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Unleashing the Power of Collective Corporate Philanthropy — How Chinese Entrepreneurs Are Forging a New Model of Philanthropy

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China has witnessed a phenomenal growth since its adoption of the Opening and Reform policy in 1978. Along with broad trends in economic prosperity, one very visible manifestation of China’s rise is that many individual Chinese entrepreneurs have become accumulated significant wealth. For instance, while there were three billionaires in China in 2004, by 2016 the number had increased to 5681.

Credit Suisse Research Institute reported in 2015 that China had eight per cent of the world’s super-high net worth individuals—those with over $50 million in assets. As of 2016, there are 1.33 million millionaires in China, an increase from 5000 in 1994. This accumulation of individual wealth on a gigantic scale is virtually unprecedented in modern history and harks back to the “robber baron” period in the United States at the turn of the twentieth century, when entrepreneurs sparked the Industrial Revolution in the US, transformed its economy, and became tremendously wealthy themselves.

According to Carnegie, “He who dies rich dies disgraced” and “It is the duty of the wealthy to allow other people the opportunity to be wealthy.” In addition to establishing influential companies, American entrepreneurs of that period, such as John D. Rockefeller and Andrew Carnegie, eventually donated on a grand scale to public projects such as healthcare and libraries. While many now question their motives, they were unquestionably philanthropic pioneers establishing a new model of giving. According to Carnegie, “He who dies rich dies disgraced” and “It is the duty of the wealthy to allow other people the opportunity to be wealthy.” While many contemporary American business leaders have donated substantial portions of their accumulated fortunes over the past decade, there has not been the same level of philanthropic interest among the newly rich Chinese entrepreneurs, despite an uptick in donations following a large earthquake in 2008 in China’s Sichuan Province that sparked increased awareness of philanthropy (see Figure 1). Many observers still await the Chinese counterparts of Carnegie’s libraries or to the Rockefeller or Gates Foundations.

**Figure 1: The Evolution of Chinese Entrepreneurs’ Donations**

![Graph showing the evolution of Chinese entrepreneurs' donations from 1993 to 2012.](image)

Data are from Research Center for Private Entrepreneurs, Chinese Academy of Social Sciences (RCPE-CASS). Our empirical study suggests that: (1) the correlation coefficients between donation and personal salary (0.0020) and family income (0.0009) are both low.
In our research on Chinese entrepreneurs and their giving, including in-depth interviews and case studies of leading Chinese philanthropists, as well as analyses of a database of Chinese entrepreneurs philanthropy we have observed that while there is a significant interest in giving for the common good, the philosophy of entrepreneurs and the corresponding strategies of their companies do not fit into standard models or concepts of philanthropy or organizational behavior based on Western examples. So while there may not be the Chinese equivalent of individual signature projects Chinese like Carnegie’s funding the establishment of 2811 libraries around the world, we argue that it does not necessarily mean that Chinese business leaders will not give in an impressive and high impact way. We are beginning to see a change in attitudes towards philanthropy among Chinese entrepreneurs, and that these attitudes are frequently expressed in a collective ethos, both in the objectives they see (which are frequently about contributing to society), and approach they take (which involves other private entrepreneurs).

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For example, when Jack Ma, founder of Alibaba, wanted to foster environmental sustainability in China, he did not look to create projects or a foundation branded with his name, but instead organized a group of other like-minded entrepreneurs to collaborate on a joint project, called The Paradise International Foundation, focused on nature conservation. His remarks at the United Nations conference on climate change in 2015 reflect this collaborative ethos, “the earth is neither my responsibility nor yours, but our common responsibility. The government, entrepreneurs, and scientists all need to collaborate.” When establishing this foundation, he included Pony Ma of Tencent Group, his own firm’s biggest competitor. And other collaborators included leading business leaders such as Shen Guojun, president of property developer Yintai Group, Zhu Baoguo, president of Joincare Pharmaceutical Industry Group, Wang Zhong Jun of Huayi Brothers Media, and artist Zeng Fenzhi. This is but one of many examples of how entrepreneurs in China are acting collectively in contrast to individually in their philanthropic projects. It is in sharp contrast to the West, where successful entrepreneurs typically establish their own foundations with a specific and unique focus, such as the Gates Foundation which is focused on people’s health and wellbeing; and the recent establishment of the Chan/Zuckerman Foundation which is focused on combatting some of the world’s most serious diseases. The goals are similarly laudatory, but approaches fundamentally different.

We identify this new model of Chinese entrepreneurs philanthropy as “collectivist charity”, and in this article, we: (a) define and identify the elements of a collectivist charity model, (b) show its antecedents, both in Chinese philosophical and social principles and in social psychology research, and finally (c) discuss the implications of understanding this model for doing business in China, and how this model, despite its roots in Chinese culture and society, offers an example of sustainability for non-Chinese organizations worldwide. Despite this model being a reflection of Chinese society, there are also generalizable implications for global philanthropy across different cultures.

What Is Collectivist Charity?

Collectivist charity represents a model of philanthropic development that is deeply dependent upon China’s cultural context that promotes collectivism. Collective charity directs and mobilizes the entrepreneurs’ collective economic, political, and social capital of a number of entrepreneurs—rather than of individuals—to address social needs. For instance, we plotted the ratio of individual versus collective donations from the Annual Report of Philanthropy Development in China from 2007 to 2014 in Figure 2. As is apparent from the figure, the ratio of individual donations has been decreasing, while collective donations have been increasing over time. And from the 2009 and 2010 versions of the Report, there are clear statements that contrast the U.S. paradigm of philanthropic donation with the Chinese one, such as “charitable giving is … not an individual undertaking” and “the perception of philanthropic donation is perceived differently across different cultures”. To better understand this unique China model, we unpack the three pillars of collectivist charity: cognition, action, and investment.
**Collective cognition.** Chinese entrepreneurs have taken a collective approach to philanthropy because they see themselves very much as part of a community, not just as high-achieving individuals. Cultural psychologists classify China as having a collectivist culture such that Chinese people focus on maintaining the collective interest\(^9\). Culture, broadly defined as “shared values, beliefs and assumptions that actors take for granted,”\(^10\) is important in individual decision-making and there has been a deep set of research on the influence of China’s collectivist culture on a wide range of activities. Collectivism in this research is typically defined as a dimension of culture in which individuals view themselves as interdependent with others in their social community and so pay more attention to the welfare of others.\(^11\) This is in contrast to individualism, which focuses more on their own interests.\(^12\) Indeed, in China, research has shown that individuals put more emphasis on their connections with others and prefer to achieve a collective, as opposed to an individual, good.\(^13\) With respect to charity, research comparing Chinese and Americans charitable giving argues that in a collectivist country, individuals will contribute more if the outcomes of the donation are emphasized as benefits to others rather than benefits to the donor.\(^14\)

In China, even entrepreneurs—seen in the West as exemplars of individualism—prefer to be identified with and accepted by other group members with whom they share a culture and values. Contemporary business leaders in China who grew up in the 1950’s or 60’s can furthermore be seen as being especially imprinted by this collectivist sentiment. Some of them went through the famine associated with the Great Leap Forward, and social and political turmoil of the Cultural Revolution, periods when community and group benefits where especially emphasized in Chinese society. The sense of belonging to a family or a community resonates with in-group integrity and participants will be positively associated with collective behavior. In addition, one key factor of the Chinese entrepreneurs’ success over the previous decades is collaboration. Their businesses are frequently collectively operated through kinship and other networks and thus their business organizational form is based on and fosters a collective identity.\(^15\) Such a perspective can be seen in some of the large-scale philanthropic projects that have been undertaken recently by Chinese private entrepreneurs.

For example, in 2006, 31 of China’s most influential entrepreneurs came together to establish the China Entrepreneur Club (CEC), to serve as a hub for Chinese entrepreneurial collaboration, resource exchange, and international cooperation. To bind group members, the core program of this group is fostering environmental sustainability in China, and they have established a
number of important initiatives including a list of China’s most environmentally friendly companies, published a magazine dedicated to environmental issues and each year have a summit devoted to improving the natural environment. This private non-profit organization is committed to nurturing Chinese entrepreneurship, business integrity, and resource exchange while also fostering sustainable economic and social development. The CEC has developed a strong club culture that helps to nurture collective cognition of its members and thus collective behavior on environmental sustainability.

**Collective action.** Because Chinese entrepreneurs see themselves as sharing a collective responsibility, they are more interested in being identified as part of larger alliance than in accomplishing something on their own. Indeed, we see that the philanthropic projects now being carried out by Chinese entrepreneurs are network-driven, building on and reinforcing these business leaders’ personal connections. For instance, regarding the CEC, Ma Weihua, President of China Merchants Bank described it as an “open communication platform for all of Chinese entrepreneurs to help each other address business issues, take suggestions and claims to better our national policy making, and promote social and economic development.” Importantly, CEC member entrepreneurs have all committed themselves to lead sustainable competitiveness through ethical business practices, positively engaging in public welfare initiatives, and endorsing the promotion of corporate social responsibility. Those values and vision shared by CEC members, employees and affiliates motivate CEC activities and practices. For example, CEC’s Green Companies Alliance and annual China Green Companies Summit were established with the pursuit of building sustainable, transparent, green companies in China. Maggie Cheng, the first secretary of CEC said: “Our CEC members have not just competitiveness, but also collaboration… CEC has connected the fastest growing medium and small companies through projects such as the green companies union. Our goal is to create a mutual support networked community.” The day that the Sichuan Earthquake took place, the CEC donated one million RMB as a collective donation.

Another example is the SEE Foundation which was founded in 2004 by a group of Chinese social elites and leading entrepreneurs. This organization focuses on fostering Chinese environmental conservation NGOs growth by connecting them with Chinese entrepreneurs and the public. So far this organization it has over 600 entrepreneur members and directly or indirectly supports over 400 Chinese environmental conservation organizations and individuals. For instance, SEE organized many activities to involve their entrepreneur members, social activists, government officials and academic researchers to promote environmental conservation efforts, such as the conferences on Environmental Social governance, philanthropic desertification control, and underground water resource issues. They organize philanthropic activities through a variety of collective social activities, such as hiking or tea parties, and invite their entrepreneur members to participate with the NGOs.

Chinese entrepreneurs are interested not only in contributing to specific actions, but also in creating the capability for future actions.

As a consequence of these processes, more and more philanthropy organizations are being formed and encouraging entrepreneurs to take action in a collective way, such as Philanthropy in Motion (PIM) which surveyed philanthropists, entrepreneurs and change-makers and urged society to change “philanthropy into collective action.”

Likewise, according to a government report by the city of Ri’an, the government is also encouraging a special collective model of doing philanthropy by “exploiting the Chinese culture that argues for harmony and unification, unable collective action and thus amplify the societal effects and spillovers to other regions.”

**Collective investment.** For a targeted project or business, involved entrepreneurs will invest together in the collective enterprise. The collective impulse not only extends to an entrepreneur’s peers but also to how projects will develop over time. Chinese entrepreneurs are interested not only in contributing to specific actions, but also in creating the capability for future actions. Rather than simply investing capital, contemporary entrepreneurs try to invest business knowledge, ethics, and future development strategies in the younger generation in a collective way, they prefer to exercise social influence by sharing a collective vision.

For instance, the Sichuan West Nature Conservation Foundation was founded in 2011 by 16 Chinese entrepreneurs as a financing and management platform for biodiversity conservation in Sichuan Province. They extended their conservation activities by collaborating with global conservation organizations such as The Nature Conservancy (TNC) China. During TNC China’s first year of operation in 2011, TNC raised eight million dollars from a diverse set of Chinese entrepreneurs. In the same year, TNC China board set up the China Global Conservation Fund (CGCF). From 2012 to 2014, seven TNC global projects had received sponsorship from CGCF, such as Kenya Hirola Aid Station and Sustainable Conservation of Indonesian Seas. They received separately the minimum sponsorship of 300 thousand dollars, to the maximized amount of one million dollars. This was the first time that Chinese entrepreneurs had collectively built a platform for taking in large donations for global environmental conservation.
In addition, as an initial effort to propagate collectivism in charity, PIM has also gathered many entrepreneurs and established a fund for collaborative investment. Furthermore, Guangbiao Chen, a so-called “First Man of Philanthropy”, encouraged and led a group of entrepreneurs in collective support of charitable causes. As he said: “This time I am not alone, I brought hundreds of entrepreneurs to donate in a collective way.”²²

Why Has This Model Developed in China?

The collectivist charity we see developing in China is an outgrowth of some very deep and ancient characteristics of Chinese culture. This is reflected in a traditional Chinese saying “when people are united, they can move Mt. Tai” (“人心齐，泰山移”). Chinese traditional culture not only influences politics but also economic development as well. Lu Xun, a leading figure of Chinese literature said “To cultivate trees, firstly there should be the earth suitable for the trees to grow”. The ideology and characteristics of Chinese entrepreneurs are imprinted by Chinese traditions and culture of their upbringing. To understand the collective charity model of China, we must then look to Chinese traditional culture and how this culture affected the entrepreneurs’ spirit.

Chinese philosophical traditions. China’s culture, society, and business environment have been shaped by many philosophical traditions, all of which contribute to a collective ethos. Confucian norms, which place collective values above individual interests, influence business practices. The core of Confucianism is essentially humanistic, obligation-based, and collectivistic. Key Confucian concepts that foster entrepreneurs’ social welfare orientation include ren—benevolence, philanthropy, and humaneness; yi—the capacity to discern moral rightness in acts and relationships; and li—social rules and norms dictating legitimate behavior for individuals and institutions.

89% of Chinese business leaders define CSR as “operating in integrity and abiding by business ethics.” Both Confucius and his disciple Mencius regarded philanthropy as the distinguishing characteristic of a human being and one of the fundamental constituents of nobleness and superiority of character.²³ Many Chinese private entrepreneurs regard Confucian cultural ethics as a substitute for the concept of corporate responsibility. Consistent with this, a survey of corporate executives conducted by Fortune China found that 89% of Chinese business leaders define CSR as “operating in integrity and abiding by business ethics.”²⁴ A recent study of Chinese entrepreneurs, which refers to “Confucian social model” suggests entrepreneurs vie for status and engage in philanthropy to show that they are men of culture (Shidafu (士大夫) in Chinese). Meanwhile, because of their social responsibility these individuals are perceived by the public as bringing the order to the state (治国) finally preserving the world peace (平天下).²⁵

Buddhism and Taoism have also deeply influenced business practice and philanthropy in China. Buddhists and Taoists both believe that compassion is a principal virtue in society and that people should care about the needs of others, views that have significantly shaped family and social relations in China. During the Ming and Qing dynasties—between the sixteenth and eighteenth centuries—a combination of Buddhism, Taoism, and Confucianism produced a culture of diligence, integrity, and charity among entrepreneurs.²⁶ The combination set up the moral foundation and imprinted morality into the businessmen’s mindset. For example, historical research has shown that entrepreneurs in the Ming and Qing dynasties had developed ethical business operations and that the power and recognition bought by their business actions satisfied entrepreneurs spiritually.²⁷

A tradition of group philanthropy. Although entrepreneurial philanthropy is very new in China, collective philanthropy is not new itself. In the Song dynasty (960-1279), the government initiated a new phase of philanthropy that made it more organized and institutionalized, and public and private business entrepreneurs followed, supported, and implemented the policy.²⁸ And as Chinese society developed, new opportunities emerged to broaden philanthropic service. More passive forms of philanthropy eventually evolved into more active and collective forms. Confronting frequent disasters, the government in ancient periods was not able to relieve citizens hardships and so relied on the private societies led by active individuals, which set the stage for “corporatism” in ancient China²⁹ and fostered new philanthropic models. For instance, in the late Ming period (1368-1644), Yang Dongming, a midlevel official, looked for opportunities for doing good through long-established channels such as Buddhist institutions or community granaries. He established the first known benevolent society in his hometown. Yang persuaded members of the society, in many instances local entrepreneurs, to contribute money to repairing roads, fixing bridges, and aiding the poor and sick. He changed the group’s name from “A Society for Sharing Pleasure” (Tongle hui) to “A Society for Sharing Goodness” (Tongshan hui). Yang’s charitable society was a formal organization with exclusive membership and it harnessed its members to work together toward long term social good. At the end of Qing dynasty (1644-1911), there were continuous floods and droughts. The Qing government was not responsive and so private charity organizations were founded to help people who suffered from these disasters and took the main role in the philanthropic relief activities. Newly established benefactor groups, such as River South Businessmen Group, Huang Yang Charity Group and International United Rescue Association helped
to relieve citizens hardships and thus to stabilize and regulate society.\textsuperscript{30} In the Taiping Kingdom of Heaven period (1851-1864), a philanthropic group known as the River South Philanthropists Association operated in Southern China. These businessmen participated in disaster relief, playing a role in donation, transportation, allocation, and auditing. In more recent history, philanthropic organizations continued emphasizing charity causes in order to set up schools and orphanages.\textsuperscript{31}

**Importance of relationships (“guanxi”).** Chinese people care significantly about the social relationships between individuals in society. The term guanxi refers to this unique culturally embedded system of social capital, social networks, managerial ties, and personal relationships. For instance, in the survey of private entrepreneurs by RCPE-CASS, we examined private entrepreneurs’ opinions for the most important factor in doing business in China. In Figure 2 we can see that on average 29.93% of the entrepreneurs believe guanxi most important, second to skills (55.1%). As Maggie Cheng of the CEC said, “I think the private companies in China have now grown into a (size) that can use larger resource partners to further improve the Chinese market.”\textsuperscript{32} Her assertion further highlights the importance of the guanxi (including the resource partnership) in developing business.

**Figure 3: The Most Important Factor for Doing Business in China**

![Bar chart showing the importance of factors in doing business in China. The most important factor is skills at 55.1%, followed by guanxi at 29.93%. Other factors include market, government support, and other.](source-data: Research Center for Private Entrepreneurs, Chinese Academy of Social Sciences (RCPE-CASS), 1993-2012)

Guanxi-related practices, such as face and favor can reduce uncertainty, lower transaction and information costs, and provide useful resources.\textsuperscript{33} The role of guanxi naturally carries over into the way Chinese entrepreneurs practice philanthropy. To create some benefit for society, one works with that society, as we have seen, using one’s network of relationships and obligations. To achieve the social recognition, guanxi among those entrepreneurs need to be sustained by networks and collective reputation. guanxi as social exchange plays an important role in maintaining relationships. For example, the private entrepreneurs’ survey data indicate that 83.8% of these entrepreneurs thought that maintaining guanxi is important, and 27.8% of them wanted to help their networked peers. Figure 3 shows the positive correlation between guanxi and donation —the more important the entrepreneurs think guanxi is, the larger the amount they donate.

**Figure 4: The Relationship between Guanxi and Donation**

![Graph showing the relationship between the importance of guanxi and donation. As the importance of guanxi increases, the amount donated decreases.](source-data: Research Center for Private Entrepreneurs, Chinese Academy of Social Sciences (RCPE-CASS).)
Institutional voids. Chinese entrepreneurs are starting to work together to develop missing institutional infrastructure in China, known as “institutional voids.” This doesn’t always involve a philanthropic purpose, but it can. For example, Yintai Group collaborated with Peking University to create Mainland China’s first master’s degree program in social enterprise management, covering such topics as public policy, social responsibility, social innovation, social enterprise, social investment, and NGO management. Yintai agreed to cover all the expenses, including research, faculty, and scholarships, with the goal of inspiring students to take positions in social philanthropy after graduation. At the signing ceremony for the collaboration, Shen Guojun, president of Yintai Group, said: “It takes 10 years for a tree to grow, but 100 years to cultivate a successful generation. This two-year program is designed to bring benefits to society and write the first chapter for the history of philanthropy in China.” Other entrepreneurs were on board, including Jack Ma, Niu Gensheng of Meng Niu Group, Wang Jianlin of Wanda Group, and Cao Dewang of Fuyao Group, not to mention a prominent U.S. entrepreneur—Bill Gates. Similarly, the Lao Niu Foundation’s, 1000 Philanthropic Talents Training program was created to train professional NGO and philanthropic managers to lead the team and corporations to efficiently and positively implement the philanthropic events.

Utilizing the survey data of private entrepreneurs in China provided by RCPE-CASS, we plotted the figure below and found that 81.3% of these private entrepreneurs would like to help government out in terms of public goods and services provision and 63.8% of them engage in corporate social responsibility. The results are consistent with a recent study on corporate charitable donations which argues that private firms are playing an important role in filling the institutional voids.\(^\text{34}\)

**Figure 5: Key Responsibilities of Private Firms**

Source data: Research Center for Private Entrepreneurs, Chinese Academy of Social Sciences (RCPE-CASS).
Note: This is an open question, and thus the answers are not mutually exclusive.

Implications of Understanding the Collective Charity Model

Why do we need to understand this Chinese model of collective charity? One key reason it is very representative of a different kind of capitalism that has developed in China over the last four decades. Understanding collective charity is therefore one way to understand Chinese companies, which are now playing more important roles in international business ever in history as they are now doing business all over the world\(^\text{35}\)—how they succeed or fail, how they differ from Western companies, and how to compete or collaborate with them. And second, it provides a new model for philanthropy for entrepreneurs and companies all around the globe.

Insight into Chinese companies. Management scholars and practitioners have been interested for a long time in how different business models and the relevant theories can be applied to different contexts\(^\text{36}\). Unlike the individualist model of charity that is prevalent in countries such as the U.S., the collectivist model of charity depicted here reflected a fundamental difference in business activity that is deeply rooted in different cultures. The collectivist charity model enables a better understanding of how Chinese culture comes into play in the business model of Chinese firms and entrepreneurs from the perspective of their
philanthropic behaviors and thus may shed light on how to do business with Chinese firms. As Hofstede argued: “the business of international business is culture.” Chinese entrepreneurs’ collective charity may also provide Western companies with more insights into how Chinese entrepreneurs participate in and promote philanthropic events and is useful for the Western companies in judging their potential Chinese partners’ fulfillment of corporate social responsibility, which in turn helps to address their stakeholders’ concerns.

Chinese entrepreneurs’ philanthropy is growing but it confronts many challenges. The collectivist activities of philanthropy might work to reduce market uncertainty and integrate resources in a more efficient fashion and help to achieve collective social identity. The development of Chinese entrepreneurs’ philanthropy through collective charity will enable entrepreneurs to promote social welfare, which in turn enhances the businesses social benefits. The collectivist charity model also has implications for the general business environment in China, especially for dealing with the government, which is thought to be a major source of uncertainty for doing business.

A new model of philanthropy for the world? Besides understanding the collective charity model itself, a natural question emerges: is the collective charity model generalizable to elsewhere in the world, to the West in particular? Is it a pathway to sustainable global capitalism? The traditional view considers the Western philanthropic culture as a paradigm which influences that of Chinese. However, Chinese philanthropic entrepreneurs are growing in number and their global vision will also integrate their ideas, perspectives and behaviors into the world.

Our study of this new phenomenon convinces us that the model is exportable, but we caution that it has to be understood as not just a method, but more of a general approach for entrepreneurial philanthropists. One should also consider influence of the broader cultural and institutional context. Maybe a combinatorial approach – including both external cultural factors and entrepreneurs actions – will help us better understand why some companies give more, maintain a better relationship with local community and more broader environments, and are following a more sustainable growth pattern than the others.

Conclusion

Chinese traditional philosophy emphasizes the idea that “All men share a responsibility for the rise and fall of their nation” (“天下兴亡，匹夫有责”). Today, more and more Chinese entrepreneurs are engaging in charitable donation and working to promote social welfare. Traditional Confucian ideology tells us to “cultivate oneself, bring order to the family, govern the country, and bring peace to all”, i.e. the Confusion model in philanthropy. Chinese entrepreneurs and businesses are actively connected and overlapping, using their guanxi not just in business but also for the common good. The strategy of collective charity not only brings positive benefits to the firms and entrepreneurs that are engaged in this model, but also increases entrepreneurs’ personal social capital, extends their social networks, and creates a harmonious environment for the entrepreneurs and their employees. This collectivist charity model has profound implications for practitioners, in that it not only helps to answer why Chinese entrepreneurs seem to be not as generous in charitable donation as their Western (U.S. in particular) counterparts, but also sheds light on the Chinese business model and philanthropic environment as well as the culture where they originate from.
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