the long history of international impact. Jin has a close relationship to and understanding of the Chinese market with several years of experience. The company is providing services to international individuals, SMEs and local companies in different sizes, by offering professional supports from experts of different positions at middle- or top-management levels in Fortune 500 companies, matching the need of the clients to experts with knowledge in the same area.

The founder has a background of profession and experience in different fields such as leadership, corporate social responsibility, working with different companies and projects namely green solutions and fundraising. The founder connected with different networks during such period of working and has maintained and developed relationships with them so far. The two major services are named as Graduate career program and Firm transformation. The first service provides supports to third year students to prepare for the graduation and get ready for business life. The second service helps local companies to transform from traditional to online firms, or even enter the market and helps them understand Chinese customers. The company also offers a service to help international ones enter the Chinese market, and with different solutions that they might need. The company is working with clients that need a certain expertise, for individuals to support them, or for companies, to transfer or upgrade their companies. The company possesses connections with experts within the company or outside from the company’s established network, as well as Know-How to design the services. The differentiation strategy of the company is the service solution package instead of single services such as marketing research and marketing activities in the Chinese market. Accordingly, other services that bring added values are career support, operation support or long-term cooperation support, of which some are free. The company gains profits in the forms of consulting fee, commission and service charge.

In terms of social responsibility from the company, there are not many constant CSR activities carried out by the company. The company does not see it as a way for marketing the company such as PR (public relation) or a project and it should come from their will to support the society. Therefore, instead of pushing it, the company does promote CSR within the consultants’ networks by motivating them to do some charity- or NGO-related activities; or sending experts to universities, for example, to speak of CSR. The company also cooperates with an NGO and a university to do education activities such as education fairs and education resources sharing. Considering the CSR initiative coming from inner will of the company’s people, the company has claimed to reach the most developed state of CSR. However, considering the whole company from different aspects, the company recognises itself to be aiming to the highest level of CSR development.

**4.2.2 Analysis of Case 2 – Jacob Jin**

**Business Model**

BMI is a process of developing and innovating business models of a company or an organisation, reflecting that BMI is dynamic with involvement of learning, trial-error and experiment (Guo, Su & Ahlstrom, 2016, Demil & Lecocq, 2015; McGrath, 2010) throughout the business lifecycle of a company and BM is static in a given period of time. This argument
well reflects the case of Jin’s (2017) company. The company’s business model is called out as a final configuration at the end of the process. With a background of knowledge and experience of different fields, and understanding the Chinese market, before coming up with the business model, the founder went through different steps of learning and trying with the interaction and facilitation from his business network. Especially, experiencing difficulties and challenges by himself, the founder gained a deep understanding of the Chinese market and developed the business model for the company. This is supported by the argument that business model is more about finding out a new business logic of the company and new way of creating value and capturing value for the company’s stakeholders (Casadesus-Masanell & Zhu, 2013).

**Business Model aspects**

Regarding **Value proposition**, the core value of the whole business and competitive strategy contribute to produce a clear value proposition (Chou et al., 2015). In the case of Jin’s (2017) company, a network of high level management people and experts as well as the know-how asset compose the core value. The differentiation strategy of the company is the service solution package instead of single services such as marketing research and marketing activities in the Chinese market. The combination of the core business value and competitive strategy creates a value added to the customers, which is embedded and delivered through the company’s products (Boons & Lüdeke-Freund, 2013), the Graduate career program and Firm transformation.

“China is a large country, there are a lot of people but at same time hard to find the concrete experts, while it is easier in Hong Kong or Singapore. Our second advantage is ‘Know-How’. We do not know everything but we have some knowledge with which we can use to solve the problems in some way. It is a key for our company.” (Source: Jin, 2017).

Accordingly, the company has created a key value to their customers in a way that customers and other stakeholders can be supported to fulfil their need and solve their problem (Jin, 2017; Biloslavo et al., 2018). Graduates often have problems with the transition from academic setting to working environment and more than that they are facing a high likelihood of being unemployed in China. Traditional firms are dealing with difficulties and challenges consequently resulted from the fast development of China towards innovation and digital technology. “China’s economic and technological strength has increased significantly. China has become a global leader in innovation.” (Jinping, 2017).

Through the two services, the third-year students from universities are supported to be prepared with an understanding of business life before they graduate; traditional firms can be equipped with an understanding of the Chinese customers and other factors in the market to be able to transform themselves from being traditional to online (Jin, 2017).

“The business idea is to serve a Graduate programme that helps third year students to prepare for the graduation and also to help local companies to transform from being traditional firms and move to online firms, we help companies to understand Chinese customers and much more.” (Source: Jin, 2017)

Other extra added values for the company’s customers, are some free-of-charge tailored services such as career support for individuals, operational support or long-term collaboration support.
Through the interview, talking on behalf of the company, the founder emphasises the company’s proposition of value delivered to the customer more than the other aspects of the company’s business model. Customers are connected to experts throughout the linkages in the expert network, which represents a part of both Customer Interface and Supply Chain (Boons & Lüdeke-Freund, 2013). The company connects customers to the expert networks belonging to the company as well as the network of management people from different companies listed in the Fortune 500 list. Interacting with both sides, customers and networks, the company establishes and manages interrelationships within and between the supply chain as well as customer facets (Osterwalder & Pigneur, 2010; Boons & Lüdeke-Freund, 2013). The company’s business Financial Model including “costs and benefits as well as respective distribution across business model stakeholders” (Boons & Lüdeke-Freund, 2013; p. 10) is not stated in detail by Jin (2017). However, the company distributes costs by paying mostly to the consultant network of high-level managements and experts and gain revenue from consultancy fee and service fee, acknowledging that some extra services are free and some are charged within the service solution package.

**Personal Perspective**

Apart from the four main components of business model, more importantly, Jin (2017) discusses and includes the Chinese government as one important stakeholder (Richardson, 2008; Yang et al., 2017) in the management of the company’s business model. Jin (2017) strongly emphasises that it is not sufficient all the time with a company’s own way of doing things.

“It is not always enough with how to do things, the influence of the government is strong and they are using different ways of influencing the business compared to the Western world.” (Source: Jin, 2017)

It’s agreed that companies are supposed to create and maintain interrelationship with different stakeholders to be mutually beneficial (Biloslavo et al., 2018) in the highly competitive globalised market today. However, Jin’s (2017) statement seems to highly stress on the Chinese government’s impact. Contrasting with the Western world, Jin (2017) figures out the influential role of the Chinese government on business as strong, extensive and at the same time uncertain to some extent.

In the first place, the government has their own opinion and own way how to monitor the business. Following their idea and plan, the whole development of the market can be driven by the government in a certain way.

“From the very beginning, the government already had an idea on how to control the power of business and the market in order to make sure it’s in the right direction.” (Source: Jin, 2017).

This seems to indicate that if the market is operated in a different direction by companies, the government can correct and navigate them. In the second place, the Chinese government’s influence can be reflected through a large number of laws and regulations over the market while it is the opposite way in the Western world, discarding some few recent changes (Jin, 2017). With the market in the western world, it is to a great extent free to do business in spite that recent ten years there has been coming with more regulations like tax and taxation laws.
"In China sometimes you do not know because different companies, like consulting companies, food companies, restaurants are regulated by different departments or bureaus monitoring the work." (Source: Jin, 2017)

Although the mechanism to control and manage the market is through laws and regulations, Jin (2017) argues that the situation in China is complex and complicated because of the occasional inconsistency in action of the government, which sometimes is not exactly in accordance with the legislations.

"The regulations are not very clear, and they are very blurred in order for the government to have more space to interpret or use the power to do something.” (Source: Jin, 2017)

This can indicate that the Chinese government, in addition to the laws and regulations that they create and pass to manage the businesses, of which some even gives the market a bit more freedom to play, reserves a bigger room for them to be flexible to make changes. In contrast, how things are run in Western world and Hong Kong is mostly based on clear and concrete laws (Jin, 2017). This can be a clear illustration for the argument of Birkin et al. (2009) stating that the intention of the government in China comes into effect much more than that of governments in the Western world where it is diluted by different activities such as counter-arguments or lobbying.

In addition to Jin’s (2017) viewpoint regarding the government, the only way to do business is having a relationship, which is “Guanxi” in Chinese, either with the government or having contact with some insiders (Jin, 2017). This makes it more complicated to handle businesses in the way companies want.

"The government never have a very clear guideline so it is very hard for us to understand, sometimes you don’t have Guanxi or know someone inside.” (Source: Jin, 2017)

“Guanxi” is translated into English as “Relationship”; however, it means much more than that in the Chinese culture. It is not just simple by directly contacting the government but it is necessary to go through a middle channel, which not only reflects the political factor but also the root in the Chinese cultural way of doing things. Relationship establishment and management is contributed by the two critical factors, political and cultural aspects. Therefore, stressing on relationship established with the influential players, Jin (2017) does not forget to state how culture can support business management in China. In relation with the Chinese government, Jin (2017) suggests considering to have an understanding of the culture in order to reduce problems and have faster and smoother movements. Understanding what and how they are thinking about, through looking at the culture’s ground and effect is an efficient way to understand how the Chinese market is operated (Jin, 2017).

"If you do not understand the Chinese culture, it is problematic. It is also important to understand the Chinese government and what they are thinking about. It takes time to learn the Chinese market, first you need to find out how the market works, then you need to find out a way to do it smoother or faster next time.” (Jin, 2017)

Considering the defining role of the government as well as the crucial importance of relationship and culture, companies can make faster movement with less obstacles on the way in the long run. Business model innovation seeks to align the elements of a business model to
a particular environment (Fjeldstad & Snow, 2018). Accordingly, companies can create and base on a long-term development of business model (Birkin et al., 2009) to be able to sustain in the Chinese market.

**Corporate Social Responsibility**

CSR is a way for companies to appreciate what the society gives them (Jin, 2017), reflecting their responsibilities and impact on the society (European Commission, 2018). From the very beginning, Jin’s (2017) company already recognised that they can both maximise people’s knowledge and experience and based on that they help solve some societal issues at the same time.

“In the company, I don’t think CSR is a project and I don’t think companies should plan for CSR in a short term or long term, instead companies should build on CSR.”
(Source: Jin, 2017)

The argument reveals a common regard to understand and implement CSR as a project in the business society and contrast their perception accordingly. CSR should serve as a foundation for a company to grow. In other words, it is not an option or a project for companies to involve in, it should be built in company’s establishment from the beginning, which can also explain why the company is not pushing for CSR in an obligatory manner (Jin, 2017).

“Sometimes we promote CSR within our consultants network but not often. It is not PR stuff and it is something they should do”. (Source: Jin, 2017)

It can be understood that the company takes a different approach to identify and refer to CSR in the Chinese market, instead of marketing approach, for example.

**Corporate Social Responsibility Aspects**

CSR can be related to the marketing and in that way help companies to improve above the average of the industry (Gallego-Alvarez et al., 2010), however, the company does not see CSR as something that should only be an act of marketing or PR (Jin, 2017). Instead, the company supports their consultants by giving them the option to donate a part of their salary to charity or NGOs from a list with options including for example air pollution or education libraries to help poor villages where children cannot read or similar, that the company has suggested (Jin, 2017).

“We know that our consultants earn money, so we have an option for them to take the income to their pocket or to give it to a charity or NGO.” (Source: Jin, 2017)

Donating money to charity or organisations is an act of charity in itself, so the first thing the company can be seen to do is charity activities. Supporting children that cannot read aligns with the **Human Rights** through supporting people with disabilities (UN Global Compact, n.d.b). Referring to NGOs as a part of the charity concept, some NGOs have created codes of conduct from the International Labour Rights Fund and Global Exchange (Wang & Juslin, 2009), however since it is not mentioned about which area of focuses that the NGOs on the list have, air pollution or donating money to poor villages, it cannot be concluded which options the consultants in the company got (Jin, 2017). However, air pollution is linked to the principles regarding the **Environment**, supporting a precautionary approach to environmental changes (UN Global Compact, n.d.h), the company demonstrates an initiative to promote
greater environmental responsibility, supporting principle 8 of the UN Global Compact (n.d.a). The company touches on human rights again which displays through their cooperation with an NGO and a university to support human rights as well as encourage their consultants to support organisations that promotes human rights.

"We cooperated with an NGO and a university before, were we did an education fair. I was invited by a NGO to do some kind of sharing. First second tier cities have the best education resources but in poor areas they don’t have these resources, so I talked about how these resources could be balanced or shared in the country." (Jin, 2017)

The right to have access to education is categorised in one of the internationally proclaimed human rights (UN Global Compact, n.d.a), which is recognised by the company. The company is active in activities that promote education and learning in order to spread the knowledge and experience of CSR in the society. The cooperation with an NGO and sharing of knowledge and learning can be aligned with Frederick (1960) stating that businessmen should not only think of their own operation and rather see the total socio-economic welfare. To some extent it can also be linked to the human rights principles, encouraging voluntary supports from companies through partnership, as one of different strategies positively contributing to the protection and fulfilment of human rights (UN Global Compact, n.d.b). In this specific case it is supported in how to solve the unbalance or unequal distribution of education resources, as one of the social welfare issues. Despite of that, nothing is reflecting on that they emphasise any aspects regarding Labour (UN Global Compact, n.d.d; n.d.e; n.d.f; n.d.g) or within the aspects of Anti-Corruption (UN Global Compact, n.d.k). Although President Jinping put a lot of emphasis on anti-corruption at the country level (Jinping, 2017), it seems like the company is precautious to speak about it.

For companies, there are four stages to commit to CSR, (1) no one cares about it, (2) someone takes responsibility to speak out and raise concerns, then (3) companies start to show off, and lastly (4) it is a voluntary act from companies (Jin, 2017). The view of incorporating CSR to build on, rather than it being a project for companies, illustrates Jin’s (2017) elaboration on the fourth stage of CSR perception development.

“I think we aim for stage four, but maybe whole company is stage three... But for the donation perspective, it’s the fourth stage because it’s really up to our consultants’ choice to contribute.” (Source: Jin, 2017)

Considering the CSR initiative coming from inner will of the company’s people, the company claims to have reached the most developed state of CSR. However, considering the whole company from different aspects, the company recognises itself to be aiming to the highest level of CSR development. The last stage can be viewed compared to the 3BL, where a balance between economic, environmental and social imperatives is achieved (UNIDO, 2018; Moratis & Cochius, 2011; Govindan et al., 2013).

Personal Perspective
CSR concept in China is clearly demonstrated and referred to a large extent to the terms Charity, Philanthropy and sometimes NGOs (Jin, 2017). One of the first activities that companies often take to show their responsibility towards the society in China is giving money to charity (Jin, 2017; Tan-Mullins & Hofman, 2014). Big international companies such as PNG, Unilever, KPMG, and local companies like Huawei, Alibaba, Tencent, Baidu do so
in the same way (Jin, 2017). NGOs are special in China as many of the activities are politically sensitive (Tan-Mullins & Hofman, 2014), and highly regulated by the Chinese government (Jin, 2017).

“Chinese government came up with a new law restricting NGOs in China in 2017. It is a harsh law, which makes it hard for NGOs to operate and get funding in China, without any Guanxi, connection, or contacts. Chinese NGOs sometimes are not really NGO.” (Source: Jin, 2017)

The restriction on NGOs limits the options that companies have for giving charity and participate in different activities. The limitation of choice for companies also implies their dependence on political power especially when it is unclear for companies to register or apply for fund, which leads to the employment of political relationship and network in order to solve operational and financial issues.

“...The Chinese government has strong control, it is clear for them but not in public.” (Source: Jin, 2017)

It is indicated that the political power to some extent creates a lack of transparency of the government in their action and legislative implementation which confuses the society. Accordingly, the concept of NGO may differ in the Chinese context, and it may not be possible for NGO’s work in China to be compared to other regions (Jin, 2017). Putting CSR in the context of Hong Kong, it is observed that a lot of NGO are operating and promoting CSR with more freedom and external supports and CSR is reaching another level focusing more on human rights instead of environment, which can be seen as an old topic (Jin, 2017). If comparable, this reflects that in comparison with other places, CSR in China is not yet at a mature level.

In China some CSR aspects like environment are easier to discuss and raise responsive concerns since everyone is aware of it and affected by it, while for example the awareness level of LGBT is much lower since it does not concern everyone (Jin, 2017). However more topics will be more noticed in China.

“I can see that more and more topics will come out, like human rights and food safety for example.” (Source: Jin, 2017)

For the development of new areas and topics of CSR, although normally foreign companies often take the initiative to run different programs, more local internet companies are becoming increasingly active, acknowledging that there exist companies behave badly. For these companies it is also common to do a lot of charity works for example.

“Some companies in China has been doing bad recently, such as stealing data, misleading search and so on, while other companies are doing good, such as providing options for donating money to organisations or people in need.” (Source: Jin, 2017)

Looking at the stage levels of companies in China, there are some companies or people that only emphasise CSR from the charity perspective but can be seen to reach the last stage due to their voluntary action from their will without a need of being acknowledged. However most of the companies do not achieve such a high level of CSR commitment (Jin, 2017).
"I think most companies in China is second or third stage, seldom fourth." (Source: Jin, 2017)

The level of stages indicates how far China is in the development towards a sustainable society as well as the awareness and actions towards CSR from the company side. Most of the companies uses CSR as a marketing tool, indicating the middle stage of CSR development (Jin, 2017), which is not only the case in China but also in Hong Kong for example, even Hong Kong is considered to have maturity in CSR development.

"Working at an event with one well known Chinese bank to raise funds in Hong Kong, they were more interested in how many media would come, or how many news-papers would report about the event, how large their logo will be and where it will be placed. They care more about branding and never ask about how you impact the society or how you help children." (Source: Jin, 2017)

In this case, CSR may work mainly as a cover for companies’ real motive behind. It is common that companies tend to focus more on the philanthropic and charity aspects than the transparency and accountability of their investments (Tan-Mullins & Hofman, 2014), focusing more on the promotions and branding than actually concerning about different issues such as implementation and sequential impacts on social betterment.

Along with branding and marketing, CSR activities are proven to have a positive effect on shareholder value and enhance the image of a company (Gallego-Álvarez et al., 2010). If the activities are linked to a company’s marketing strategy, it results in a behaviour that is above the average in the industry (Gallego-Álvarez et al., 2010). CSR is seen to bring benefits to the companies as well as non-business parties, such as the government (Jin 2017). The government control is not only in general, but also specifically in CSR and in a positive way pushing for a sustainable development (Zhou, 2006). Chinese government, as a decisive actor influencing the whole Chinese society, also considers CSR as marketing tool (Jin, 2017), which allows the government to reach out with their principles.

"The Chinese government also focus on CSR as a marketing tool to some extent, some activities are not with a hidden agenda but some are.” (Source: Jin, 2017)

Again, hidden agenda of some marketing activities utilising CSR indicates the Chinese government’s obscurity in implementation. Although no examples to elaborate this argument were given further, it could be interpreted that some activities carried out by the government is more or less for promoting themselves or something that is beneficial for them or the country. However, it can imply that CSR is mostly viewed systematically by the majority in one way. Accordingly, that can reflect the development stage of CSR at level of the country as the whole.

The driving force behind CSR motives in companies according to Jin (2017) is not only for branding or marketing from company side but also from the government side. The government strongly encourages companies to invest in CSR, although it is more common that big MNCs are emphasising CSR rather than SMEs (Jin, 2017; UNIDO, 2018). Environmental sustainability is also one factor that is highly needed at the moment (Jin, 2017; Aggarwal, 2013) and so strongly pushed by the government in CSR investment. One example is the government’s promotion for electric cars, which influence companies to consider how cars can be made and used without polluting the environment (Jin, 2017).
“I think the influence of the government is strong and they are using different ways of influencing the business compared to the western world. With the government you need to understand what they are thinking about, for me if I need to do some branding or PR with the government, we need to respect the government.” (Source: Jin, 2017)

In China the government is controlling how the development will be and what the focus of businesses should be; therefore, companies need to listen to all kinds of hints that the government gives in order to prepare for changes and always be ready to do accordingly. “Laoshi” is the Chinese word not only to call teachers with high respects but also to address and call people who have attained very high respects and influences in the Chinese society; who can tell people what and how to do. Comparing the government with “Laoshi”, Jin (2017) strongly emphasises the important role and great influence of the government and indicates actions to be taken by companies in response to the government’s indication. Therefore, ones need to consider their thinking and actions in order to approach them appropriately such as branding or PR with the government with respects (Jin, 2017).

“Something you need to understand is “Laoshi”. You need to understand that not everything goes straight, so you need to find out and then you can find out how to do it smoother or faster.” (Source: Jin, 2017)

Understanding Laoshi in China is one thing every company needs to consider, for businesses in the Chinese market to function smoothly it is important to always be active and find out ways to interpret things easier and faster. CSR development in China is mainly due to political commitment as well as international influence and a larger academic interest (Lin et al., 2016).

The most difficult things regarding CSR in China are the environmental friendly actions, access to channels and the government impact. Everyone is talking about the environment, but there are very few that actually are taking actions to protect or preserve it (Jin, 2017), which is also the case around the world. Especially, gaining supports from government seems to be the most concerned issue.

“There are some companies that will always care, which are selected, and then they team up and cooperate with the government. If the company is not listed by the government, they seldom have enough resources supporting them to do good.” (Source: Jin, 2017)

As a result, companies that are not prioritised by the government are more unlikely to commit to certain activities due to lack of resources. The government has the power to point a company to be responsible for something and they can and will do it. Secondly starting from business perspective, more and more companies will move from second stage to third stage since CSR is changing (Jin, 2017).

However, CSR is gradually developing in a different way in the Chinese society, concerning LGBT (Jin, 2017). LGBT is one of the aspects included in human rights by the UN Global Compact (2015), which shows that companies may concern different CSR aspects according to the UN Global Compact, although they do not use the same definition for it. However at the moment, companies in general are focused more on themselves (Jin, 2017) and more on environmental aspect.
“Some companies also concern about other aspects, some concern about LGBT and mix it with advertising, or others like car manufacturers that produce electric vehicles focusing on the environment” (Source: Jin, 2017)

Taking advantage of different levels of public awareness of CSR aspects for using CSR for marketing activities or production is a way by which companies gain their authenticity, through meeting the needs of the society (UN Global Compact, n.d.i).

“If they want the connection with the customers they will use this way, using the CSR way is a good way. Maybe there's a hidden agenda and it will always be when starting from the business side. But the second stage is better than first, something goes wrong and they take action to it.” (Source: Jin, 2017)

The decision to act in a way that protects the environment and not causes any harm to earth is dependent on each company; however, the society, environment and earth can be viewed as the father or mother that provides companies - the child - with resources and supports, companies need to protect and use in a conscious way (Jin, 2017). Similar to the “give and take” of a person after another in the society, companies need to take responsibility and give some in order to get something back.

“If you hurt the father or mother or earth then you will destroy it, it is suicide.”
(Source: Jin, 2017)

Companies’ actions will lead to the fate of their businesses. Destroying the resources and capabilities that are provided by the earth results in suicide by the company, for instance. Resources are limited, showing the importance for companies to act in a responsible way. If these will be depleted, it is no longer possible for companies to do business.

Although there has been pressure from the government and customers for companies to take actions, there is still little motivation for companies from their side; however, China will become better in the future. The development of CSR will probably to a high degree differ from that in western countries due to the Chinese unique way (Jin, 2017).

“China will become better, probably not in the same way as western countries, but in their own path.” (Source: Jin, 2017)

This means that CSR in China can have its own conceptualisation or aspects, different from the ones from Western countries. The overall personal impression of CSR in the Chinese context according to Jin (2017) is that to a certain extent most companies still focus on charity as the main activity for CSR. However, the market will move, and in the future more aspects of CSR can be expected to be included as well. The government can be seen as a major influencer for the development of CSR in China, driven by ‘Laoshi’ concept and other cultural aspects. Although ‘Laoshi’ is implicitly guiding the government's way of actions, it can also help companies. By understanding ‘Laoshi’ it can guide them to work with the government.
4.3 Case 3 – Robin Rasmussen

4.3.1 Case Description of Case 3

Robin Rasmussen, hereinafter referred to as Rasmussen, is the manager of a Swedish manufacturing company in China. Rasmussen was born in Sweden but has several years of experience from working in the Chinese market. The Swedish company that Rasmussen is working for is a traditional manufacturing company based in Sweden having manufacturing facilities in China. The company is active in a range of different markets, wind power industry, aerospace, transportation and marine.

Within the wind industry, the company sells core materials to both private and government industrial enterprises. The company promotes their product mostly through direct sales, as well as distributors in some areas where direct sales is not allowed. The company’s customers are active in the wind power industry and are using the company’s products as a core material for their products. The difference between the company and their competitors is the combination of high quality products and provision of service solutions, whereas many competitors only supply products. High flexibility of product customisation basing on customers’ needs and problems is the strategy for the company. With adaptation to the Chinese context, sometimes the Swedish standards are applied while other time the Chinese standards demand more compliance. In the Chinese market the company tries to adapt their strategy to the local conditions with short-time deliveries and flexibility.

The company’s production is in direct relation to the environment, in order to minimise the impact the company considers their waste disposal. Despite of their consideration, it is also regulated by the government with different quotas and measurements. As an example to demonstrate the impact of the government, in response to the strengthened regulations after an accident of car manufacturing plant explosion in China a couple of years ago, the company had to stop one of their production plants and follow the strict audit plan from the government with 5S methodology to ensure a workplace in a clean, efficient and safe manner to enhance productivity and visual management. Although the company is thinking about CSR in their business, it is not the main focus. It is a decision by the board of director if they need to be responsible so that the company follows. Other activities that the company applies, except from the waste disposal, include training system for employees in which CSR is included to a certain extent, healthcare and a higher salary standard than average. With operations in the wind power industry the company is participating in a greener environment and sustainability and in a way, the company is pushing it harder to the usage of wind instead of oil for energy generation. Although the company also engages in charity through collecting clothes and money, both from the company and others, to help poor people, the company does not put a lot of effort in helping the society.

4.3.2 Analysis of Case 3 – Robin Rasmussen

Business Model

In the case of the company, the innovation of business model seems to follow the conventional logic, which can be seen to take part in the creation of competitive advantage and renewal of organisations (Boons & Lüdeke-Freund, 2013), making the company as a service solution provider (Rasmussen, 2017). The conventional logic sets the conceptualisation of business model in a certain way that business model innovation can be seen as a novel approach adopted by companies to commercialise its underlying assets (Gambardella & McGahan, 2010). The company focuses on innovating the company’s...
product, i.e. the core materials, which is focused on industry-specific technology (Teece, 2010), to sell to private and state-owned industrial enterprises operating in the wind power energy sector of the Chinese market.

**Business Model aspects**

Referring to the **Value Proposition** aspect, the value embedded in the product and service of the company (Boons & Lüdeke-Freund, 2013) is the combination of high quality products - core materials and service solution package, which differentiates the company from competitors (Rasmussen, 2017). In addition, the company has the strategy of high flexibility of product customisations basing on customers’ needs and problems (Rasmussen, 2017), which facilitates and guides the creation of value proposition (Chou et al., 2015). The value proposed by the company to the customers is derived from customers’ requirements and needs in the Chinese market, such as short and in-time delivery as a special one.

“In China they expect it in 2-3 days, in that case, that is a big difference. It demands us to set up our business in order to meet these requirements. We need to be much more flexible. Flexibility and ability to deliver in short time is a key, besides price as well as value added.” (Source: Rasmussen, 2017)

Although the company can be seen to have global operation, as a Swedish company, the company still mainly bases on and applies the Swedish standards to the Chinese market. However, Chinese standards demand more compliance and therefore, customisation and adjustment need to be done in order to deliver value to the customers.

Relationship with customers is managed in a way that supports the development of the innovative product and solution for problems (Rasmussen, 2017). The company interacts and collaborates with the customers in order to understand their problems and issues as well as their needs and preferences. Basing on that they develop the customised product and service solutions to customers. This reflects a part of **Customer Interface** constituting the business model, representing how relationship with customers are structured and managed (Boons & Lüdeke-Freund, 2013). Customisation to customers in different markets is not a new thing. However, it can be recognised that in China, customers prefer fast delivery. Therefore, delivering in a short time is a key (Rasmussen, 2017).

“Flexibility and ability to deliver in short time is a key, besides price. Price is different in Europe where values more the service and value adding. In china they just expect that you should always provide it without more charge - more price on product.” (Rasmussen, 2017)

A difference in terms of customers’ preference between Chinese and European customers is pointed out. Due to the perception of fixed price of the product (Rasmussen, 2017), particularly in case of some changes such as spontaneous requirement for a new order and new delivery time (Rasmussen, 2017), it can imply that the company has to work and deal with the customer in a certain way that is more focused on other aspects rather than price. Customer relationship structure and management are accordingly different.

In the **Supply Chain** system, which represents how relationships with suppliers are managed and structured (Boons & Lüdeke-Freund, 2013), the company emphasises on collaboration with distributors to promote their products in certain areas where the main distribution channel of the company cannot work out (Rasmussen, 2017). In other words, the distribution channel is added to the company’s internal promotion channel, the company’s own sales
department, which is mainly responsible for the product distribution and sales. The structure of internal and external interrelation of supply chain are mainly displayed through these two promotion channels since the production of the product is mainly done by the company itself with two factories set up in China.

However, the government can influence the management of supply chain of the company. Rasmussen’s (2017) company manufactures the core material which directly relates to environment and thus faces the control of the government and law in aspects of quota and measurement for things such as waste disposal.

“We have officials running in our production every month from different departments. The government is very much involved in our business.” (Source: Rasmussen, 2017)

In certain areas, they send out governmental people to check and inspect so that everything is done in the right way in accordance with their decisions. Furthermore, in some area, direct selling is forbidden by the government, which leads to the partnership with some distribution channels in China market.

“We always follow the law and we always try to do better than the law, like applying Swedish way of thinking. In some areas the law and regulation are higher from the Chinese government than expectation from Sweden.” (Source: Rasmussen, 2017)

The conventional way which is often applied in the European markets is to follow the law strictly, which is also the case of Rasmussen’s company. Approaching the government’s action and management in the market from European perspective, Rasmussen (2017) states that the company tries to follow the laws in China and then apply European or Swedish thinking to their business as a way to interact with and react to the government’s control and do better.

These two aspects of customer interface and supply chain reflect some main remarks in their Financial Model. Expenditure is mainly within the company and the minor part is externally involved with distributors (Rasmussen, 2017). Benefits are gained from delivering core product together with the service solutions to customers. However, the company has to adjust cost and benefit somehow internally when accepting customers’ spontaneous order or with requirement for changing and shortening delivery time. Therefore, there is high likelihood that the company has to spend more cost and gain less profits in that case. Some of the profits in general go to the distributors network. Some of the profits will have to be spent more on measurement and audit for waste disposal and preventing or solving related issues.

**Personal Perspective**

Considering the specific context of the Chinese market, Rasmussen (2017) acknowledges the role of the Chinese government in business, stating that the industry where the company is operating in is dealing with high influence of the movement from the government. Government is one of the stakeholders that the company need to consider when creating and delivering the values to its customers (Richardson, 2008; Yang et al., 2017). Rasmussen (2017) recognises the intensive involvement, strong influence and interference of the government in the Chinese market operation through a lot of policies.
“They have a lot of policies. That’s quite interesting. The government interferes much more into the business here in China than in Sweden.” (Source: Rasmussen, 2017)

The government has different focuses in different periods of time to promote and develop different areas since they are aware of social welfare status and want the whole country to get out of poverty. Therefore, the government uses a lot of policies to influence business operation in the Chinese market, including the wind industry, which is one of the power industries currently highly promoted by the government. Comparing to the Swedish government, the intensive involvement of Chinese government becomes contradictorily clear. In addition, their control can quickly become stronger if they see a need.

“In some cases, they impose immediately, but sometimes I’m not sure if it happens because we are not so well informed or if they really impose like that. Sometimes it feels like we along with other companies, might be bad at following what is going on around us and what is happening. But the feeling is also that sometimes it is happening really quick.” (Source: Rasmussen, 2017)

Changes can be quickly effective which aligns with conclusion of Birkin et al. (2009). The Chinese government can create new policies and demand companies to implement them immediately (Rasmussen, 2017). At the same time, Rasmussen (2017) raises an issue that companies might find it difficult to adjust and follow. Besides following the law and policies, Rasmussen (2017) emphasises the importance of watching the political talk, decision and action of the government and respective alignment.

This gives a strong impression that the Chinese government has a decisive role in running, managing and controlling the market, even in the wind power industry which the government highly promote and give supports such as incentives for land and building. It can also be the case that they take away such support, which means that there is high uncertainty and dependence on the country’s strategy. How it is working or how it is implemented now is unknown to Rasmussen (2017).

“What the government does is that they take away and change the incentives here (the east coast). 15 years ago, all the incentives were directed to production, then R&D and now services, now it is the same more west. And by that some companies have already left, going more west.” (Source: Rasmussen, 2017)

As a result, on one hand, many companies are seen to align and follow the government’s saying and doings. “Now president Xi Jinping wants it to be the same for all, striving to equalise all the different regions.” (Rasmussen, 2017). On the other hand, that influence leads to reorganisation of some companies’ production plant. It is thus not exaggerating to conclude that in a way, where the money come from and how much money can be created, how to run the business can be decided by the government.

“In the wind industry which is subsidised by the government, if the government subsidises it more, there is more business for us. If they subsidise it less, there is less business for us.” (Source: Rasmussen, 2017)

The choice and implementation of companies accordingly are highly dependent on the decision and action of the government. This intensive interference and influence of the government seems to point out a similar implication as put by Birkin et al. (2009) that Chinese government and its significant influence is expected to be accommodated in the business model in China. The accommodation of Chinese government in the company’s
business can be facilitated by collaboration with them, as suggested by Rasmussen (2017). Things can go more easily and smoothly as a result of a good relationship and the respective information and advice for doing business from the government. Companies should create and maintain good interrelationship with the government as one of the stakeholders (Richardson, 2008; Vladimirova & Rana, 2017) in order to gain mutual benefits while co-creating and co-delivering values to their customers (Biloslavo et al., 2018). Collaboration and relationship are however difficult to build with the government due to a high risk of uncomfortable situations in which companies are unsure how to act and react (Rasmussen, 2017). Accordingly, Rasmussen (2017) advises that once companies thoroughly check and decide how to approach the government, working with them becomes easy.

"You need to decide before you start to work with them, how you want to approach them. You always risk to end up in uncomfortable situations and before that happen you need to know how to act. It can be that they (the government) ask for different services and so on, if you say no it can cause some problem in short term. It hasn’t been a problem, it only takes longer time but in the end things are fixed. You need to be patient to do business here and let things to have some time.” (Source: Rasmussen, 2017)

Rasmussen (2017) however stresses that the most important thing is to explain why and how in order to be clear when working in China, due to differences in backgrounds, knowledge and culture among different parties. As a cornerstone, the Chinese society’s culture should be considered as a crucial element in business management (Rasmussen, 2017), which is also perceived and agreed by Birkin et al. (2009) and Windsor (2017). The reason, according to what Rasmussen (2017) observes is that the culture is very much based on relationship which sometimes creates unfair business environment and therefore, it is significant to build network and relationships with the right people, who can provide support in doing business in China.

"Normally when you start something new, you want to focus on automotive for example, the best way is to recruit one person from that company that has the relationships.” (Source: Rasmussen, 2017)

Especially, comparing with the Western world, where there are different perceptions on relationships and local market understanding, Rasmussen (2017) points out that it is of high possibility that companies underestimate the need for those important distinctive aspects of local Chinese market. Thus, inappropriate approach may be taken, such as low investment of time and resources in relationship establishment and management, and understanding the local market (Rasmussen, 2017).

"There is a risk that companies do not spend enough time and effort building relationships and to understand the market. However, it is important for western countries to collaborate with China, but to do so they first need to understand the Chinese environment.” (Rasmussen, 2017)

Business model in China should be innovated in a way that business model originally coming from advanced economies is tailored with “local customer preferences and market infrastructure in emerging economies” (Wu et al., 2010, p. 54). Understanding the need to collaborate with China is not enough, learning the Chinese environment about what they want, how they are doing things, what is the trend of investment for example, must be carefully considered first in order to know how to collaborate. How to manage the relationships between customers and companies (Boons & Lüdeke-Freund, 2013) is then one
important facet of business model in order to turn them into the mutually beneficial interrelationship (Richardson, 2008; Vladimirova & Rana, 2017).

Another uniqueness in the Chinese market is the characteristic of Chinese enterprises, which are the customers of Western companies (Rasmussen, 2017). Chinese enterprises develop their own way of how to do things after learning from Western companies. Western companies should be aware of this in order to run and manage business in China.

“I think they see the need for adjusting but at the same time I think they will do it in their own way. So it won’t be 100% copy paste.” (Source: Rasmussen, 2017)

In short, from a personal perspective, Rasmussen (2017) has proposed some other aspects that should be taken into consideration. Especially in the Chinese context, the defining role of the government as a decision maker through legislation, culture and the relationship-driven feature and the unique characteristic of Chinese enterprises.

**Corporate Social Responsibility**

CSR in China and CSR in western world are different when it comes to the application of aspects. The different context demands different aspects from the business society (Rasmussen, 2017), in western world *Labour Rights* and laws are important to a high level (UN Global Compact, n.d.a). But in China workers may demand differently, they want to work more hours and overtime. Remarkably, it is rather a problem if companies do not allow this (Rasmussen, 2017).

“Chinese companies might not follow the labour law, they let people work a lot, but at the same time also pay a lot, which keeps the workers happy. While we are trying to follow the labour law to make the government happy but the workers are not so happy. Western companies are stricter, while Chinese companies tend to be more flexible.” (Source: Rasmussen, 2017)

This can indicate that CSR in China has a different ground for development. Making overtime working available as an option to employees can be seen as either something irresponsible from the Western perspective or something beneficial for employees from the Chinese perspective. Although the company takes the responsibility for their impact on the society (European Commision, 2018), it can be questioned whether this is the right direction in the Chinese context. Workers in China want to have the option to work overtime and they should have the right to defend and promote their occupational interest and the right to freedom of expression and opinion (UN Global Compact, n.d.d).

“That can be difficult, and also hard to train people to understand why we do things. In Sweden the basics are in place and we have a little bit more than the basics, it is therefore okay for us to think and spend money on it (CSR). But in China where the basics are not in place it is not so easy to spend money on it.” (Source: Rasmussen, 2017)

In the Chinese context with cultural differences, the basics are not in place for many people and are therefore the priority to ensure, different from Sweden where people can spend more time and money, thinking to afford other things than basics, especially on CSR (Rasmussen, 2017). Implying that in China the main focus has to be on the basic things first, companies and the society do not afford to focus on other aspects and CSR before the basic needs are fulfilled.
"However, CSR and taking care of employees and people in China starts from a different level. In China it is more basic, like offering people to get vaccine, health checks, vacations, offering double salary if the company is forced to lay off employees. We try to do better by offering a higher salary than the standard. Team building activities is another thing, showing the different level compared to Sweden where no one would ask for these kind of things, while in China it is critical."
(Source: Rasmussen, 2017)

Acknowledging the difference in the Chinese context, the company adapts their CSR strategy, trying to keep their standards of following laws and regulations regarding CSR and labour laws and at the same time adjusting to the Chinese expectations on overtime salary. Increasing the original salary for employees they eliminate the need for workers to work overtime as well as they keep their standards for CSR and labour laws by compromising to the local standards. The company’s action contributes to the president’s statement “China has seen the basic needs of over a billion people met, has basically made it possible for people to live decent lives, and will soon bring the building of a moderately prosperous society to a successful completion” (Jinping, 2017). The company also provides discretionary responsibilities (Carroll, 1979) through in-house training for the employees. These activities show that the company is taking care of their employees by trying to act in a way that is best for them.

Addressing CSR in the Chinese context concerns not only the difference in preference of employees but also the demand from customers for the companies to do good (Rasmussen, 2017). From customer’s perspective, Chinese customers do not explicitly express their requirement on CSR for the company in comparison with western customers (Rasmussen, 2017). However, when it comes directly to the choice of material, customers are pushing recyclable more and more because of the environmental issues as well as due to sequential pressure from their customers and government (Rasmussen, 2017).

"Some big customers only use PET in their products, and if we cannot follow the request we will lose." (Source: Rasmussen, 2017)

No consideration of customers’ demand for PET can lead to a switch at customer’s side to another supplier, resulting in a loss of market share. It shows a support for CSR from the increasingly powerful Chinese customers. Under such impactful context, companies in China are concerning more about the environment and finding solutions that are sustainable. Using PET would mean the company is considering resources in a more sustainable ways well as are able to recycle more waste, which is seen to be aligned with Environment aspect and relevant principles for being responsible by the UN Global Compact (n.d.a. & n.d.j). Another thing that the company does in accordance to the environment principles (UN Global Compact, n.d.a) is setting up targets to reduce their wastes.

"Our company sets up targets, to reduce emissions, waste, power consumptions and more for every year that is followed strictly. Another thing we do is providing healthcare to our employees, and also days off to take care of family members who are sick.” (Source: Rasmussen, 2017)

The targets show both the company’s concern about the environment and society and responsive plan to do better. Since the company is operating in the wind industry they are already doing better than other industries such as oil industry, pushing responsible behaviour through enlarging the wind power sector in the country is something good (Rasmussen, 2017). The wind industry is focusing on the environment and supporting a precautionary approach to environmental changes (UN Global Compact, n.d.a). Even if the company is working within
an industry beneficial for the environment, sometimes the background from Sweden demands the company to do more than many Chinese companies (Rasmussen, 2017). In one way the Swedish background can be beneficial in China when implementing CSR. Through teaching, the knowledge and understanding of CSR from another perspective can be added to enlarge the Chinese perception of CSR (Rasmussen, 2017).

“Very often you need to act like a teacher. You need to teach people on how it works, they hear about policies and so on but do not know how to apply and we might have done it in Europe and can teach how to do it... Of course you also need to listen to what they understand and what they would like to adjust. We come from different perspectives and backgrounds, so you need to listen and create a good mix.” (Source: Rasmussen, 2017)

What is applicable in the European market may not be the same in China, cultural differences and stages demand different approaches and flexibility in principles. Although the CSR work for the company might be different in China, since it is managed from Sweden, the company follows the same policies and guidelines nationally. The company is also voluntarily supporting Human Rights (UN Global Compact, n.d.b) through their engagement for others, by giving away financial support and clothes, and especially people in vulnerable groups (UN Global Compact, n.d.b). Even if some activities align with the concepts of CSR, as set by the board of director, CSR is not the main focus of the company.

“To be honest, CSR is not included as the main focus... It is a decision by the board, that we should be responsible. We need to follow. I think companies should take this kind of responsibilities. By doing that you will benefit later. People will see, government will see. From our company’s point of view we keep CSR in our mind all the time.” (Source: Rasmussen, 2017)

However, although CSR does not come from the company’s value system, having responsibility towards the society to some extent guides the company to do business (UN Global Compact, n.d.a). The company does try to be in the front line of implementing things and voluntarily do more, in line with standards and actions of other western companies in the Chinese market (Rasmussen, 2017). For example, the company collects money from the company and others and collect clothes, then sends to people in need (Rasmussen, 2017). In the long run, the company will benefit, with acknowledgement from society and government. Mentioning the government, Rasmussen (2017) not only stresses the possible appreciation from the government but also the political influence from the government on the society in favour of their business.

“If we do things in a good way rumours will spread and people also want to work for us. If the government notice that you do good it will also benefit you, it can help you in the future if you need service, help and support for investments and so on, then they are more willing to help.” (Source: Rasmussen, 2017)

Especially if it concerns new investments and growth in China, if the company has given something to the Chinese society the government will help in return, that is normally how it works (Rasmussen, 2017). But CSR and doing good is always a question about balance, sometimes the company wants to do more but it costs too much.

Personal Perspective
Although CSR is important for companies it can be troublesome to implement since there can be a conflict with money-making (Rasmussen, 2017). This may indicate that CSR and
business are two separate aspects. However, Rasmussen (2017) also suggests that the optimal solution is a win-win situation for companies, in which the company can both make money and implement CSR. It can also be beneficial for company’s money-making to include CSR, as implementing CSR into their business strategy also gives companies the opportunity to gain more than others (Aggarwal, 2013). By doing good, corporate reputation will also follow as a result (Rasmussen, 2017).

In China the government is also working hard with CSR, especially when it comes to the environment (Rasmussen, 2017). It is easy to understand the importance of the environment changes since it is undergoing bad conditions (Rasmussen, 2017). The Chinese government wants to and will change and put measure to do it, it is just a matter of time (Rasmussen, 2017).

“The government are taking actions to this as well and implies regulations on imported PET. From next year they will ban all imports of PET, they want to establish a closed loop and become self-sufficient on PET compared to before when 25-30% were imported.” (Source: Rasmussen, 2017)

The new legislations show the impact that the government has on the development as well as their ambition in changing the market. The new direction limiting the imports of PET is in accordance with the sustainable behaviour according to the ninth principle to encourage environmentally friendly technologies (UN Global Compact, n.d.a) as well as utilise resources in a sustainable way and recycle more waste (UN Global Compact, n.d.j). The government comes up with policies and regulations for how businesses are supposed to develop. In addition, the President is discussing the importance of having a society with no corruption, misconduct or wrongdoing with potential dangers. However, in the Chinese market, bribes are still observed to exist (Rasmussen, 2017; Tan-Mullins & Hofman, 2014), which is categorised as a corrupt activity by the UN global compact.

“There are bribes that people give and take, and you need to understand how they do that.” (Source: Rasmussen, 2017)

It is highly important to understanding the Chinese context when operating in the market, where usage of bribes may occur and to understand how this works and how companies are using bribes. The government is aware of the problems in the market and is working with it through different disciplines, practices such as inspections.

Although doing something is better than not doing anything at all, the government does not always know how to implement their regulations (Rasmussen, 2017). In China, CSR is so regulated by the government, so authors speak about Government Social Responsibility (Zhou, 2006 as cited by Tan-Mullins & Hofman, 2014).

“The Chinese government has good policies but does not always know how to apply them.” (Source: Rasmussen, 2017)

It is important to have policies. However, it is more significant to have them effectively applied by the government, which unfortunately has been achieved with limitation. The Chinese government is perceived to lack efficiency, which will result in the case that a lot of good policies but no change in the actual context. In addition, the Chinese way of doing CSR will not be the same as the European way (Rasmussen, 2017). Although China is moving towards achieving the same status where people can enjoy things better, they will have their own way. The government is pushing hard on the whole society to achieve it (Rasmussen,
CSR is observed to develop in a fast, positive and unique way in China with a better result than the western way (Rasmussen, 2017).

“I think they will move into the direction where things will be better for people but I’m not sure that they will do it in the same way as in Europe for example. China tends to do it in their own way. How it will look like I don’t know but for sure they will improve things for people.” (Source: Rasmussen, 2017)

The major point is that China will move towards a more sustainable environment where the society is better, although it will not be the same direction and development as in western societies since China tend to do things in their own way. However, there might be some areas in which CSR may be implemented worse than in the western way (Rasmussen, 2017), without any examples for this. Although in overall the development of CSR in China is moving in a positive direction, showing a significant growth of CSR in China (Welford, n.d).

“I think it is moving in a positive direction, it will change and fast, in their own way. Not a copy of western world. In some areas much better than we do.” (Source: Rasmussen, 2017)

Concepts of CSR are also different in China compared to other countries, using a different approach to the activities (Illegal-logging.info, 2007 as cited in Tan-Mullis & Hofman). It is not always that international companies in China are doing the best things, but rather the opposite, although they do good according to their beliefs and standards (Rasmussen, 2017).

“We think we are best. We need to learn from them. China do it in their own ways but still they fix the problems, so we need to understand that. So China has become strong and we will be surprised.” (Source: Rasmussen, 2017)

The different approach and aspects does not have to result in not having as high standards in other countries, in fact it could be that the Chinese way is better and of higher standards. Therefore, it is important for both sides to observe and learn from each other. For example, in terms of Human Rights, it is not hard to implement in China. It is just the matter of deciding to implement and how to implement (Rasmussen, 2017). Accordingly, with the UN Global Compact (n.d.b) it is important for companies to include the aspects of human rights in their business and to state which concepts the company is following. The struggle may come from international standards and perceptions, then it might be hard to implement human rights in the Chinese context. But if companies adjust to the market and look at which needs the market has and what aspects that can and should be included, then it is just a question about whether or not to include it.
4.4 Case 4 – Li Liu

4.4.1 Case Description of Case 1

Li Liu, hereinafter will be referred to as Liu, is working with retailing in the grocery sector and in this interview represents personal understandings and knowledge of the sector rather than from a specific company’s point of view. Liu was born in China and has international experience from living and working abroad in Europe as well as working for international companies in the Chinese market. With knowledge and experiences from the positions such as Head of Asia Food Sourcing and China business development, Liu has experience in a close connection with business models in the sector as well as in China. Therefore, Liu’s perspective can reflect an understanding of the concepts at the industry level.

The retailing market in China is changing and moving more towards online sales, searching for new retailers. For instance, the big giant online retailer Alibaba has purchased 37 per cents of Sun art Retailer group, the 2nd largest retailer group combining Ausan and RT mart, involving further into the offline business. As a result, online business and technology will be more involved in the offline business and will bring new energy to the market. The development forces offline distribution channels to change their approach and focus more on customer’ experience and differentiation rather than in-store-shopping. The combination of online and offline retailing results in more digital warehousing and logistics management, leading to faster data analysis and better interaction with customers. Productions are moving from the big tier cities or from the polluted cities to the countryside, giving more opportunities for development to both sides, the consumers and the retailers. This provides new areas for retailers as well as consumers and employees, the development is pushed all the way from the government in order to equalise the country.

Although the industry is planning on taking efforts in changing the industry structure, most grocery stores in the Chinese market are not concerned about sustainability and the environment. Even if the grocery stores themselves are not prioritising sustainability, the consumers expect a higher quality on products, demand traceability and food safety assurance. This pushes grocery stores to focus more on the safety to ensure that products are traceable and controllable. Companies in the retailing sector are focusing on logistics, looking for greener options and packaging solutions. For example, home delivery of groceries as a growing trend in logistics results in less traffic for going to the store and helps the environment when the deliveries are shared. The trend in foreign milk products, for instance, has changed due to the loosened import trading processes as well as several accidents regarding safety of baby milk products before. Organic food is also a new trend in the food industry, which is observed and controlled by the government. Although the major concern regarding CSR in the grocery sector tends to be waste reduction, retailers try to reduce their wastes as much as possible and have this as a controlling point in their business. From the consumers’ perspective within the grocery market, private data protection is not a big concern.

4.4.2 Analysis of Case 4

Business Model

China is seen to engage in international trade and invest in retail the most heavily in the world (Cao et al., 2017). In China, business models in the retailing industry seem to be innovated in a way that the existing models are modified or integrated to develop and become a new way
of doing business. New retailers are those who have online and offline businesses combined (Liu, 2017). This is in line with the argument that BMI does not necessarily discover a new product or a service (Amit & Zott, 2012).

“Now the industry is looking for new retailers whose businesses are both online and offline combined.” (Source: Liu, 2017)

The movement of a giant Chinese online retailer Alibaba can demonstrate a clear example. With a purchase of 37 per cent of Sun art Retailer group, Alibaba succeeded to have their footprint in the offline business and employ the current technology and business operation in the online market to develop its offline market (Liu, 2017).

“Online business and technology will be heavily involved in the future of the offline business, bringing new energy to it.” (Source: Liu, 2017)

BMI is a new way to capture value from the current business models and go beyond the pure innovations in technology, product and process (Amit & Zott, 2012). Instead, the new way of doing business is, for example, to innovate the current business model of the offline business with the intensive involvement of online business and technology.

**Business Model Aspects**

With the new way of innovating business models in the retail industry, components of business models are re-configured accordingly. This is in line with argument of Fjeldstad and Snow (2018) that elements of business models should be aligned to a particular environment. A change in **Value Proposition** is the first to be noticed. As stated by Liu (2017), in the retail market, customer’s experience and differentiation will be the focus of value proposition delivered to the customers, which is defined as the value embedded in the product/service offered by the firm (Boons & Lüdeke-Freund (2013).

“... the focus will be on customer’s experience and differentiation rather than in store shopping” (Source: Liu, 2017)

This is the effect of the new way of doing business with the combination of online and offline businesses. Accordingly, it can conclude that business model innovation is not necessarily achieved from a new product or service but the other way around. It is "the search for new business logics of the firm and new ways to create and capture value for its stakeholders" (Casadesus-Masanell & Zhu, 2013, p. 464).

The **Supply Chain**, which is according to Boons and Lüdeke-Freund (2013) about how “upstream relationships with suppliers are structured and managed” (p.10), is witnessing the change of offline distribution channels. Offline stores will be more focused in the products and services and more online stores will come to replace many offline stores (Liu, 2017). The remaining offline stores will include convenient stores, which are growing very fast with more food options available to customers. In addition, management of warehousing and logistics of companies can be more digital. Data can be analysed faster with combination of the growing new technology such as applications and online payments, which supports their reaction to customers’ need (Liu, 2017). The production is also reorganised accordingly, especially when there is influence and interference from the government:

“Productions are moving from the big tier cities to the countryside, due to that the government wants to find a balance. All the production plants are moved from the
"polluted cities into the countryside, so that east and west will be more equal."
(Source: Liu, 2017)

Supply chain planning process and logistics processes are the key challenges for many companies, particularly international companies since they are not as fast and developed as the local online based ones (Liu, 2017). In terms of **Customer Interface**, companies need to consider how to look at and manage customer’s preference and behaviour (Osterwalder & Pigneur, 2010; Boons & Lüdeke-Freund, 2013). Besides looking for more healthier products with better quality, customer’s preferences are now changing to a higher level of need and desire, as well as more interest in foreign products (Liu, 2017).

“People are now not only buying things because they need it now they are purchasing things because it is fun, looking for interesting products and things that they haven’t tried before.” (Source: Liu, 2017)

This can mean that the Chinese customers are moving towards middle class category, having desire and affordability for consumption of products with higher level of entertainment and more luxury products. Not only the Chinese companies but also international companies need to adapt to the changes of Chinese customers’ habits and preferences of purchase. Besides, they also have to adjust to the Chinese standards (Liu, 2017). This is also concluded by Wu et al. (2010) who study Chinese firms and propose a definition for business-model innovation as “the specific process of tailoring the original business-model from advanced economies to local customer preferences and market infrastructure in emerging economies” (p. 54). Interaction with customer following the trend of online business will be observed with changes as well.

“Now with online business, it is easy for you to get customers’ feedback including food safety” (Source: Liu, 2017)

The adaptation of companies to the change of customers’ purchasing can lead to radical shift in value proposition of the company as well as supply chain management (Liu, 2017). Being less preferred by customers, due to other food options and logistics improvement, instant noodle is an example showing the shift clearly. There is a change in new value proposed and delivered to customers instead of cheap price and fast serve (Liu, 2017), such as higher quality and healthier nutrition ingredients or reallocation and distribution to convenience stores or specific locations where customers have limited choices (Liu, 2017). Acknowledging the supply chain planning process, logistics processes as the key challenges for international companies while local companies can compete more flexibly, catch opportunities faster and have a faster decision-making process, Liu (2017) suggests that it is necessary for foreign companies to have a local strategic team to increase their capability to compete against local firms. For example, it can take two years or more for an international company present in China just to decide if they should comply the Chinese law for exporting a product from their home country while the market is dramatically changing everyday (Liu, 2017). Having a local team who understands the Chinese market and Chinese customers’ habits and preferences of purchase will be advantageous for the company to catch up with the opportunities.

Furthermore, it is necessary for them to put resources in technology and modify standards in accordance with local context (Liu, 2017). Failing to do so can lead to less supports from government and thus higher likelihood for them to lose in competition (Liu, 2017).
“They have to invest in technology to follow the trends and localise standards and understand the real needs of Chinese customers. Otherwise it will be very difficult. They will have less support from the government, which means they sometimes fail with the competition.” (Source: Liu, 2017)

On this implication Liu (2017) also reveals the power of Chinese government in the whole food industry. According to Liu’s statement (2017), the government can exert a strong influence leading to changes in how the market is organised. This is in line with Birkin et al. (2009) saying that Chinese government’s decisions may come into effect far effectively, especially when comparing with the western world. Remarkably, the factor embedded in the involvement of the government is the initiative to create a balance for a better environment as well as a balance between rich and poor regions (Liu, 2017). With such reorganisation of the market, the society can gain more benefits (Liu, 2017). In other words, value should be co-created and co-delivered to its stakeholders including society and natural environment “by fulfilling their needs and solving their challenges.” (Biloslavo et al., 2018, p. 756). In this way, an opportunity for value creation for companies is equally distributed among the Chinese society, the government’s aim is that it should be standardised and more equal welfare between the regions. This also indicates the systemic interrelationship between the industry business and society as emphasised by Biloslavo et al. (2018).

“It’s hard to say. China is too big and it’s difficult to judge. But five years is one milestone to look back. One road one belt policy will help logistic foundation establishment.” (Source: Liu, 2017)

When it comes to production relating to logistics, logistics is more concerned by companies. Policies from the government such as One belt One road can be very influential on the logistic foundation establishment and thus on production plants, as suggested by Liu (2017). Another important aspect to take into consideration is the culture, especially when China is a big country composed of different regions where the customers’ preference and habits are localised by social traditions and norms (Liu, 2017). The culture root as well as the complexity in references and behaviours of customers will need to be examined and adapted thoroughly by international companies (Liu, 2017). This is in line with Birkin et al. (2009) and Windsor (2017) arguing that culture is one of the crucial aspects to be accommodated in the business model of companies.

Financial Models are consequentially undergoing changes as affected by changes in Value Proposition, Supply Chain and Customer Interface. In the Retailing Industry, the biggest market in China (Cao et al., 2017), radical changes in such aspects can lead to radical changes in terms of how cost and benefits are created, distributed and managed, which in turn affects the whole economy, especially there is heavy involvement from the government. For example, a change in logistics such as production plant or reallocation and distribution to convenience stores and a change in value proposition such as higher quality and healthier nutrition ingredients can result in the switch of cost and profits distributed in different regions. Customer Interface can witness an increase or decrease of purchasing power of customers, leading to impacts on supplying power of businesses in the industry.

Corporate Social Responsibility
Sustainability is not the major concern for the grocery market in China. Rather, due to higher demand of Chinese consumers for higher quality on products, traceability and food safety insurance are forcing the industry to act in a more responsible way. There are a lot of companies still keeping and insisting their own ways of working with their own global
standards while some company make to adjust with basic Asian standards to have some local
tolerance. However, the major concern for now and probably be the trend for the next five
years (Liu, 2017) is the environment. The government is creating influences on the market in
different ways to boost companies to act responsibly towards the environment. Accordingly,
CSR in China can be perceived and considered in a different way, compared to other
countries where the UN Global compact’s principles are employed.

**Corporate Social Responsibility Aspects**

**Regarding Environment**, aligning with the emphasised focus of UN Global Compact (n.d.a).
the industry is taking part in by looking for greener options and packaging (Liu, 2017). Home
delivery of groceries as a growing trend in logistics results in less traffic for going to the store
and helps the environment when the deliveries are shared (Liu, 2017). This is in accordance
with principle nine of UN Global Compact (n.d.j) to undertake and encourage the
development of environmentally friendly technologies and use resources in a responsible way.
The new trend with merged delivery of groceries is also benefiting the environment through
less traffic and pollution (Liu, 2017). At the country level, the government also takes action
towards promoting a healthy environment (Liu, 2017). It can be thus concluded that the
government, industries as well as people are working on the environmental issue.

> “In general the Central Government has laws concerning environment protections. As different provinces and regions have their own policies regarding environment, so it will not be exactly the same in Beijing as in Shanghai for example.” (Source: Liu, 2017)

Through laws and policies about the environment, China will most likely change its behaviour
in the business society, moving towards a sustainable future. All industries are observed to be
going through changes in terms of production, distribution channels, logistics and so on, due
to the government influence.

> “Government impact is very heavy in China. I foresee recently the decision definitely impact the industry more. In Eastern regions you hardly see chemical industry and a lot of productions are moving to central China or from imports. So that’s the significant change that we can experience.” (Source: Liu, 2017)

These findings show how big the impact of the government in China actually is in business as
well as regarding the sustainable development. The impact that the government puts on a
greener and sustainable market in China (Liu, 2017) is strong to the high degree and extent that
it might be reasonable to rename CSR in China to Government Social Responsibility (Zhou,
2006).

Limited capacities and a need of focus on making the business environment and society more
equal in the country restricts the government and companies focus of CSR. Even if there is a
pressure from the society to focus more on certain areas, it is not possible if the
responsiveness or capacity is not enough for the company to respond to it (Frederick, 1978).
Since China still has a lot of poverty in some areas it is not legit to demand the same quality in
all aspects as in other countries. Despite of that, it is possible that China probably is doing
better in some aspects than other wealthier countries. But if companies are only doing what
can be seen as legal obligation, CSR is only incorporated to a required CSR level and is not
moving further to the expected CSR level (Kolk et al., 2014). It can be argued that it is
therefore according to the perspective from UN Global compact, ethical aspects of CSR is not
yet developed in China since they represent only the obligated level and not the expected level.

Although a lot of focus from the government is on the environmental aspects of CSR, focusing on a greener and sustainable society (UN Global Compact, n.d.h) and the grocery stores are working on limiting their wastes, in fact it is still a key challenge for companies (Liu, 2017) to develop in a sustainable direction. Moreover, there is little attention put on Human Rights (Liu, 2017).

“Human Rights, that is purely European, people are still talking about what China is lacking. But you should really consider what should be the priority... You really need to understand things as it is. All companies that come to China for sourcing, they can’t judge according to European standards” (Source: Liu, 2017)

Liu (2017) implies the inapplicability of European standards regarding Human rights and stresses on the necessity to understand the situation in China. Although Chinese citizens are not concerning human rights, the main issue according to them is the freedom to speak (Liu, 2017). If companies and the government allow everyone to say what they think then the country and companies also comply with the Human Rights of UN Global Compact (n.d.b). However, this is not the case since it is still a concern and issue in China, and therefore, unfortunately, it cannot be seen as accomplished.

Moreover, in China, workers are willing to work overtime in order to get more money in salary (Liu, 2017), although overtime in relation to Labour laws can be seen as unhealthy compulsory work condition (UN Global Compact, n.d.e). It could be considered as taking responsibility for labour rights if the company allows their employees to work overtime since it is demanded, and according to labour aspects employees has the right to defend their occupational interests (UN Global Compact, n.d.d). What is right in one country may not be the same in another, it is important to see the whole picture as well as what is more important in a specific context.

“You can say that I want people to work only 8 hours, but in reality workers want to have more over time work because they have their family and demand to cover. So you really need to understand thing as it is.” (Source: Liu, 2017)

Accordingly, CSR in China can be perceived and considered in a different way, compared to other countries where the UN Global compact’s principles are employed. If workers in China demand the possibility to work overtime and a company denies that, it could be seen as abusing labour rights. One thing that is accomplished however is abolition of child labour (UN Global Compact, n.d.f) since it is forbidden to utilize under-aged employees in China (Liu, 2017). The biggest task for international companies in China is to find a combination of their global standards that works in the local Chinese market as well.

“You need to define what is the key principles globally, then what can be local flexibility that you can adapt to. That’s a good combination.” (Source: Liu, 2017)

Big data as a growing concern in the Chinese market could also be a problem in the retailing industry. However, if retailers state that customers data will not be used to anything except from beneficial buying habits to get discounts (Liu, 2017), they can prevent infringement on the human rights UN Global Compact, n.d.b). If grocery retailers stated that although this issue most likely is not only in the Chinese market, it is probably equally annoying where ever
it happens that phone numbers, for instance, are used for commercial. But Chinese consumers are not concerned about their privacy to that extent.

The focus for grocery stores is food safety since a higher quality is expected from the Chinese customers and due to some previous scandals. The trend in foreign milk products, for example, has changed due to the loosened import trading processes as well as several accidents regarding safety of baby milk products before (Liu, 2017). Aligning with the focus of UN Global Compact (n.d.l), the difference is in the approaches. In China the focus is on quality, safety and organic products, while UN Global Compact is focusing on a sustainable agriculture. Organic food can be seen as the outcome of a responsible agriculture while the approach of UN Global Compact represents the process. Focusing on the different part of supply chain in the agriculture industry, organic food is a growing trend in China, although it is difficult for retailers to meet since the government controls it.

“One challenge for organic trends in China is the government control in organic market. Local organic is a small market while the over sea organic is hard to get approved from the government. So I don’t think that market will dramatically change, unless the Chinese government will make changes for certifications.”
(Source: Liu, 2017)

With organic food as a new trend, a new value is created and delivered to the society to improve the quality of life in terms of food choice and safety. However as long as the government has more control on organic food and regulations for it, it will be hard to change the characteristics of the market dramatically. Regarding Anti-Corruption (UN Global Compact, n.d.a), it is however not mentioned or prioritised within the grocery market.
4.5 Case 5 – Science Park

4.5.1 Case Description of Case 5

The Science Park represents a group of professionals from an academic institute with operations of a science park in China. During the interview, Science Park expresses opinions and points of view about business models and CSR in general. The respondents share an understanding of the concepts and the Chinese market; therefore, the knowledge can be seen as reflective insights on the concepts and the Chinese market at the country level from the point of view of an institution. The interview based on the respondents understanding of the Chinese market context, rather than the institutes operations, from the institution’s perspective.

China has moved from the status of a country manufacturing products to a higher status of a country creating products. The Chinese market is developing fast following the National plan which consists of different practices proposed and implemented by the government. Named by the Chinese Prime Minister and adopted by all Chinese companies and citizens, Internet Plus is one of the practices that is promoted by the government aiming to change the country business model and innovate the old industry. By employing Internet Plus, the conventional industries will be transformed with implementation of the Internet and other Information Technologies, new industries and the development of businesses in China will be fostered. The Smartphone industry, for example, employs the concept intensively and is switching from manufacturing smartphones only to creating IoT (Internet of Things) products. China has the goal similar to developed countries like Germany, US but due to its own characteristics in terms of culture and industry-based background, China will have their own way to achieve.

Years ago, some leaders of the country cared more about the economy growth and little about the environment. Accordingly, most of the people and companies put the focus on developing their productivity. The traditional production consumed a large amount of media such as water, electricity and others, which are limited, causing problems to the environment. Later on, realising the problems as well as the high cost to repair, the President stated in the National Congress that there is a need to cooperate investments in economy and the environment, instead of only focusing on economy and GDP. The big picture of economic growth should not exclude the environment. Pushing it to come into effect, the new government puts the priority of protecting the environment into China’s 5-year plan as an emphasis on a sustainable development. Accordingly, strategic new industries, such as environmental-based industries and new energy industry are encouraged and supported by the government. Companies including both Chinese and international companies present in China, either following the direction voluntarily or pushed by the government, have shown their efforts to take part in creating changes in the value chain for a better environment as well as society in terms of green production, employment, charity activities, donations, etc. The society also participates partly through some changes in preferences such as green consumption and work condition.

4.5.2 Analysis of Case 5

Business Model

Business model in China can be viewed at country, state as well as business levels (Windsor, 2017). China was previously identified as a country that make and replicate things, but now it has moved to the higher level of creating things (Science Park, 2017).
“Previously China was seen as a country that only could make things, now China is creating things.” (Source: Science Park, 2017)

The country acknowledges innovation as an important aspect at the country level and wants to develop in the right track. In order to do so, Chinese government has developed a plan which sounds similar to Germany 4.0 and consists of different practices such as Internet Plus.

“Internet Plus is called by the Prime minister and then adopted by all Chinese citizens and companies.” (Source: Science Park, 2017)

Internet Plus is an aggressive promotion in China by both government policies and venture capital investment (Tong et al., 2018). The government wants to promote Internet plus to change their country business model, and implement it in all industries to transform their old industry (Science Park, 2017). This means a radical change in business model is supposed to happen throughout the country in a wide range of industries, instead of a single application of only industry-specific technology innovation (Teece, 2010). With Internet Plus, conventional industries - the important actors in the development of the whole country business model in terms of economy, apply and implement Internet and other Information Technologies, in order to foster new industries and a development of businesses in China (Science Park, 2017). It can be seen as a link through various business models to connect the firms in the industries at the system level which reflect the diverse possibilities for the future evolution of business models (Tong et al., 2018). Business model innovation then is not necessary to discover a new product or service; instead, it uses new ways to create and capture value, which can be identified as the country’s stringent development towards more innovation (Amit & Zott, 2012). It goes beyond purely innovations in technology, product and process (Amit & Zott, 2012).

Internet Plus is one of the practices indicating the ambition of Chinese government towards an innovation leader country in the world. At the same time, companies in one way realise that in the context of rapid growth of global economy, they need to become and remain innovative (Wirtz et al., 2016; Biloslavo et al., 2018). The strategy of promoting Internet Plus in businesses guides the companies to create their value proposition (Chou et al., 2015) and so the value delivery and capture. In another way they are urged by the government to move to the direction of focusing on innovation through the adoption and integration of Internet Plus into their business models (Science Park, 2017). For example, companies in the smartphone technology industry is currently applying the concept intensively to focus on creating IoT (Internet of Things) products instead of manufacturing only smartphones (Science Park, 2017). “The Internet of things (IoT) is the network of physical devices, vehicles, home appliances and other items embedded with electronics, software, sensors, actuators, and connectivity which enables these objects to connect and exchange data. Each thing is uniquely identifiable through its embedded computing system but is able to inter-operate within the existing Internet infrastructure.” (Wikipedia, 2017). The value proposed and conveyed through these products can be an ideal system of everything interconnected as the concept of IoT implies. This can clearly illustrate the argument of Johnson and Suskewicz (2009) that BMI means a shift of the focus towards creating new systems away from developing individual technologies when the firms redefine what an existing product or service is and how it is offered to the customer.

It sounds to conclude that China is not different from other big countries such as Germany and US when it comes to the goal of country development focusing on innovation and adoption of Internet and Information Technologies. However, they have their own way to
achieve it (Science Park, 2017). China has a long cultural and industry-based background (Science Park, 2017), which can be one of the distinctive characteristics to be embedded in the Chinese business model (Birkin et al., 2009), making the way of running and managing business model different. China has a long cultural and industry-based background. Collaboration and partnership with different actors will support to realise the long-term value proposition (Lodsgård & Aagaard, 2017). Providing incentives and supports as one of the actions that the government does accordingly. The government includes international companies as important actors in the business model since business model innovation seeks to align the elements of a business model to a particular environment (Fjeldstad & Snow, 2018). In one way, international companies are supported to run business in China. In another way, China can win their will to follow the Chinese way of development (Science Park, 2017).

“The government still gives supports and incentives to international companies. However, wherever companies come from, they have to follow the Chinese way.” (Source: Science Park, 2017)

Compared to those in the West (Birkin et al., 2009), China has a radically different way of running and managing their business model, reflecting through their unique way to make things work both in the past and present. Initiatives and promotions mainly come from the government or political leaders (Tong et al., 2018) and once they express, things will move to the same direction (Science Park, 2017). An illustration can be the adoption of Internet Plus at the moment, which is named by the prime minister, or the focus of GDP growth in the past by some leaders (Science Park, 2017). It is not exaggerating to conclude that the government and political leaders are strongly influential in shaping the future of the economic development of the country.

“Internet Plus is called by the Prime minister and then adopted by all Chinese citizens and companies ... Many years ago, some leaders of the country just cared about the economy. Accordingly, most of the people cared about how to develop their productivity” (Science Park, 2017)

It is obvious that Chinese government is desiring for review and overhaul of the existing business models in China to embed at least eco-efficiency aspects of sustainability (Birkin et al., 2009).

“Recent decades, the Chinese economy is growing big but some places they don’t care about the environment, like air conditions, so the new government put in the 5 year plan that we not only need GDP but also need fresh air, we need the environment.”
(Source: Science Park, 2017)

The government now adds another focus for the development of business society. Now the focus is more on sustainability and not only the traditional way of business earning money and creating GDP.

It can be concluded that looking at the whole picture of the Chinese industry at the country level, China has a different way to build and develop business model and to a great extent is directed by the political power and shaped by the government.

**Corporate Social Responsibility**

The concept of CSR previously in China where the only focus was on economic development (Science Park, 2017), contradicted what Frederick (1960), Davis (1960) and Heald (1957)
stated as Social Responsibilities where companies act in a way that benefits others and not only a single company. Showing that in the past there was no space for companies and the society to focus on CSR since the need of development was greater. Now CSR has moved to another level in China, where it is more pushed by the Chinese government (Science Park, 2017).

“The traditional production style is costly due to using a lot of media (high media consumption) like water, electricity, and other materials. So now the president says fresh air and clean water are just the golden mountain. Recent decades, the Chinese economy is growing big but some places they don’t care about the environment, like air conditions, so the new government put in the 5-year plan that we not only need GDP but also need fresh air, we need the environment.” (Source: Science Park, 2017)

The development has to be in line with what the Chinese government requires, stating that companies should not do any harm of the environment as well as upgrade with sound technologies to be more efficient, less exposing for workers and with no disaster for the environment (UN Global Compact, n.d.; UN Global Compact, n.d.). To some extent CSR in China follows the international standards used in the western society, but at the same time they implement it in their own way.

“Many small factories have to upgrade their equipment given limited time, otherwise they will be shut down by the government.” (Source: Science Park, 2017)

Companies have to apply different methods and make changes in their production to make sure that the value is not only created for the sake of their customers (Science Park, 2017), but also widely for environment and society (Science Park, 2017; Yang et al., 2017). As an aspect of CSR, environment is included in the way companies make money. It can be implied that such changes are resulted in upon the strong influence of the Chinese government and the country’s leaders (Science Park, 2017). As the environment is in fact a very important aspect for China, and the governmental leaders have strong influences, consequently all companies and cities will follow (Science Park, 2017). Even if green environment as the trend in China might not lead to increased financial performance it can be a value anyway (Mackey et al., 2007). In China it seems to be of value for authorities and the Chinese president, since the focus is not only on GDP any longer (Science Park, 2017).

“Our president emphasizes that the trend now is that our country will grow greener and greener. So every city and company will think it’s very important. They will do what he said instead of what they like.” (Source: Science Park, 2017)

The governmental leaders have very strong influence on the direction, strategy and operation of companies in the market, in addition to the market’s demand that companies are affected. At the same time, they are guided and facilitated by the government’s policies.

“Our government is a powerful organization. But still, firms’ decisions are based on market economy behaviour. Government’s policies have guidance function, though, firms make their own decisions about what are the best for them.” (Source: Science Park, 2017)

According to what May and Hofman (2014) conclude, that even if CSR should originate from business, the Chinese government is the main body in changing CSR activities and outcomes.
In China the development of CSR starts from the other angle, being pushed rather than a voluntary initiative although it is similar to the stakeholder pressure in the West. The Government pushes for a development to incorporate investments in economy with the environment (Science Park, 2017), investing more resources in CSR (McWilliams & Siegel, 2000; Matten & Moon, 2008; Lin et al., 2009). That means CSR should not be only pushed by the government but also be initiated by companies. CSR should not be treated in isolation with the economy. It also results in that companies have the ability to care more about the society and their employees (Science Park, 2017), more capital will allow businesses to voluntarily do good for the employees and society (UN Global Compact, n.d.b).

“In China, the companies that probably cares more about the environment will also give employees more money. Because many companies cannot care about the environment, they can just care more how to survive in the competing environment.” (Source: Science Park, 2017)

Arguing that if companies are more profitable they also involve in more sustainable actions, confirming the relationship between CSR and companies’ financial performance. Companies that afford to invest in CSR are most likely the ones that are doing better financially, and these companies probably pay a better salary to their employees as well. It could be considered that these companies probably see some economic benefit from investing capital to CSR activities too. CSR is activities that are integrated with the business activities, they can also be used to align the business strategy with the business model (Baumgartner, 2014), accordingly in China some companies include CSR in their marketing activities to gain a certain image (Science Park, 2017).

“Companies just want to gain some images, they don’t want to do that very much if they would have the choice. But most of the companies in the world would probably do the same, but we cannot deny that some businessmen truly do it from the bottom of their heart.” (Source: Science Park, 2017)

It can be seen that at the moment the Chinese companies are not willing to do CSR for the sake of the society but for their benefit in terms of corporate reputation. Therefore, the development of CSR towards society mainly is boosted and pushed by the government’s decisions (Science Park, 2017; Tan-Mullins & Hofman, 2014), rather than by stakeholder pressure as in Western countries (McWilliam & Siegel, 2009; Matten & Moon, 2008; Lin et al., 2009).

“I think that different kinds of examples for sustainable activities, like green shopping bags or charity runs, will become more popular because consumers concern about our environment so the public will do what consumers like.” (Source: Science Park, 2017)

But there is also a pressure from the Chinese customers, demanding more organic food and concern about a greener environment which influences on the business model (Science Park, 2017). This increased pressure from Chinese consumers shows an increased awareness among the population for the need of sustainability. Including the aspect of environment in the development (UN Global Compact, n.d.h), companies change their production and marketing to become more efficient and greener (Science Park, 2017).

“Detailed information on packages is one way to show consumers that they care about the environment. For example, on the egg packages, the company will show where the eggs come from.” (Source: Science Park, 2017)
Since food safety is a big issue in China, more companies are focusing on solving the issue and promoting that their products are no harm (Science Park, 2017), while this is not one of the aspects mentioned by the UN Global Compact (n.d.a). In China customers value the possibility of traceability and controllable products, which provides an insurance for that the products are of high quality and that the producer is not afraid of showing product origin. Pointing out the different needs of CSR in different regions, in China food safety is the main focus, while in other regions the UN Global Compact is working more in the direction of food security and a sustainable agriculture (UN Global Compact, n.d.l). Comparing the concepts of how to ensure that the food in China is trustworthy and good while UN Global Compact focuses on a sustainable agriculture, to use the resources in a good way, to ensure a sustainable food system.

CSR has to come from what companies want to do, and charity is still a big part of CSR in China (Tan-Mullins & Hofman, 2014; Zhou, 2006 as cited by Tan-Mullins & Hofman, 2014). Especially among state-owned companies it is common to give away money to charity In China, but it has to go through the government as well (Science Park, 2017). Some companies are using charity as a marketing tool through giving money to poor children that do not have money to school, to food and people in need.

“If you want to give charity, you want to establish a fund for charity you have to go through the government.” (Source: Science Park, 2017)

There is also an option for people to donate blood, which is an incentive from the government, meaning that if blood is donated, it could also be used for free when needed. Bigger companies establish their own charity funds, which have to be established through the government or some big companies.
4.6 Case 6 – CSR-Centre

4.6.1 Case Description of Case 6

The CSR-Centre’s representative works for the Embassy of Sweden in the CSR-centre in China, and hereinafter will be referred to as CSR-Centre. CSR-Centre representative is a Swedish citizen with experiences from working in China at the governmental level. The CSR-centre collaborates with the Chinese government and works with both Swedish and Chinese companies in the Chinese market with emphasis on CSR aspects. CSR-Centre’s representative presents knowledge and understanding from the CSR-centre level as well some personal reflections of the Chinese market. The CSR-centre presents an understanding of CSR at country level since the CSR Centre stands as a representative of the Swedish Government.

The CSR-centre was set up as a part of a bilateral agreement with the Chinese government. The CSR collaboration between Sweden and China has been ongoing for more than 10 years. The aim of the CSR-centre is to increase and spread knowledge about CSR in China as well as the bottom line is to work as a benefit for Swedish companies. The CSR-centre was first funded by SIDA as a part of the bilateral development cooperation. When this cooperation was phased out the funding was taken over by the Swedish government. In 2015, the Swedish Government reinforced the funding to ensure and strengthen the CSR-centres work. The CSR-centre is a part of the Swedish government's current high focus on sustainable businesses, high action plan on business and human rights, the government has communication that was written to the parliament in 2015.

As a part of the economic section of Swedish embassy, partly responsible for trade promotion between Sweden and China, the CSR-centre is trying to promote the economic tie as well as Swedish companies in China. The CSR-centre works as a platform to provide contacts to both Swedish and Chinese companies and to support them in networking. Many of the CSR-centres activities are initiated by Swedish companies and then collaborated with the CSR-centre. The CSR-centre is also in contact with a lot of Chinese companies. The CSR-centre has different focuses, of which some are more important for Chinese government and some more for Swedish government. It is seen as the important part of the cooperation of Sweden and China from the trade perspective, the CSR-centre can talk about benefits for companies to promote sustainability. One part of the CSR-centres business is with the Chinese ministry, which they provide a joint website with, and provide CSR training for Chinese officials, companies and delegations. The other part is for Swedish companies at a general level, with activities such as report studies, round table discussion. The focus of these activities the CSR-centre has done can be in some specific topics such as recycling, environment access to renewable energy for corporate users, gender, etc.

The CSR-centre applies the UN definition of CSR including Human Rights, Labour, Environment and Anti-Corruption, and the Swedish government also points out Anti-Corruption in their overall sustainability work. The challenges for CSR in China can be viewed in different levels, policy level and company level. The company level is completely different from policy level. At the policy level, the one that the CSR-centre is working on, the ongoing challenge is the relevance of all aspects of sustainability in the Chinese context. Environment is usually not hard but anti-corruption and human right can be very challenging.

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4 SIDA – Swedish International Development Cooperation Agency
4.6.2 Analysis of Case 6

Business and Corporate Social Responsibility

As a non-commercial organisation, the CSR-centre is built basing on funds from different sources. SIDA was the first source of fund for running the CSR-center, as part of the bilateral development cooperation (CSR-Centre, 2017). After SIDA’s funding ended as the agreement phased out, the funding Swedish government took over to fund the CSR-centre (CSR-Centre, 2017). In addition to the Swedish government’s reinforcement for funding, the CSR-centre’s operation is also strengthened financially by Swedish export strategy (CSR-Centre, 2017).

“The CSR-centre is a part of the government's overall increased ambition on sustainable business. So our funding now also comes from the Swedish export strategy.” (Source: CSR-Centre, 2017)

As a part of Swedish government, the CSR-centre in a way operates to gain no profits for itself as it is not a business. It mainly relies on the fund that the CSR-centre is granted from the government and the Swedish export strategy in particular (CSR-Centre, 2017). By its name the CSR-centre has CSR as the core principle to guide its operation and management in the Chinese environment. Besides, it was set up as a part of bilateral agreement with the Chinese government, based on the perspective of Sino-Swedish CSR co-operation (CSR-Centre, 2017), the CSR-centre can be seen as the channel from a governmental party side to convey and promote CSR in China. In addition, the CSR-centre’s activities are also related to trade promotion, business side and market side in the Chinese context. As a special kind of organisation with CSR as the cornerstone, the CSR-centre’s operation in the Chinese business context is regarded as an important approach and support to sustainable development of the local country as well as global society (Biloslav et al., 2018; Bocken, Short, Rana & Evans, 2014; Nidumolu, Prahalad & Rangaswami, 2009).

The CSR-centre takes based on the perspective of Sino-Swedish CSR cooperation as the base to guide its operation and activities towards a sustainable development and promote sustainability through CSR. Therefore, it does not involve in traditional project funding to entities such as NGO but rather do joint activities with different actors (CSR-Centre, 2017). The value embedded in such kind of activities is an increase and wide awareness of CSR knowledge in China. Especially, the centre’s bottom line service is to work as a benefit for Swedish companies, and to some extent support Chinese companies (CSR-Centre, 2017). These are two major benefits of the CSR-centre.

“We do not do traditional project funding to NGO etc., we do joint activities, with a number of different actors, but also work with companies, government officials, with some activities for society, trade unions etc.” (Source: CSR-Centre, 2017)

The CSR-centre is a part of the Swedish government's current intense focus on sustainable businesses, high action plan on business and human rights, the government have communication that was written to the parliament in 2015. Working with more than 500 Swedish companies in the Chinese market with all kinds of productions, CSR-Centre (2017) clearly indicates that there is a need for companies working in China to adjust to the local contexts.

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5 Sino – A Prefix used to relate to China
“It’s very clear from the Swedish government that companies cannot really just pick the countries of lower standards and then behave poorly.” (Source: CSR-Centre, 2017)

It can be emphasised that no matter where Swedish companies are present, either in Sweden or abroad, regardless of the local standards which can be lower than home standards, they are expected by Swedish government to act in a sustainable way by maintaining considerably to follow strictly their sustainability standards. Companies should not only go for improving the organisation's sustainable business (Chesbrough, 2010; Boons & Lüdeke-Freund, 2013)

As a part of the economic section of Swedish embassy, the CSR-centre is partly responsible for trade promotion between Sweden and China (CSR-Centre, 2017). In other words, the CSR-centre is trying to promote the economic tie as well as Swedish companies in China. The CSR-centre makes contacts available to both Swedish and Chinese companies to make it easier for them in their networking and accessing the market (CSR-Centre, 2017). According to one of the reports by the CSR-centre, access to the Chinese market is by far the most important reason for Swedish companies to be operating in China (The Business Climate for Swedish Companies in China Report, 2017). Besides joint activities from the CSR-centre’s side, many activities are initiated from Swedish companies’ side and both parties go for further collaboration (CSR-Centre, 2017). Furthermore, the CSR-centre also contacts and works with different Chinese companies.

“We want of course to look at benefits for Swedish companies. But we have promotion assignment and it’s also a mutual corporation with Chinese companies.”
(Source: CSR-Centre, 2017)

Contacting and working with Chinese companies is also one way to serve as a benefit to Swedish companies. The CSR-center can support and provide Swedish companies with access to information and knowledge exchanges, access to learn best practices from Chinese companies, and understand Chinese policies better. Accordingly, it can be argued that through this scope of work and contacts and collaboration with companies, the CSR-center also have more chances to deepen its understanding of the local context in terms of businesses as well as legislation system.

Furthermore, the CSR-center collaborate with government, government officials from both countries China and Sweden, as well as other actors such as trade unions and Swedish companies in order to organise joint activities (CSR-Centre, 2017). The CSR-centre not only by itself delivers CSR principles but also engage political organisations in order to boost the practice of CSR. Therefore, it can be concluded that the CSR-center involves collaboration of different entities of business side, social side and institutional side in the joint activities with the aim to bring out the result of CSR promotion throughout the whole society in China. The joint activities can be organised by the centre and Swedish companies to deliver the value to Chinese companies. Such joint activities with emphasis on CSR aspects can also be targeted to all other stakeholders (Osterwalder & Pigneur, 2010; Boons & Lüdeke-Freund, 2013) such as Swedish companies themselves or the Chinese government. Such activities can be seen important in contributing to the creation of competitive advantage and renewal of organisations (Boons & Lüdeke-Freund, 2013) in China and at the same time developing towards sustainability (Moratis, 2014; Bocken et al., 2015; Chou, et al., 2015).
Besides the fact that organisation of activities mainly comes from the CSR-centre, sometimes initiation for collaboration also comes from the Swedish companies’ side (CSR-Centre, 2017). Moreover, the activities also bring benefits to the Chinese government (CSR-Centre, 2017).

“We feel this is an important part of our cooperation with China, also that we can take this from the trade perspective, talk about benefits for companies since it is no longer a part of our development cooperation/perspectives. More benefits from sustainable aspect.” (Source: CSR-Centre, 2017)

Looking at the CSR-centre’s activities from trade perspective, it is not only beneficial for Swedish companies or Chinese companies but also the Chinese government. The centre, with CSR as the core value, will integrate it into trade promotion and therefore bring value to promote sustainability in the business environment, which the Chinese government is pushing forwards. Therefore, CSR can be looked at not only from political perspective but also business standpoint.

In the process of CSR promotion, it can be indicated that there exists different levels of the interrelationships and interconnectedness within the network of different stakeholders ( ), that play different roles in the business environment as well as the social and political environment. Partnership, association and collaboration are important to rely on and create value in the triple bottom line and address pressing sustainability challenges (Gallo et al., 2018).

**Corporate Social Responsibility**

According to the CSR-centre, CSR is rather the way you do and act socially responsible rather than what you do (CSR-Centre, 2017). Depending on which strategies and how companies implement different activities and things into their business it decides whether or not they are acting responsible, focusing on that it is not what companies do rather how they do things. The CSR-centre aligns completely with the CSR aspects presented by the UN Global Compact (n.d.a) including Human Rights, Labour, Environment and Anti-Corruption (CSR-Centre, 2017). On top of that, the Swedish government has a high focus on sustainable businesses and action plan on business and human rights, as well as points out Anti-Corruption in their overall sustainability (CSR-Centre, 2017).

“The current government in Sweden has a strong focus on human rights in businesses. It is also a level of maturity or process of development”. (Source: CSR-Centre, 2017)

The Swedish government sees human-rights and anti-corruptions as two important aspects for businesses to consider in their activities. However, it is also a question about maturity. Sweden has been mature for a while and has already focused on the other aspects, so now it is important for them to include all aspects. Although, lately anti-corruption has become a major concern for the Chinese government as well (Jinping, 2017). Basing on three foundations, the Swedish government, Sino-Swedish CSR cooperation and UN Global compact, the CSR-center can be perceived to represent the global standards of CSR from an institutional perspective.

**Personal Perspective**

Although in China it is common that companies put emphasis on charity (CSR-Centre, 2017; Tan-Mullins & Hofman, 2014). The charity aspect is not wrong, it is just not in line with what the CSR-centre identifies CSR to be (CSR-Centre, 2017). Charity is a kind of activity carried
out by companies, it can also to a high degree be referred to as philanthropy, which is not bad but according to the CSR-centre’s perspective it is not CSR (CSR-Centre, 2017).

“One thing, not only in China but also in many countries, CSR is still much on the charity side. There is nothing wrong with it but it is not CSR. Charity is sort of a side activity. CSR is not what you do is how you do it.” (Source: CSR-Centre, 2017)

It is not only in China the focus is on charity, or at least has been to a great extent (CSR-Centre, 2017; Zhou, 2006 as cited by Tan-Mullins & Hofman, 2014). It is also very much the case in some other countries like the US, but in Sweden the charity sector in tradition is quite weak (CSR-Centre, 2017). Sweden has a very long traditional of a strong state, the public sector is doing the daily care. Besides the traditional conceptualisation of CSR with the focus on charity, it has been observed that people are more aware of CSR in China nowadays.

“I can’t really make a judgement of how it looks in China now but traditionally their concept or perception on CSR has been very much focused on charity. However, there is a growing awareness and knowledge of CSR in China in the past 10 years.” (Source: CSR-Centre, 2017)

Although more global standards apply in the market, China and Sweden for example are very different as countries (CSR-Centre, 2017). Therefore, the development of CSR will not be similar in China as in other countries, probably China will develop their own definition of CSR as in other fields (CSR-Centre, 2017). Despite of that, the implementation of CSR is different for Chinese companies compared to western companies (Illegal-logging.info, 2007 as cited in Tan-Mullis & Hofman, 2014). Another approach is used in China, where companies are expected to give money to hospitals and schools along with caring for the environment and comply with local laws (Illegal-logging.info, 2007 as cited in Tan-Mullis & Hofman, 2014). This also impacts on which aspects that different companies and countries apply for their development (CSR-Centre, 2017). In addition, there is no clear and standardised CSR that is applied globally (CSR-Centre, 2017). Although ISO is said to be a global standard (ISO, n.d), it is not applied everywhere.

“Sometimes it is also a problem that when you talk about CSR there is no clear definition. …China will most likely as they do in other fields make their own definition of things. In Sweden we have ISO certification, while China has the Chinese ISO certification of CSR. So you need to make sure you talk about the same things. As Swedish government also sometimes talks about sustainable businesses including all the sense.” (Source: CSR-Centre, 2017)

Having their own ISO certification implies that Chinese sees itself different from the global standards and will therefore follow different philosophy of what can be considered as CSR. In different contexts, especially China - a big and heterogeneous society, careful consideration needs to be taken by companies. In addition, if there is a global standard or not, the world is becoming more global so even if the development is not going to be exactly the same in China as in Sweden for example, China will continue to develop. The major difference in CSR however is probably human rights and how it is implemented. It is important for Swedish companies to focus on human rights accordingly to the UN Global Compact (n.d.b), in their business, since it is stressed by the Swedish government (CSR-Centre, 2017). Previously Sweden was more similar to what China is today, with the main focus in environment (CSR-Centre, 2017).

From the European perspective, CSR in China has not reached the maturity level where human rights are the focus and emphasis (CSR-Centre, 2017) of both government and
There is a difference between how Swedish companies work with CSR and how companies in China and other countries do. Swedish companies (CSR-Centre, 2017) is known for integrating CSR policies in the business strategies. Since Sweden has a new law forcing all companies over 250 employees, to submit CSR reports (CSR-Centre, 2017). Engaging CSR in the business strategies also enhance the relationship between CSR and firm’s financial performance (Tang et al., 2012). In addition, CSR can also be used in firm’s marketing strategy to improve the company’s behaviour as well as influence the shareholder value (Gallego-Álvarez et al., 2010). Because of this, CSR-Centre (2017) believes that Swedish companies probably are more motivated to consider CSR compared to Chinese companies. However, it is hard to compare Sweden and China. On one hand, there are Swedish companies in China along with Chinese companies, China has Alibaba and Sweden have a lot of Swedish companies doing good jobs about CSR. On the other hand, some Swedish companies have done quite bad within the CSR field as well (CSR-Centre, 2017). Chinese companies going abroad through the One Belt One Road Initiative, are important for the development, for example Chinese companies in African countries.

“More and more companies go abroad. Previously in some African countries, where companies bring everything from China all the staffs, all the work, the canteens. There has been a lot of writing regarding these companies in African countries, to behave in a sustainable way is a pressure but also limiting companies. There have been some scandals, but that is not only for Chinese companies moving abroad, in the 70’s Swedish companies were reported with a lot of scandals as well. In order to make investment abroad, they need to have more knowledge. But the knowledge, although it is hard to say, of CSR is increasing among the population in China.” (CSR-Centre, 2017)

Besides the traditional conceptualisation with the charity focus of CSR in China and the status of development, CSR-Centre (2017) observes an increased awareness of CSR in China. “Not only have their material and cultural needs grown; their demands for democracy, rule of law, fairness and justice, security, and a better environment are increasing” (Jinping, 2017). It has been a growing concept generally, with more focus and studies of the concept (Danilovic et al, 2015). There are two different forces in parallel that have impacted on CSR awareness in China multinational companies in China and Chinese companies going abroad (CSR-Centre, 2017).

“For example, In China it is not possible to choose your electricity, in Sweden you can choose “I want the green electricity”, you cannot do it in China. So, for a global company with production in China and if you set up targets that a certain percentage of electricity should come from renewable energy, and you cannot choose it in China. That can affect you globally, because these targets are usually set on a global level. So it is quite common now that companies here may produce their own electricity here by having solar panels on their roofs. So that is one driving force - The multinational companies in China With their own standards and targets.” (Source: CSR-Centre, 2017)

Multinational companies are bringing insight from global standards to the Chinese market, raising awareness and knowledge in the local market regarding CSR (CSR-Centre, 2017; Zhou, 2006 as cited by Tan-Mullins & Hofman, 2014). Many of the multinational companies have global standards that they have to live up to, meaning that they have to take actions in China to be able to meet these requirements from the organisation. While more Chinese companies are going abroad, learning to adapt to the global standards as well as exploring other aspects from other countries (CSR-Centre, 2017). It is also confirmed that managers
with experience from foreign countries are more likely to include CSR aspects as well as pays more attention to the company’s financial performance (Lau et al., 2016). This has influenced the development and constituents of CSR in China, through observation and learning, most likely other countries and companies have probably learnt from the Chinese context as well (CSR-Centre, 2017).

Besides the two forces coming from the business side, the Chinese government is identified as the most important influential factor driving CSR to grow (CSR-Centre, 2017). Through laws, the Chinese government has put a major impact on CSR development in China (Zhou, 2006 as cited by Tan-Mullins & Hofman, 2014; Lin et al., 2016).

“A lot of regulations and policy measures have been applied by the Chinese government. Especially when it comes to the state-owned companies.” (Source: CSR-Centre, 2017)

The Chinese government puts higher pressure on state owned companies to do good, probably since these companies represents the government and their standards and can be seen as their channel to spread their standards. In order to change the society changes have to come from the inside, starting with changing their own companies in order to show others. State owned enterprises are required to not only develop in a people-centred, scientific way and make profits, but also to take responsibility for all stakeholders and the environment, and ultimately to harmonise the enterprise with social and environmental development (SASAC, 2008).

“For state owned companies it is mandatory to do a CSR report every year, and a lot of more private companies do as well.” (Source: CSR-Centre, 2017)

Looking at air pollution, which is bad in China and noticed by everyone, the government tries to influence on this (CSR-Centre, 2017). The environment and labour are aspects that has gained more attention, policies and legislation for companies, especially the state owned companies in China (CSR-Centre, 2017).

“In China legislations very much go through the state-owned companies and with the political structure it is different from Sweden.” (Source: CSR-Centre, 2017)

The development of CSR in China is mainly due to political commitment and international influence as well as a larger academic interest (Lin et al., 2016).

“The Government has the overall influence of the change regarding the air pollution. In China if companies cause pollution, the government can shut down the whole business. It has happened in Beijing and Shanghai.” (Source: CSR-Centre, 2017)

Through different regulations and policies, the government is striving for a better environment, working towards a more sustainable atmosphere and minimising the pollution, especially in certain areas where it is bad already. The government can be seen as the major driving force for CSR development, renaming the concept in China to Government Social Responsibility (Zhou, 2006) seems reasonable. The future of CSR and quality might also be in the hands of the government trough sharpened legislations (CSR-Centre, 2017). The government can send out warnings or alerts to companies where the pollution is bad or risking becoming bad. If companies in these areas do not take actions the government might close down the biggest industries (CSR-Centre 2017).
"I would say when it comes to combating pollution, the government’s actions are strong and serious, not just a branding thing. They work on it very hard and with high priority." (Source: CSR-Centre, 2017)

Showing that the government applies to the UN Global Compacts (n.d.a) standards including the environment as well as labour laws in their development. Although these aspects are taken into consideration, the environment issues can be seen as quite easy while human rights and anti-corruption can be seen as challenging in China (CSR-Centre, 2017).

"The ongoing challenge need to be relevant in Chinese context. If you look at anti-corruption in business or human rights, the situation, is a bit different. I wouldn’t say that it is sort of a problem just that you have to think about it.” (Source: CSR-Centre, 2017)

However, CSR-Centre (2017) emphasises that how implementation ends up is not to CSR-Centre’s knowledge. As for the companies it can completely depend on what area they are in. Manufacturing companies with lots of migrant workers like IKEA have complete different problems/challenges compared to Ericsson trying to compete with Huawei. Nevertheless, to implement different aspects of CSR in China can be a challenge. From the government perspective, on one hand, legislations for CSR and business in China are made on three different levels, national level, provincial level and local levels (CSR-Centre, 2017). On the other hand, normally the government has good policies and regulations that they want to implement, but they are often facing difficulties to implement to the highest effect (CSR-Centre, 2017).

"Usually the regulation and policies is very good by themselves but the weakness usually comes to the implementation and the quality.” (Source: CSR-Centre, 2017)

Although the government makes good decisions, it does not result in any changes if it is not implemented sufficiently. “Some reform plans and major policies and measures need to be better implemented.” (Jinping, 2017). Therefore, regulations and legislations will probably be strengthened in the future (Jinping, 2017; CSR-Centre, 2017).

"What the government can usually do is set the requirement for the standards, and it is of course necessary to follow up on this, but follow up on everything cannot be achieved by any government.” (Source: CSR-Centre, 2017)

If the standards are not applied, it does not matter if the government tries to implement standards or not since it cannot be achieved in that case. But it is impossible to follow up and see if all standards are correctly applied by every company and there is no government in the world who would be able to do that. In order to succeed, the companies need to understand that these standards are supposed to be followed and that there might be consequences if they decide to not follow these.

In the Chinese context, using CSR as a marketing tool can help companies to show their customer who they are and what they stand for (CSR-Centre, 2017). In addition, CSR activities that are linked to the marketing can improve company’s behaviour in the industry (Gallego-Álvarez et al., 2010). If the marketing is made in China it can show both the Chinese society, consumers and government that the company is acting in a responsible way to the society and applying good methods for doing business and not only utilising the country.

“Some companies use CSR and sustainability as a promotion in their marketing strategy and as a way as marketing themselves in China. Some companies keep it
very much for themselves. Some are communicating it back to the market in Sweden where their end consumer might be.” (Source: CSR-Centre, 2017)

While if they market it back to the Swedish market it is a way of showing Swedish consumers that the company is not only benefitting from the Chinese market conditions. Through the marketing strategy companies have the possibility to show that they are following different rules and legislations and not abusing certain aspects. In addition, it is also subject to the areas where companies are operating to have different CSR initiatives or activities (CSR-Centre, 2017).

“If it is within the energy sector companies will probably focus on renewable energy. Companies can have completely different strategies as well.” (CSR-Centre, 2017).

For Chinese companies, especially the state-owned ones, which are under high pressure from the Chinese government, their CSR activities are bound within charity activities and a high focus on the environment as elaborated above (CSR-Centre, 2017). The CSR reports, as they are obligated by the government to present can be seen as a way to show what they are doing good and responsible to the environment and society.

“A lot more private companies do CSR reports as well. What is not mandatory is the content of the reports some topics are supposed to be in these kinds of reports but not. One problem is to look at the content of these reports, which are sometimes brought up as weakness but still an area for improvement. Quantity and quality does not always go hand in hand. But you see increasing awareness and activities among the companies.” (CSR-Centre, 2017)

However, it is good to demand CSR reports and companies should establish a report yearly, it does not make any difference if the qualities of these reports are bad. This is an area that can be improved by different standards for what a report should include for example. Accordingly, CSR reports can be one way to increase the awareness of CSR among companies and show the society their efforts to act responsibly, as well as a good place to start the development of CSR.
5. Cross-case Analysis

The Analysis will be presented as a cross-case analysis based on the data from the cases. In this section, triangulation analysis method is applied. Findings in BM and CSR from company perspective in different company cases are brought together to compare and contrast. In addition, perspective at industry level and country level about BM and CSR are presented in conjunction to highlight either strong support or opposite argument for patterns found in cross-case analysis in company cases. Where it is applicable, the cross-case analysis is also supported by the literature in the frame of reference as well as observations from China. The analysis is divided in two sections, first the concept of business model is analysed based on the Chinese context and how it is affected by the political influence. Then CSR is analysed within the Chinese context as well as the governmental impact within the field.

5.1 Business Model Cross-case analysis

A deeper and wider understanding of the conceptualisation in China can be achieved when the BM and its aspects in all cases are put together. Our concerns from the initial observation and exploration in China are expected to become clearer. Also, as reviewed in the literature, the current business model definitions and components are still uncertain and have not yet caught up with the changes in global economy context (Biloslavo et al., 2018; Yang et al., 2017). There is a lack of integration across perspectives and a lack of larger academic interest in practical application. In addition, there is no comprehensive view of how firms should approach embedding sustainability in their business models (Bocken et al., 2014). Therefore, in this chapter, we would like to put business models and aspects of all cases across each other, across perspectives – company perspective, industry perspective and country perspective on a comprehensive view trying to address the issues.

5.1.1 Business Model in China

As can be noticed in general in the business model, the studied companies have some characteristics that can be either in common or distinctive. Overall, an outstanding point can be revealed among all cases, which is that there is a clear difference between the Chinese- and Western perspectives.

Values propositions to address the sustainability challenges

Among these companies some have reflected an untraditional logic guiding their business model development and innovation (Yu, 2017; Jin, 2017), while the other(s) (Rasmussen, 2017) have the opposite. The starting point is from the society’s problem and challenge, for instance the safety and security concern of big data and the challenge to prevent doing any harm (Yu, 2017) or the start-ups’ difficulties in their processes of business model development and business establishment (Yu, 2017; Jin, 2017). The business models were shaped through a long process of the founder’s learning and trying, experiment and finally a new way of creating and delivering values from the products or services existing in the market, instead of pure technology-, product- or process-based innovation. This is in line with pattern of the industry as indicated by Liu (2017) stating the new direction of retail industry with combination of the two existing business models in the retail industry in China. In addition, this goes along with the point of view at country level from Science Park (2017).
From a country perspective, innovation-driven strategy is also embedded in the way the whole country runs its business system, which can be identified as country’s business model according to Yu (2017), Jin (2017) and the Science Park (2017), towards a national interconnected ecosystem with the application of innovation practices throughout the industry. It can be noted that with country’s business model, we mean that to some extent the Business model concept and its components that apply mainly at the company level as authors in the literature argue, can be reflected. Especially in the Chinese context, according to our findings, it can be reasonable to give that concept consideration. The business model at the country level can represent as a reference for the majority of companies in the business context.

Moreover, in their business models, the key value was set to be delivered as the way to address needs and problems of all stakeholders including the society. Therefore, the process of developing and innovating through different stages of their business models can be seen as a process of a radical and fundamental renewal and change of the way they create and deliver the greatest value to its stakeholders (Amit & Zott, 2012; Casadesus-Masanell & Zhu, 2013; Guo, Su & Ahlstrom, 2016; Fjeldstad & Snow, 2018). The value should be for all stakeholders, such as end users, suppliers, shareholders, government and partners and value proposition should be sustainability-led (Richardson, 2008; Yang et al., 2017).

It can be concluded that two of the studied companies, Jin (2017) and Yu (2017), are doing business basing on a model which contributes to the sustainable development of a society, from which the company’s development will be as a result. In the two cases, the problems of the society were repeatedly mentioned and emphasised during the interviews. This can imply a foundation for BM development that is established basing on the societal core. Particularly, this is also connected to the strategic direction of the country on innovation with a focus on environmental protection (Science Park, 2017) among the others. Therefore, not simply by allowing multiple-stakeholder value creation (Bocken et al., 2013 & Tyl et al., 2015), but with consideration of the needs and challenges of customers, shareholders, suppliers and partners as well as society’s concerns, their business models can deliver a value proposition towards a sustainable development (Biloslavo et al., 2018; Witek-Hajduk & Piotr Zaborek, 2016).

The interconnectedness, interrelation and interchange of involvement among economic and non-economic actors

Furthermore, considering supply chain and customer interface in their business models, there is not only a close tie among the stakeholders but also interchange of roles sometimes, which indicates the close tie is strengthened with high likelihood of trust and dependence among them. The value proposition lead to different formation and management of relations within and between supply chain and customer interface. From the retail industry level, retail market is undergoing similar changes to deliver values to customers as a result from the different way of innovating online and offline business model as well. There is a systematic interrelationship between the industry, business and society. Retail is the largest industry in China and in the world (Cao et al., 2017) and therefore can generate great impact on the whole country industry. Remarkably, this is highly supported when looking at the country as the whole, China has its own way to reach its goal (Science Park, 2017). Unique changes in business models in terms of rearrangement and reorganisation of all aspects’ connection and interaction, are clearly visualised in for example the integration of Internet Plus which is pushed by the government. This Internet Plus integration in the value creation, from economic side, along with the societal core mentioned above from social side can explain the sequence of high level of trust and dependence among stakeholders.
Lack of a close tie with local stakeholders is observed as a common characteristic among Western companies in China (Liu, 2017; Cao et al., 2017), which can contribute to the failure of business operation. In comparison with the cases above (Yu & Jin, 2017), case Rasmussen (2017) seems to show a clear difference between the development process of business model from Western- and Chinese perspective. Rasmussen’s (2017) company business model proposes a value basing on their customers’ problems and challenges and therefore is technology-based and product-based, following the conventional logic of business model innovation. There is also a close relationship between the customers and the company only. In the case of Rasmussen (2017), the interrelationships between economic and non-economic actors are likely to be neglected.

5.1.2 Political Role on Business Model in China

The political power in China is seen to have intensive and extensive influences on business in terms of direction, strategies, operation and management, along with weakness of legislative implementation and plan execution. Interestingly, all companies and the leaders all acknowledge the important role and power of the Chinese government through creating and amending laws and other legislative actions interfering the market operation. This is agreed in all levels, i.e. business, industry and country, represented by all of the cases. From business perspective, the three cases stress legal bases through which the government use to regulate the market and which are crucial to follow. However, it differs when it comes to their views on how the government acts upon such legal bases, how and what important level the relationship is built.

The Chinese political involvement in business direction, operation and management

The Chinese government has its way to manage and monitor the market, which is emphasised and explained by Jin’s and Yu’s cases. These cases strongly suggest listening to political leaders, paying full attention to their plans and making changes to align business operation accordingly due to their powerful interference. Law can be interpreted as the base for companies to establish and maintain their daily operation, but politics can be considered as the foundation for strategic adjustment. Acknowledging the Chinese government’s weakness in terms of implementation following their plan and law base, building close relationships as well as working as collaborative partners (alliance or backup, among the others) are thus respectively necessary actions. Furthermore, these two companies share the idea that the Chinese government is supposed to structure their business model in order to achieve better execution. Business Models in China are strongly impacted by and are accommodated with the Chinese government, i.e. politics (Birkin, 2009). Viewing from the industry and country standpoints, this is highly supported. Not speaking of the law system itself but what and how the country leaders want the country to be, Science Park (2017) perceives the power of political leaders at a higher level than legislation. Different economic practices towards innovation development are set out and advised by the government to be applied throughout the industry.

Beyond the legal compliance as in the Western way

In contrast, it is possible to argue that the role and power of the Chinese government are regarded less important in the western point of view, supported from Rasmussen’s (2017) case which does not give an impression similar with the Jin’s (2017) and Yu’s (2017) cases. Following the laws and Western perspective remain the dominant consideration for ways of doing things. Building relationship only to a high degree supports the information retrieval
and helps secure business operation but does not go further for governmental participation in business. Therefore, it becomes more confusing and unclear for the company to run and operate their business in the Chinese market. From CSR-Centre’s (2017) point of view, when looking at business at the country level, collaboration and mutual benefits within and between Swedish companies and Chinese companies was attentively regarded but nothing was mentioned about collaboration with the government, except for the benefit that the government can also gain from business-related activities of the CSR-centre and its operation for CSR promotion mainly based on the political relationship.

*With the strong relationship- and political-based Chinese culture making the difference*

It goes the same way in terms of localisation. Companies seem to have a shared understanding that there is a need for adaptation to Customer preference and market standards, which is easy to recognise since it is a similar principle for every company to enter and operate in a foreign market. Taking customer preference and purchasing habits into consideration can count for a large extent of value proposition changes and thus other aspects. Fully supporting this statement, Science Park (2017) and CSR-Centre (2017) also agree that adaptation to the Chinese market standards needs to be done by companies. However, the factor under the surface is the Chinese culture, which characterises and distinguishes the Chinese market from the others but is significantly tough to grasp. How relationships are perceived and built, as well as how high social honour and respect are given to the leaders influence the business environment seems not to be easy to understand and therefore regarded in a different level of significance in the three cases (Jin, 2017; Yu, 2017; Rasmussen, 2017). On the same line, as pointed out by the Chinese president, “China’s cultural soft power and the international influence of Chinese culture have increased significantly. There is greater unity in thinking both within the Party and throughout society” (Jinping, 2017), different levels of understanding of the relationship- and political-based culture can affect to a high level how to adapt is understood and reacted in different ways in different groups of companies.

For example, how relationships are built and have influence on the market interactions and movement differently, or group reactions following the political leaders’ plan and decision as well as action is a part of Chinese long cultural and historical development. It can be clearly observed in the cases of Jin (2017) and Yu (2017) who have long and deep attachment to the Chinese culture and strongly supported by Science Park (2017). In an implicit way, such a part of culture can highly impact the customers’ preference and purchasing behaviours as well as the market standards. It seems to sound strange according to Rasmussen’s perspective and his company, however; even though the importance of cultural understanding is also highlighted by them. Along with that, the CSR-Centre’s (2017) point of view also concludes that companies should strictly follow their Western sustainable business standards to act and operate in the Chinese market, although there is an adjustment to local context and standards.

*Business model’s success and cultural comprehension*

The chance for BMI’s success in the Chinese market depends on which level of cultural comprehension the companies and their leaders have. The radical shift in value proposition of the company as well as supply chain management and other aspects of BM can be influenced by the market but substantially by the direction set by the government, as indicated in Jin (2017), Yu (2017), Liu (2017) and Science Park (2017). Lack of in-depth understanding of cultural driven factors may explain why Rasmussen (2017) finds the government’s behaviours and actions in the market confusing, which can lead to difficulties in business strategy and management. It is more interesting that both companies, Jin’s (2017) and Rasmussen’s (2017)
with background from an international perspective, have the same understanding of the government’s occasional inconsistency and vagueness of their implementation but react and strategize differently.

Last but not least, China has its own way of doing things to achieve its goal in accordance with their culture and their way of thinking, which is a common point agreed among all company cases (Jin, 2017; Yu, 2017; Rasmussen, 2017). This is a general understanding among all cases since the industry perspective (Liu, 2017) and country perspective (Science Park, 2017) also support and agree upon. It is therefore arguable that BM and BMI in China should not be judged but rather put in comparison and appreciated by the western point of view. Accordingly, BM and BMI of foreign companies can adjust and adapt into the Chinese context in order to operate and manage their businesses. This is in line with the statement of Birkin et al. (2009), suggesting that business models in China should not be simply exported from the Western world. Western companies are more pressured to bring about reforms by stakeholder influences, supply-chain issues (Birkin et al., 2009) which are resulted from the increasing involvement of China in global markets.

5.2 Corporate Social Responsibility Cross-case analysis

A deeper and wider understanding of the conceptualisation in China can be achieved when the CSR and its aspects in all cases are put together. Our concerns from the initial observation and exploration in China are expected to become clearer. Also, as reviewed in the literature, CSR is seen to be a growing concern in the business society (Web of Science, 2018; Danilovic et al., 2015), most of the authors are seen to discuss CSR with the aspects of BM although only a few mention it explicitly (Friedman, 1960 as cited in Moratis & Cochius, 2011; McWilliams & Siegel, 2000; Matten & Moon, 2008; Lin et al., 2009; Mackey et al., 2007; Ding et al., 2016; Aggarwal, 2013; Gallego-Álvarez et al., 2010). However, the Chinese context and differentiation in CSR are barely mentioned in the literature, therefore in this part we will analyse the case data in a cross-case analysis among all cases to have stronger indications supporting our arguments made earlier.

5.2.1 Corporate Social Responsibility in China

There are different perceptions on CSR in the different cases. However, all of the cases seem to emphasis on the importance of CSR and the different characteristics and the development of CSR in China.

Aspects of Corporate Social Responsibility in China

Looking at the aspects of CSR according to the UN Global Compact (n.d.a), there are some similar opinions and some different ones among the cases. In general, all of the companies express the importance of CSR aspects and for businesses to include CSR in their business model, however, only one out of six cases (CSR-Centre, 2017) actually applies all aspects in their business strategy and encourages other companies to include CSR, while the other cases only include some aspects. From the UN Global Compact’s perspective, most companies do not actively include CSR into their business models (Yu, 2017; Liu, 2017; Jin, 2017; Rasmussen, 2017), even if some aspects are frequently mentioned as something that companies focus on and value. In all of the cases, the most frequently mentioned issues for Chinese context and society, at company level (Yu, 2017; Liu, 2017; Jin, 2017; Rasmussen, 2017) and at country level (CSR-Centre, Science Park) are the environment, concerning highly polluted air and a growing awareness of the situation from the population.
Aligning with Biloslavo et al., (2018) two of the cases emphasised CSR being a perspective of a circular ecosystem, where the circle is interconnected and dependent on each other. Both interviewees (Yu, 2017; Jin, 2017) discuss a circular life cycle, where what one does will affect themselves hence there is a need for behaving with good manners. Yu (2017) emphasises a societal circle of responsible behaviour, where those with more resources also should take a greater responsibility to ensure that the circle continues. Similarly, Jin (2017) highlights CSR as an opportunity for companies to give back to the society for what it gave them. Therefore, it is clear to understand why two cases emphasise the importance for companies to build on CSR in order to sustain, grow and develop (Jin, 2017; Yu, 2017). Similar to the encouragement for companies to include CSR from a country level perspective (CSR-Centre, 2017) two of the other company cases (Yu, 2017; Jin, 2017) also stated that they encourage and pushes their customers and companies to include CSR from the start to build and develop on. Although most companies stated CSR as an important part for businesses to concern about and as a responsibility for companies (Rasmussen, 2017; Liu, 2017), which also was supported from a country level perspective (Science Park, 2017), one case stressed that the company includes CSR only if it is decided and pushed from the company’s board of directors on a global level, not because they believe it is important and needed (Rasmussen, 2017). This is also in contrast to the encouragement perspective of including CSR in the business model from the beginning. This implies a high dependence on organisations governance. In addition, it is clearly shown in Rasmussen’s (2017) company case as an example for international companies to commonly follow the global standards for CSR.

The context of Chinese Corporate Social Responsibility

Regarding different aspects of CSR, in the Chinese context, customers and employees demand different things than in Western countries, considering labour aspects, workers want the ability to work overtime and earn more money (Rasmussen, 2017; Liu, 2017). It is not only the demands and aspects that vary, even if consumers and society are pushing for a sustainable development with organic food and food safety as well as a greener environment (Science Park, 2017; Liu, 2017; Rasmussen, 2017; CSR-Centre, 2017). For human right aspect, it is not the case that it is hard to address on a country level or on a company level in China (Rasmussen, 2017; CSR-Centre, 2017), one case views what now has been discussed in every industry about human rights is purely European (Liu, 2017), and it is rather a question of decision and adjustment. It is not impossible for companies to include, but rather a decision of whether to do it or not (Rasmussen, 2017; CSR-Centre; 2017) and hence it might need some adjustments. As mentioned before, the environment is the main focus in China at the moment and to a high level connected to and influenced by the government. In terms of different aspects, comparison to environmental sustainability, which is requested and discussed by the government and emphasised to certain extents by the companies are more freely discussed and elaborated on (Science Park, 2017; Liu, 2017; Rasmussen, 2017; CSR-Centre, 2017; Jin, 2017; Yu, 2017), than anti-corruption, which also is pointed out as important according to the president (Jinpìng, 2017), but is only addressed by one organisation at country level for business (CSR-Centre, 2017) and mentioned as an ongoing issue by one of the companies (Rasmussen, 2017). Some aspects are seen to be easier for companies to discuss about and include in China, due to the complexity and sensitivity of the other aspects like Anti-Corruption which is mentioned with more cautions in the cases. It is assumed that the cases that did not mention anything regarding anti-corruption did it on purpose, on both company level (Yu, 2017; Liu, 2017; Jin, 2017) as well as on the country level perspective (Science Park, 2017), since the President is pushing for an anti-corrupted society, showing its importance. However, it is hard to discuss any issues explicitly due to the
political culture and social situation in China (Tan-Mullins & Hofman, 2014). Although there are bribes and corruption in the Chinese market, and companies needs to be aware of this (Rasmussen, 2017; Tan-Mullins & Hofman, 2014).

**Charity – an important Corporate Social Responsibility act in the Chinese context**

It could be understood that merely considering the Chinese context, charity can be considered as a part of CSR, although it is necessary for companies to do more than just charity or support to an NGO. According to all cases charity is or at least has been undoubtedly the most common way to engage in CSR activities, although there is a different understanding between CSR-Centre (2017), who sees charity as not a part of CSR and Science Park, Liu, Yu, Jin and Rasmussen, who regards CSR as including charity. That shows a clash between Western beliefs and the Chinese context, where charity is believed to be part of CSR, both on company level and on country level (Yu, 2017; Liu, 2017; Science Park, 2017; Jin, 2017; Rasmussen, 2017). Interestingly we also see that one Swedish company values charity as an act of CSR in China, pushing the importance of a local standard. One of the cases states that charity and NGOs is a good start for companies, though it is not enough to only engage in charity or NGOs (Jin, 2017). Similar to Charity, NGO is also regarded different in China and part of CSR in China. On the contrary, CSR-Centre (2017) insists that on a country level for businesses charity is not CSR. From the standpoint of CSR-Centre (2017), there is accordingly a lack of a clear structure and a global definition for CSR, but maybe there is no definition for CSR which is generally agreed among countries due to the differences and standards.

**Integration and Development of Corporate Social Responsibility**

Following the emphasis on the need to integrate CSR but in different ways of different cases as well as the characteristics of CSR in China, the previous conclusion indicates a need to adapt to the local context and a need for modification. Although there is a need and importance in including CSR, for the Western standard of CSR, it is not completely applicable since it does not align with the Chinese reality, in China the focus has to be on the basic aspects first (Rasmussen, 2017; Wang & Juslin, 2009). In China the basics are lower and therefore it is necessary to adapt to this level and start working on these aspects (Rasmussen, 2017). If there were local standards adapted to this level it might be easier for companies to include them. The education level and level of sense is not the same in China as in other countries (Yu, 2017; Jin, 2017; Rasmussen, 2017), showing a need to start from the learning perspective and establish local standards for CSR.

Concerning the status of CSR development in China, most cases conclude it to be immature, no matter of in which way CSR can be perceived, either from the UN Global Compact or Chinese way based on different approaches to measure it. Case Jin (2017) evaluates the maturity level of CSR based on the commitment level of companies to engage in CSR activities in four different stages. Where stage one is low commitment and stage four highly committed, and China is evaluated to in overall be in stage two, emphasising on an immature level of commitment. Added to Jin (2017), Yu (2017) explains emphasised on the educational level of awareness and education as the main important factors influencing the development status, no matter of in which way CSR can be perceived, either from the UN Global Compact or Chinese way. Having the same understanding, Liu (2017) from industrial level supports the statement by insisting on the current social situation, requirement and expectation towards responsible behaviours of companies. It is confirmed from case Science Park that the level of maturity is not yet reached for the country, however, the understanding is that there is a need to not only focus on economic growth and GDP any longer and move towards a sustainable
direction. It is also supported from the CSR-centre side, that it is not mature, although the CSR-centre considers it from the western perspectives of CSR. Although the maturity level can be seen as low for CSR in China in the moment it is agreed from all cases and on all levels, that it is moving towards a more mature situation although the development is in their own direction. In conclusion, all cases from both business perspective and country level agree on the importance of a reconfiguration of CSR standards in the Chinese context.

5.2.1 Political Role on Corporate Social Responsibility in China

The importance and impact that the government has on companies and the market is accordingly reflected. It can be concluded that the role and power of the government in promoting CSR is similar to that in business: intensive and extensive influences on business in terms of direction, strategies and operation, along with recognition of the weakness of legislative implementation and plan execution. It is brought up and emphasised by all of the cases, that the government is taking actions especially to the environment (Yu, 2017; Liu, 2017; Science Park, 2017) and they are the major driving force behind CSR development and in which direction it is moving (Rasmussen, 2017). The Chinese government expressed strong will and action towards focusing on the sustainable environment and society development without air pollution and more renewable sources in a way that it forces companies to take action and follow different principles, expressing the important role that the government has and the influence it has on companies.

In all cases, on company level the government’s role and interference is repeatedly mentioned (Yu, 2017; Liu, 2017; Jin, 2017; Rasmussen, 2017) and a same understanding can be retrieved from a look at a country level as well (Science Park, 2017; CSR-Centre, 2017). Especially in the development of CSR, it is pushed and driven by the government, and even discussed to be re-named as Government Social Responsibility in the Chinese context (Zhou, 2006 as cited by Tan-Mullins & Hofman, 2014). This is agreed in all levels, i.e. business, industry and country, represented by the cases. Although the government is pushing for a sustainable development and for companies to invest in CSR (all of the studied cases), it was discovered that the regulations and laws are significant, however, there is a lack of clearness and effectiveness in implementation (CSR-Centre). Since the government regulates the market the development of CSR is much dependent on what they think is important and which regulations and policies they push on. Nevertheless, to be concluded Yu (2017) stated that:

As long as the government is a good government, that’s the good thing. (Source: Yu, 2017)

The government is not only viewed as influential, powerful but also trustworthy and reliable once they give support and guidance for the society and navigate the country towards more sustainable development by pushing CSR throughout the whole society, including businesses. The society in return to a large extent agrees with and has confidence in the government. The government does not only create rules and regulations, their action and implementation show a good and strong will to support the development for everyone's best.
6. Discussion & Conclusion

In the Discussion of this Chapter, we present the final discussion basing on the single-case and cross-cased analyses, observation and literature review on the aspects of Business Model and Corporate Social Responsibility in the Chinese context. We then introduce a new approach towards those concepts and proposal of two new models of Business model adapted to the Chinese context. Based on the Discussion, we introduce six major findings of our study together with the final model of Business Model, which is combined from the two models, in the Conclusion sub-chapter.

6.1 Discussion

From business model perspective, all of the cases with a Chinese perspective, compared to the Western one, seems to have a clear shared pattern that BM does not follow the conventional or homogeneous logic but rather a heterogeneous logic (Laasch, 2018) to construct all aspects, i.e. value proposition, supply chain, customer interface and financial models. Towards a sustainable development of the society, focuses for an economic and societal development were taken from social perspective to develop or suggest the construction of business models. Different aspects from social perspective such as social security, environment issues were addressed as the core foundation for BM establishment and development. This may encounter with social responsibility of businesses towards a sustainable development of the whole society.

6.1.1 Discussion on Corporate Social Responsibility in the Chinese context

Reflection of the common Corporate Social Responsibility aspects by UN Global Compact in the studied cases

Taking corporate social responsibility perspective from a common agreed conceptualisation (UN Global Compact, n.d.a), different aspects were addressed singularly in different cases. In addition, it also showed that only one of six cases consciously integrate CSR, while the other five cases show an unconscious inclusion of some different CSR aspects in their business model (see Table4). In total all cases are agreeing on the relevance and importance of CSR and to include it in the development of business, it is each company’s responsibility to act in a sustainable way and to consider the impact it has on the society (European Commission, 2018). There is also a demand from the society, customers as well as the government for companies to focus on sustainable aspects, showing a need to integrate CSR in the business activities. All of the cases also revealed different aspects of BM when discussing about their practice of CSR aspects, resulting in that all of the four business model aspects were mentioned in the context of CSR from at least one of the cases or more. Table 4 as follow can illustrate a summary accordingly. The dark grey and light grey highlights indicate the consideration of aspects in each case.
Table 4. Summary of the cases with consideration of Corporate Social Responsibility aspects in their Business Model and consideration of Business Model aspects in Corporate Social Responsibility practice.

It also can be recognised from Table 4 a similarity between the cases and the pattern in literature according to our reflection on literature in the Frame of Reference Chapter. Most of the cases touch on most of Business Model aspects when discussing on Corporate Social Responsibility but do not touch on many Corporate Social Responsibility aspects when discussing Business Model.

**Business Model considering Corporate Social Responsibility integration**

The importance of CSR that is acknowledged and put into practice by the studied companies but in an unconscious manner, combined with the lack of companies that consciously focus on CSR in both the study context and from literature review motivates and explains the need to include CSR into business models to ensure that it is one of the important aspects for companies to focus on. CSR is emphasised to be the platform for companies to build on to be able to sustain, grow and develop. It was also discovered that there is an importance for reconfiguration and adaptation of the concepts of CSR to the Chinese context, showing that it is not possible to fully apply the established Western standards to the local market. We can see a need to incorporate the reconfigured CSR in companies’ business models in the Chinese market. Thus, to promote the integration of CSR in companies’ business models, a new approach to the business model perspective is needed. Biloslavo et al., (2018) suggest a business model which appreciates the society’s concerns that need to be addressed by all business models and therefore put in the centre of any kind of BM, showing the utmost importance of doing business going along with being socially responsible. Initiating from the perspective of BM construct presented by Biloslavo et al., (2018), basing on the BM from Boons and Lüdeke-Freund (2013), and incorporating CSR concept based on the findings from the cases, we then present a BM where CSR is the base, influencing the incorporation of CSR aspects to build and develop upon.
Figure 3 represents the model for BM incorporated with CSR accordingly.

![Figure 3. Business Model incorporated with Corporate Social Responsibility as the platform for development](image)

**Value Proposition**
In the model of BM represented in Figure 3, the proposed value is considered to be beyond towards the customers, which differs from the current traditional thinking of business model (Biloslavo et al., 2018), and affected by different influences from network, partners and stakeholders in accordance with our study findings. In the studied cases, it is concluded that network and relationships with different partners and stakeholders in Chinese context play different crucial roles in the value creation process with different expectations of the value creation, which leads to the change in the value proposition.

**Back Stage**
Accordingly, Supply Chain by Boons and Lüdeke-Freund (2013) is modified in this model. The Supply Chain is exchanged to Back-Stage which implies all the connections and processes behind in the value delivery process from the company to the customers. Back Stage includes network, partners and stakeholders and its impact on the value proposition is indicated by the arrow direct to Value Proposition.

**Up Front**
The Customer Interface is now modified to be Up-Front which implies all the connection and interaction, relationship establishment and management in the front side between the company and customer and market. Up Front specifically includes the Market and Customer Segments. Different preference and purchasing habits of the customers as well as different local standards and indications in the Chinese market as analysed before has certain influences on the value to be proposed. The arrow direct to Value Proposition from Up Front represents the influence from the Market and Customer Segments as well as its connection and relationship with the company side.

Such modification in the BM allows to include different players in the market apart from customers such as business partners, competitors, suppliers, society, users and political associations, which all together with customers, affect and interact with the business and
therefore should be considered in the business model. As Boons and Lüdeke-Freund (2013) identify Financial model to represent how the economic costs and benefits are distributed and managed among actors involved in the business model, it therefore is illustrated with dotted line in the model across Back Stage, Value Proposition and Up Front.

**CSR as the platform aspect**

In this model, however, CSR will serve as the base as well as the driver for value to be explored, created and delivered to different market and customer segments. In other words, CSR aspects will put at the first place to be taken care of and considered for value proposition. CSR will be embraced in all different processes of value delivery and capture from the Back Stage and Up-Front sides, such as supply chain or cost structure and revenue streams. CSR aspects will target and influence the heart of the business model (Biloslavo et al., 2018) and products or services will be the outcome accordingly. That results in that companies will take their responsibility and pay attention to their impact on the society (European Commission, 2018) and to consider CSR as a ground in each decision that companies make.

Products and services will represent the value which is proposed to multiple stakeholders and is the physical channel to deliver such value. In China, since the understanding of CSR is stronger referred to environmental as well as societal living conditions and standards more than other aspects as in the Western world; therefore, the presence of CSR aspects in value proposition and as well as the embracement of CSR in different processes and business management will lead to different look of value delivery and capture. The shape of triangle as well as its size and its cut across different blocks in the BM respectively represent CSR and different levels of its importance and influence and involvement in the BM establishment, construction of its constituents. Specifically, it has the major importance, influence and involvement in the value proposition of firms but less impact on Up Front and Back Stage although there is a connection and link between them all and is dependent on each other. The dotted line implies the invisible participation of CSR in BM.

To illustrate, it can be recalled from Yu’s (2017) business model. This business model seems to resemble with the sustainable business model which has the core as a sustainable value proposition allowing multiple-stakeholder value creation by considering the needs of customers, shareholders, suppliers and partners as well as the environment and society (Bocken et al. (2013); Tyl et al., 2015). However, we would argue that since the society’s problems such as big data or the problem concerning the whole society development was put in the heart of the business model, it is concluded to contribute to the business model for sustainable development (Biloslavo et al., 2018). The products or services lose their central role in the business model proposed by Osterwalder and Pigneur (2010) or developed by Boons and Lüdeke-Freund (2013), among the others. Through their business model as well as personal perspectives, it can be understood that their products or services are the outcomes of the value proposition and delivery. A change has been signalled to value proposition in the conventional conceptualisation of business model. CSR can be the platform for business to build and develop upon.

**Support from observations in the Chinese market**

Reflecting on our observation in China, Xiaomi can be an authentic showcase to support the model. By incorporating the social concern into their business model, Xiaomi has turned the problem into an opportunity to create and deliver, not only to its customers but also multiple stakeholders, the values that support the development of the society and the country. Environmental issues have been ongoing in China for many years and still are a big concern.
in China. Embracing this, a value is then proposed, which is that societal problems will be solved. Xiaomi accordingly developed different products such as the smart air purifier and smart water boiler, instead of remaining the single focus on smartphone. Through these products, a value of better air and water quality is not only delivered to the society as the whole but at the same time, different stakeholders such as customers, investors and partners will benefit through the smart -and-art design and function of the products. Social benefits and business benefits are integrated and achieved at the same time.

Furthermore, imbalanced living standard and income disparity among different parts of China are still a big societal problem as emphasised by the President (Jinping, 2017), and therefore supporting other business entities in Chinese market to improve the economic status can be considered as being social responsible. This is in line with argument from Gallo et al. (2018) on collective entrepreneurship and business collaborations contribute to sustainability aspect of business model innovation. Xiaomi does businesses in close and collaborative partnership with different companies including a large number of start-ups, which is regarded as ecosystem companies (Agrawalapr, 2016). Different companies’ functions and roles are integrated into and interchanged in Xiaomi’s business model to deliver the core value: all parties grow up together. In the ecosystem companies network, Xiaomi invests in start-up, while Start-ups design the product and other companies take charge of the logistics part in supply chain management, for example (Agrawalapr, 2016). Benefits will be mutually shared among partners (Yuan, 2017). Xiaomi’s business model then can be concluded to build on CSR platform with an unconventional logic.

All these are simple ideas if you think from a Silicon Valley point of view, but they were being thought about in an old industry point of view — selling them through old distribution channel with huge margins. Xiaomi is not just rethinking how to make existing appliances smart, connected and beautiful — it's also looking at how to make expensive appliances more affordable and bring them within the reach of many more. (Agrawalapr, 2016, para. 19, 20).

Another interesting example of a company that tries to accomplish social concerns in their business model is MoBike, however their story is not as successful as Xiaomi’s. MoBike serves the Chinese market with shared bikes, with a business model based on shared-economy, a smart invention that enables citizens in China to rent a bike through a QR reader in their phone and return it wherever when they do not need it any longer. But now it is becoming a social problem rather than a positive impact the cities. Shared bikes, under no management and control, have polluted the streets, created more problems for traffic and transportation as well as public facilities and usage. Shanghai’s municipal transportation bureau has demanded sharing bike companies like MoBike to relocate the 1.5 billion bikes that are parked everywhere around the city (Horwitz, 2017). This attempt to achieve social benefits is rather a story of failure currently since the business brings more problem and concerns to the society than helps and benefits.

6.1.2 Discussion on Chinese Context emphasising the influence from Government

From both BM perspective and CSR perspective, one clear pattern that can be observed is that the government has a heavy and extensive influence and control over the market operation, business strategies and management of companies present in China, as well as the society as the whole. Politics seems to play a central role in development of the whole society as well as in business. Society and business seem to be integrated into one part ruled and shaped by the government. We can see from all the cases that the influence from the government is
important both in the BM concept as well as within the CSR development. Through different laws and policies, action and interference in businesses, the Chinese government is pushing for a more sustainable development, mainly in the field of environment sustainability but more other aspects are expected to grow. There is a reason for why CSR in China has been suggested to be re-named as Government Social Responsibility (Zhou, 2006), which also is supported from the cases stating that the government is the driving force in the development and integration of CSR. It can be then stated that all aspects of China’s development is under political impact. Furthermore, the political-based and relationship-based culture in China reveals the importance for companies to cooperate and work closely with the government in order to operate and run their businesses. Nevertheless, the government is considered to be weak in implementation in terms of business-based laws and CSR-based laws, there is a need for the government to collaborate with companies to better implement different legislative regulations to finally achieve a sustainable development for China.

Business Model considering Political influence

Therefore, the proposed BM from Chinese context is further developed to include the Chinese government as influencing, pushing and integrating with all businesses as well as a strategic partnership, which is shown in Figure 4.

![Business Model incorporated with Political Aspects, represented by the Chinese Government](image)

The business model for sustainable development is not merely based on the business logic but on the heterogeneous value logic that combines elements from commercial, sustainability, welfare and government logics (Laasch, 2018). Therefore, in this step, we take the perspective of Gallo et al. (2018) in to consideration. Gallo et al. (2018) introduce a concept of Associative Sustainability Business Models as a subset of Sustainable business model, which is identified as an innovative business model relying on partnership, association and collaboration to create value in the triple bottom line and address pressing sustainability challenges. We highly acknowledge this viewpoint; however, we do not extend this concept by viewing it as a subset of sustainable business model but regard it as a crucial component of business model for sustainability instead. This is highly noticeable and proven when it is put in the Chinese context where the political influence and relationship, which are closely
connected to Chinese culture, plays the critical role in business environment. In the next level of the model the Government is presented as an influential factor targeting the heart of the BM. The government is viewed as a triangle targeting the BM, mainly in the value proposition but also influencing on the Back Stage and Up Front as well as Financial Model, guiding and cooperating with businesses in China. It shows that it is impossible to operate in the Chinese market without attention and consideration to the government.

Understanding that law, policies and regulations are just one part of the power and should be strictly followed, the companies’ leaders acknowledge another more important factor that is the voice and action of the political leaders. In the Western world, once businesses are run in compliance with the regulating laws, everything will be secured and business operation and management will be substantially dependent on companies and market. Therefore, legislative regulations serve as reference for market codes of conduct. In the Chinese context, from the studied cases’ findings, it can be concluded that Politics represented by the government will be the reference frame for businesses. The government plays the role of guiding star for business direction, operation and management. Therefore, the business model for sustainable development should take the perspective of Chinese government as a pointer for their business model establishment and development. In addition, not only do the companies realise the importance of political power but also accordingly include the government in their business model through alliance or collaboration in order to be supported by the government.

Similar to CSR in terms of how it is illustrated in the BM, the triangle shape, size and intersection with different blocks represent the government’s role from the top downward to the business, its influences and engagement in different parts of the BM. The intersection with CSR with a smaller proportion compared to the size of triangle shape equivalently shows the focus of CSR in the government strategy along with other focuses such as economic development being pushed down to businesses. The dotted line shows the cooperation and interaction between government and companies, as well as the mutual impact of government and CSR on companies and sustainable development.

An illustration for this argument can be continued with the case of Yu (2017). Yu’s business model with big data shows the importance of the high engagement and involvement of the Chinese government. The business model has to be adapted to what the government wants and focuses on (Yu, 2017), which can be understood that Chinese business models need to accommodate the Chinese government and its significant influence (Birkin et al., 2009). In Yu’s idea for an industry business model, the government will ask the investors and biggest industry companies to join the network and the platform, and will be the one to gather, put and govern all resources and industry data in that platform. Chinese government’s decisions may come to effect far more effectively than in western-style democracies (Birkin et al., 2009).

Support from the Chinese observations
Continuing with Xiaomi’s case, since the environmental and social problems and challenges were expressed and pushed heavily by the government; therefore, Xiaomi did more than just following the law. Xiaomi listened carefully to them and took the political subtle signal of the movement towards a sustainable development of the country: innovation, entrepreneurship as well as social sustainability. In addition, Xiaomi as one of several big non-state-run firms set up a Communist Party Committee (Gao, 2015), which can help them to get full support from the government. The founder of the company has been a representative of the country’s legislative body, the National People’s Congress, since 2013. All of these show clearly Xiaomi’s deep understanding of political power of the government leaders in the business life.
as well as demonstrates the importance and need to have their presence and collaboration in business operation and management. Since it is inevitably impossible to avoid political influence in the Chinese context, instead of doing so, the strategic movement is that the company engages the government in their business and in turn, the founder plays as one of the important part of the communist party government. By doing so, their business was not only supported but also secured for long term development.

Interestingly, as one of the rare cases of foreign companies present in China, IKEA realised how important it is to pay attention to politics and take political expressions into consideration for their business development. Taking care of the employees is related to labour rights, which is in conformity with the UN Global compact of CSR. However, with the understanding that expectation for CSR and respective conceptualisation of CSR in China differs from the western perspective, IKEA has done differently from the other foreign companies. In the situation of factory movement to another site. Understanding that employees need to have financial stability to support the whole family, which is a part of the Chinese culture, IKEA offered employees either to move with the factory and get a compensation accordingly or otherwise offered them salary while their employees are searching for a new job.

Furthermore, since the government strongly stressed and pushed all businesses to support and take care of employees, IKEA built up the clean kitchen concept in the factory to provide and ensure good meal supporting health care for employees. Whereas, the normal case in China is that companies set up a policy to provide employees with one health check a year and the quality of the food at the canteen where employees can have is often poor or less controlled. On the other hand, the anonymous company is assumed to rather take the action to fire employees at the current location, based on previous treatments towards their employees, to avoid a need for the company to have tailored supports for their current employees such as accommodation and education for family members, to give employees a certain amount of money as a compensation for contract termination and then to hire new people at the new location.

6.2 Conclusion

Based on experience and exploration of the Chinese market, a new way for us to do business and to approach CSR was identified and we could hint a link between companies’ business model and CSR. In order to support our arguments an exploration of these concepts was conducted. The purpose of our research was to explore the content of Business Model, the conceptualisation of Corporate Social Responsibility in the Chinese context and the importance of including the concept of Corporate Social Responsibility in firms’ Business Models. The conducted research resulted in six major findings, which to a high level and large extent supports to fulfil the purpose.

1. First, the importance of the Chinese contextualisation and the influence it has on business in a certain market indicates the need of reconfiguration in the area of BM and CSR. There is no one-size-fits-all definition for BM and CSR and no need to agree on one single definition.
2. Second, CSR in China are perceived and developed in a different way compared to the Western perspective.
3. Third, in the Chinese context, the government is the air, which is substantial for businesses in order to operate in the market, thanks to the guide, facilitation from and cooperation with the government.
4. Fourth, BM in China is shifting from the sole focus of money making, towards three new dimensions of value, i.e. economic, social and societal value, by including CSR as an integral part into the BM.

5. Fifth, the concept of Business Model for Sustainability is supported and identified as a vital development in the Chinese business context. A Business model with integration of CSR as a platform for business establishment and development as well as the government as guiding and collaborative partner is presented.

6. Lastly, the literature of the respective fields has been dragged behind the current state of the evolving world. More intensive attention of researchers should be paid to business practice with CSR as an integral part, the role and influence of politics and contextualisation so that hidden or untouched aspects can be investigated, revealing new dimensions or horizons of the literature development.

**Chinese Contextualisation importance and impact on Business**

Our first finding from the study is the Chinese contextualisation and the importance of its impact on business. We found that it is necessary for companies, especially international ones but also local companies, to consider a reconfiguration of their BM and CSR approach in the Chinese market. We also came to the conclusion that it is impossible to have a one-size-fits-all definition and construction for either BM or CSR, which is in line with different authors for the development status of the existing literature. Particularly, is seems to be unnecessary to search for one single definition for the concepts of BM and CSR since businesses are highly dependent and bound by the context where they are operating, which at the same time goes against the argument of many authors for a need to have a generally-agreed single definition. In China, businesses are influenced by different factors that are highly related and driven by the distinctive Chinese culture. Relationship, laws and regulations, Chinese government, development status of the country including environmental issues and social issues among other factors influence how the BM is and should be shaped in the Chinese market. Aligning with that, BM should not be imported from the Western world and applied in the Chinese context (Birkin et al., 2009).

“You really need to understand thing as it is.” (Source: Liu, 2017)

We also notice that the existing literature seems to stress an importance and need for CSR development, in both developed countries and emerging nations, but also gives a hint to question why CSR in China should be the same as in Western countries. It can be the case that CSR in China might not be similar to what it has been in Western countries. In China we found that the context is different compared to other places and it is therefore important for companies to consider the situation and understand the context. Environmental issue and social security are the most important aspects in China at the moment, while labour aspects are treated differently due to the fact that the basic needs of employees are not yet fulfilled. Human rights and Anti-Corruption are not highly and explicitly emphasised on in the cases, while it is notable that the Chinese government values and strives for an anti-corrupted society in all ways (Jinping, 2017). Accordingly, we perceive that it is important to mention is that from the beginning the CSR concept presented by the UN Global Compact (n.d.a) was expected to be utilised as a frame of reference in the study, however, the case studies’ findings showed that it is not possible to completely apply the Western standards to the Chinese market. The structure and background of the country demand the concept to be modified and adjusted. In addition, it also showed that some aspects that might not count as
CSR in Western profiles are regarded as CSR. In our study, supports for the argument of a lack of studies focused on contextualisation are found.

**Perception and Conceptualisation of Corporate Social Responsibility in China**

This led us to the second conclusion, that CSR in the Chinese context is shaped and developed in a different way. Substantially, charity, environment and societal improvement in terms of economy, safety and security as basic needs are the common aspects that are often referred to as CSR in China. Labour rights are often taken on a different view, considering of basic standards of an economic affordability. Actions of companies of collective entrepreneurship and business collaborations to support the development of start-ups or different business players can be perceived as of CSR towards a sustainable development of the society.

The study also revealed four different stages to evaluate firm’s commitment to CSR. The stages can be compared to the maturity level of companies and the country. The higher stage that companies achieve and the more companies that achieve the same stage, can be regarded as maturity, while lower levels are compared to immaturity. Nowadays most companies in China are found to be in stage two, which shows the maturity level of the country regarding CSR implementation and development. We noticed that all of the cases resulted in supporting the importance of the Chinese context, stating that China will certainly develop and move towards a sustainable society, the only question is how and when, but it will most likely be in their own way and not a copy of the Western world.

**The Chinese Government is the Air**

For the third finding, we noticed that all of the cases highlighted the influence and impact of the Chinese government on every aspect of the holistic development of the country which we also found support for from the minority of research in the existing literature pointing out the Chinese government as influential and strong. In China, we acknowledge that the government is more active on the same level as companies and interfering in the businesses and supervising in which direction the country is moving. The Chinese government also acts as a driving force for the development emphasising on CSR and its importance. The government impacts and decides in which direction CSR should be adopted and applied in China, therefore along with the need and expectation for companies to take responsibility, it is proved that it is important for all businesses to consider to integrate CSR in their business model as a platform to develop upon.

Based on all cases we found that the government is infiltrating on everything in China, businesses, society and the whole country development, therefore it can be compared to the air which embraces the whole country and involves in all components in terms of guidance, facilitation and cooperation. A person needs the air to be able to breathe as well as to be protected. The effect of political power is direct, fast and comprehensive and companies need the Chinese government to be able to run and manage their business as well as succeed in the marketplace.

“It is very interesting, in China, whenever the central government points out what you need to do, nobody will reject it. The only way you can work well is aligning with the government. That’s the big business model. The resources are controlled by the government.” (Source: Yu, 2017)

**Business Model contribution to Economic, Social and Societal Value**

For the fourth finding, we noticed that BM in China is shifting from the money-making focus, towards incorporating the aspects of CSR which brings new value outcomes from the BM.
Previously BM only resulted in financial values for the company, but the new approach also includes societal and social values. Moreover, as concluded above, the contextualisation in general and Chinese government in particular drive how CSR in China is perceived and configured. CSR should work as a platform for companies to establish and develop their businesses. BM should consider and put the needs from the society as a core for value creation, delivery and capture, showing the importance of doing business along with behaving socially responsible and deliver values to different stakeholders. By including CSR in the BM companies are delivering value to the society and not only value capture for the company itself, creating an ecosystem where the base is in give and take. Companies which integrate CSR throughout their establishment, operation and development can have the economic value capture as an outcome.

**Integration of Corporate Social Responsibility into Business Model**

With the fifth major finding, we contributed and found support for the concept of Business Model for Sustainability, with the integration of CSR into BM, which make a major contribution on an aggregate level. We found out that the cases emphasised CSR as a significant component for companies to consider and focus on, especially in the Chinese context with the government striving towards a sustainable society; and CSR should be adapted as a base which companies then develop their business model on. Association, partnership and collaboration with the government due its strong influence and interference, are crucial for business model establishment and development. Although there was not much support from companies actually doing it, pointing on the need for a new model that includes the aspect of CSR, despite of the indication from the reality with the exploration of the cases, there was no model developed respectively. Although the need could be identified early in the process of study through our observation, it was unclear how the concept of CSR could be integrated to business models.

The result from our exploratory interviews together with support from existing literature made it possible to develop and support the need for a new business model with the foundation on CSR in a particular context. Therefore we established the Business model with integration of CSR as well as the government in the Chinese context. Companies, especially in China should and have to consider CSR and Politics as crucial aspects for the organisation to develop grow and sustain.

“You need to define what is the key principles globally, then what can be local flexibility that you can adapt to. That’s a good combination.” (Source: Liu, 2017)

CSR is considered as the core platform on which business model is established, developed and sustained towards a sustainable development of the society, including businesses. This leads to the result that the four aspects of BM, Value Proposition, Up Front, Back Stage and Financial Model are primarily driven and regulated by the Chinese government, and secondarily it should be embraced with the aspects of CSR.

“In the company, I don’t think CSR is a project and I don’t think companies should plan for CSR in a short term or long term, instead companies should build on CSR.” (Source: Jin, 2017)

We argue that both local and especially international companies should consider the government’s guidance along with legislations. Supported from all cases expressing the high need for companies to comply with the governments regulations and always follow their expressed desire for the country and the literature stating the involvement of the government.
Companies should always have their ears to the ground and follow the hints of what the government gives about the future and different legislations as well as how they will act and take part in the operation and management of the market, so the primary foundation for companies to consider in China should be the government.

**The Integrated Business Model for Sustainable Development**

Acknowledging the fact that the government influences and pushes CSR throughout the market, the model in Figure 5 is presented as the final Business model. As can be seen, the Government and CSR aspects are brought together in one model from the two separate models representing their different roles and involvement in business model of a company. The other aspects are remained.

![Diagram](image)

**Figure 5. Business Model incorporated with CSR and Government**

As the government was discovered to be the driven factor behind the practice of CSR in business world, the government aspect in this model is represented by a thicker dotted line to emphasise its role over the CSR application and implementation. The two aspects of Government and CSR encountering at the centre of Value Proposition, the heart of business model, indicates that the value creation should be made basing on consideration of the government on CSR. The created value then can be delivered to the customers in the first place and then to different stakeholders in the society. The heterogeneous value logic that combines elements from commercial, sustainability, welfare and government logics is employed to construct the model. Values are created through mechanism of partnership, association and collaboration with political authorities and associates represented by the government to address sustainability challenges.
Contextualisation promising new dimensions of Literature Development

Lastly, as our six finding on literature review, it can be concluded that our study’s findings, discussion and conclusion above as well as the proposal of BM with the aggregation of business model and CSR clearly indicate the support to our argument on literature review. First, the literature of the respective fields has been dragged behind the current state of the evolving world. What is happening in China, the second world largest economy and one of the biggest countries in the world, in terms of business practice with CSR as an integral part deserves more intensive attention of researchers in order for the literature of BM and CSR to build on and catch up with the reality. Second, the importance of the context strongly indicates the acceptance of heterogeneity in perspectives on conceptualisation and configuration of BM and CSR in literature as well as in practice. There is no way to formulate one single definition BM and CSR for all contexts, which is what most of authors are striving to achieve. It is more important to see how the concepts look like and work in close connection with the context, where human, culture and the dynamic of active subjects have great impacts on, and have the respective implication for literature and practice, rather than trying to shape the literature in one particular way to prove that it works in all contexts.

As a result, the lack of a focus on contextualisation in literature can be reduced and more hidden or untouched aspects can be dug into, revealing new dimensions or horizons of the literature development. For example, things can be seen as not part of CSR in the Western world can be regarded as CSR in the Chinese and Asian contexts. Oriental culture with different perception and practice of relationship and network, which ares identified to be a mix of personal and business relationship and have different ways to develop, or leadership and role of the leaders in society can be different, in comparison with the culture in other continents. The government role and its political influence in Oriental culture accordingly are different. These aspects among others are seen to be seldom touched upon in the literature. It is not only in the literature that the understanding of the Chinese context seems to be missing, it is also noticed from the business perspective. Western managers and companies have a tendency to forget to pay attention to the local context. For instance, relationships establishment and development in the Chinese way and the importance of network and contacts related to the government can be the reason why companies succeed or not in China, and if little or no attention is paid to these it can be harder for companies to exist and survive.

In reflection on our real-life observations, our study’s result displayed through the proposed BM with consideration of CSR as well as politics aspects provides a strong support for the observed cases: Xiaomi and IKEA. In other words, our question is answered. The purpose of this research to explore Business Models and the conceptualisation of CSR in the Chinese context and to see the importance of including the concept of CSR in companies Business Models was reached. In addition but not least important, the concept of Business Model for Sustainability can be empirically supported by the study findings and reflected in the proposed BM. The study findings as well as the proposed BM also highlight the important role of contextualisation in BM development as well as the importance to include contextualisation in the BM research and literature.
6.3 Implications & Suggestions for further studies

Implications
Based on these findings, we argue that it is important for international companies, as well as local companies to adjust their BM strategies and CSR strategies to the local Chinese market context. In order for companies to survive and sustain in the market it is necessary to make changes and be flexible. A good combination is to establish global principles for international companies, and then align the different components to the Chinese context to meet these standards and align with the government.

In terms of political aspect, the influence and involvement of the government can be different in different contexts, in terms of economic and social development and relative impacts on different part of the world. The Political role in China is different from the Western world and should not be neglected. Managers and practitioners working in the Chinese context not only should consider the government in China but also should reflect on the political role in the Western world to have a better understanding and develop business strategies and business models accordingly.

Companies and managers operating in the Chinese market can consider the proposed business model for sustainability as a guide and frame to develop and adjust their business model in accordance with their business strategies as well as adaptation to the Chinese context. For companies in other markets, such as European markets, the Chinese market context can indicate a need for western businesses to learn about the market before entering or doing any business with Chinese companies. Western standards should not be taken for granted as applicable in the Chinese context and is recommended to be revised and adjusted accordingly based on the local culture and standards. For the other emerging markets such as ones in Asia, which has close relation and connection with China with a large number of similarities as well as under great influence from the Oriental culture, the study result can be considered to some extent as of high relevance in terms of business model and CSR in Asian context.

In one way, the studied cases share a characteristic with the existing research in business model in the literature that the majority of the cases are not aware that business model touches on CSR aspects and addresses them directly. The rest explicitly expresses their exclusion of CSR aspects in the business model. That means the development of BM integrated with CSR has a long way to go with different stages: unconscious, conscious and promoting CSR, and boosting CSR in the later phase. In another way, besides the common way of design, develop and innovate business model as a mean to make money, the interest of business model for a sustainable development in the literature can be seen to grow dramatically in the next decades. In addition, our study findings and proposed model can imply different perspectives can be taken to address the concepts in different contexts.

Accordingly, along with a growing concern and interest in the field of Sustainable Business Model, the dramatically increased interest for CSR and sustainability, the concept of business model with the desire of moving towards a sustainable society can be perceived and addressed differently. Especially, with the fast development of business model with CSR as the ground in China, the second largest economy in the world, it can be projected that the trend of CSR as an important aspect will be of high influence on the other part of the world. Furthermore, being pushed by the government, it is implied that the government role can be different.
Suggestions for Further studies

As the aspects of CSR are referred to in different terms and understanding in the Chinese context, the engagement of CSR aspects in business model in terms of business activities, upstream and downstream management, cost structures and revenue stream can be studied further. Accordingly, empirical findings and implications can be retrieved for the process and outcome of integrating CSR into BM. A more comprehensive understanding on CSR and BM can be achieved.

The proposed business model may need further exploratory research to fully acknowledge the importance of contextualisation in different areas where situations and conditions are impacted by different factors to different extents. Therefore, we suggest the studied concepts to be further explored in other industries, regions or countries. Especially, due to the high relevance of the study in Chinese context for Asian context, further research in BM and CSR fields can be done in other Asian countries. Accordingly, the proposed model can serve as a starting point and a contextual point of view for studies to base on to establish new models or reconfigure it to adapt to different contexts. In addition, a holistic view on BM and CSR can be supported to develop.

Furthermore, the concept of CSR is suggested to be further studied in the Chinese context to investigate Chinese CSR aspects, given that it is not possible to completely apply the UN Global Compact standards to the Chinese market. There is therefore a need to dig deeper in the concept of CSR in China to understand and develop a model and aspects that fits with the local standards, since a lack of clear identification of CSR aspects were noticed in the market and yet not thoroughly investigated in this study.

Political aspect in the Chinese context on one hand can be studied further in different and specific areas, industries and so on. Besides, Chinese government’s role and involvement can be studied further in foreign markets where Chinese companies are present, in order to gain deeper understanding of its involvement and influence. On the other hand, politics and its role in the Oriental cultural countries can be studied in separation as well as in comparison with that in the Western world in order to have a comprehensive and holistic view on political role in business. As the global economy is changing and becoming more complex and more uncertain every day, we suggest Politics in Western world to be studied as well. For example, how its role and involvement in business are changing.
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