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## Global China's human touch? The internationalisation of Chinese NGOs

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## Chapter 7 When Charity Meets Capital: Chinese NGOs and Chinese Overseas Investments

As Chinese NGOs go global, they have become increasingly active in the social and environmental issues of Chinese companies for their overseas investments. This chapter examines the role of Chinese NGOs in relation to the overseas investments of Chinese companies. It analyses the relationship between Chinese NGOs and corporations, how Chinese NGOs become involved in the social and environmental issues associated with Chinese companies and whether they could become a transformative force to improve the social and environmental impact of Chinese companies overseas.

Chinese companies and their overseas investments are an important part of Chinese international development landscape. With the support of China's development finance, Chinese companies, especially SOEs, have been expanding rapidly in the developing world over the past decade, notably in the energy sector, natural resources and infrastructure. However, some Chinese overseas investments have generated significant international criticism and scrutiny due to their negative impact on local societies and the environment. Some Chinese investments have faced strong local resistance, resulting in project suspensions and cancellations, significant financial losses and reputational damage (e.g. Green Peace, 2019; Shi, 2021; Tang-Lee, 2016). For example, local communities and environmental activists have successfully filed a lawsuit against a mining project backed by three Chinese SOEs in Lamu, Kenya, leading to the final cancellation of the project. The large Myitsone dam project has been on hold for more than a decade since 2011 when then-President Thein Sein announced the suspension of the investment due to strong local opposition (Fuller, 2011).

Controversies about Chinese corporations' social and environmental impact overseas arise due to several reasons. First, Chinese companies' corporate and social responsibility (CSR) vision differs from that of their Western counterparts. In their understanding, their business itself, which contributes to local economic growth, and their compliance with local regulations are an important part of CSR (Illgallogging.info, 2007, as cited in Tan-Mullins and Hofman, 2014; Tang-Lee, 2016). Additional efforts beyond compliance with local regulations and contribution to economic growth tend to focus on philanthropy, such as donations to build schools, hospitals and other public infrastructure, instead of showing transparency and accountability, emphasising public engagement and ensuring the equity of investments for local communities (Tan-Mullins and Hofman, 2014). This perception of Chinese companies is partly due to the state-centric approach to Chinese CSR, which prioritises state guidance and requirements over other external stakeholders. The general principle of the government's requirements on Chinese overseas investments is to meet local legal and environmental standards; therefore, many Chinese companies only do what is minimally required by the government. However, the situation is gradually improving as more and more guidelines (e.g. the Guidelines for Social Responsibility in Outbound Mining Investments of 2018 and the Opinions on Promoting the Green Development of "One Belt One Road" published in 2022) encourage companies to adopt international standards. Another reason behind the controversies is that Chinese companies are

inexperienced in dealing with civil society. Within China, where CSR activities are state centric and public participation and protest are constrained, Chinese companies usually face less direct confrontation with civil society (Ho, 2013). However, Chinese companies are forced to deal with social and environmental problems overseas, especially where civil society is robust (Tan-Mullins and Mohan, 2013).

Numerous investment setbacks due to social and environmental controversies have become learning experiences for Chinese companies and have pushed them to develop adaptive CSR strategies overseas. They are gradually switching from a model of state-led CSR governance to multi-stakeholder CSR governance, which requires accountability towards multiple stakeholders instead of focusing solely on upward accountability (Tan-Mullins and Hofman, 2014; Zhang et al., 2019; Parsa et al., 2016, as cited in Tan-Mullins, 2020). NGOs are an important part of multi-stakeholder CSR governance.

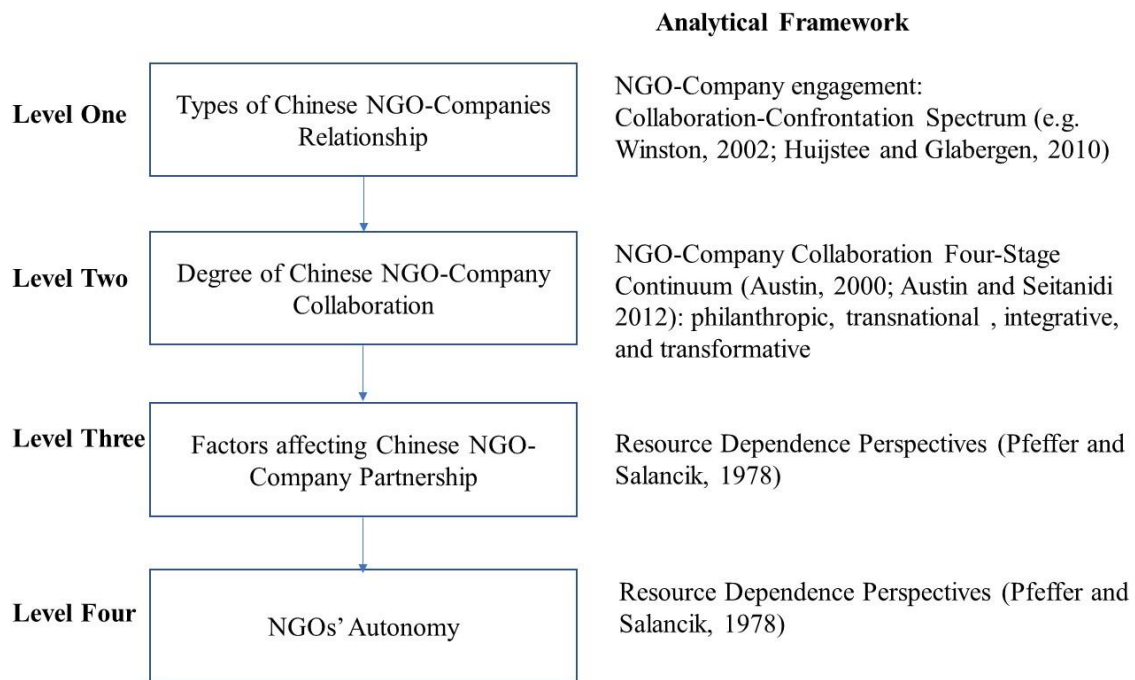
In this chapter, I first introduce the analytical framework, which consists of four levels of analysis and follows my inductive inquiry into the relationships between Chinese NGOs and companies. Then, I present the main findings level by level and conclude the chapter with a discussion of the transformative potential of Chinese NGOs in relation to overseas corporate behaviour. This study indicates that Chinese NGOs are mostly collaborative rather than confrontational when dealing with companies. However, the collaborative aspects usually do not develop at a very deep level, and the partnerships between Chinese NGOs and companies are limited. Chinese NGOs are constrained by their own organisational development and resources and have shown much greater concern about their access to the resources of companies than about their independence in their collaboration from companies. The role of Chinese NGOs is unlikely to be transformative as concerns Chinese overseas investments, although they do have unique advantages when collaborating with Chinese companies, such as the “home NGO” advantage.

## **7.1 Analysing Chinese NGO-Company Relationships**

### ***Four-level Inquiries into Chinese NGO–Company Relationships***

My investigation of how Chinese NGOs are involved with companies for overseas investments follows an inductive process (see Figure 15). I start with one general question (level one): what types of Chinese NGO–company relationships can be distinguished in the overseas setting? I find that Chinese NGOs and companies are primarily collaborative rather than confrontational. I then take a closer look at the degrees of collaboration between Chinese NGOs and companies (level two). The deepest level of Chinese NGO–company collaboration is Chinese NGO–company partnerships. I explore why some Chinese NGOs can establish partnerships with Chinese companies whereas others cannot (level three) and how much autonomy Chinese NGOs have in their partnerships with corporations (level four). Through the level-by-level analytical process, the research explores the transformative potential of Chinese NGOs with regard to the social and environmental concerns linked to Chinese investments.

**Figure 15: Four-Level Analytical Framework of Chinese NGO-Company Relationships**



The level-one analysis will answer the basic questions regarding the types of relationships between Chinese NGOs and companies in the context of Chinese overseas investments. NGO–corporate relations are diverse and wide-ranging. NGOs employ a variety of tactics and strategies to advance their goals. One of the most common ways to analyse NGO–company relationships is through the engagement/collaboration–confrontation spectrum (e.g. Winston, 2002; van Huijstee and Glasbergen, 2010; Molina-Gallart, 2014). The collaboration–confrontation spectrum describes NGOs’ attitudes towards corporations. To gain a more nuanced understanding of Chinese NGOs’ role in Chinese overseas investments, I further developed the collaboration–confrontation spectrum into a matrix by adding another dimension, namely, whether NGOs interact with and impact specific companies directly or indirectly. Based on these two dimensions, I classified Chinese NGOs’ behaviour in influencing Chinese companies with regard to their overseas investments into six groups (Table 18): collaborators, supporters, communicators, researchers and policy advisors, provocateurs and capacity builders. Detailed explanations and examples will be given in the next section.

**Table 18: Types of Chinese NGO-Company Relationships in terms of NGOs' Roles**

	<b>Direct influence</b>	<b>Indirect influence</b>
<b>Collaborative</b>	<p><b>Collaborators</b></p> <ul style="list-style-type: none"> <li>● Donations</li> <li>● CSR projects</li> </ul>	<p><b>Supporters</b></p> <ul style="list-style-type: none"> <li>● Charity in communities affected by Chinese investments</li> </ul>
<b>Neutral</b>	<p><b>Communicators</b></p> <ul style="list-style-type: none"> <li>● Knowledge sharing and capacity building to companies</li> <li>● Intermediary</li> </ul>	<p><b>Researchers and policy advisors</b></p> <ul style="list-style-type: none"> <li>● Research</li> <li>● Policy advice</li> </ul>
<b>Confrontational</b>	<p><b>Provocateurs?*</b></p> <ul style="list-style-type: none"> <li>● Protest</li> <li>● Legal action</li> </ul>	<p><b>Capacity builders</b></p> <ul style="list-style-type: none"> <li>● Capacity training in local communities</li> </ul>
	*no particular evidence from Chinese NGOs	

The level-two analysis will focus on the collaborative side of Chinese NGO–company relationships, the most common type of relationship in Chinese NGO–company interactions in the context of Chinese NGOs’ internationalisation. Particularly, it will examine the degree of Chinese NGO–company collaboration based on the NGO–company collaboration continuum proposed by Austin (2000) and Austin and Seitanidi (2012), dividing collaboration into four stages: philanthropic, transactional, integrative and transformative. The level-three analysis will determine why some NGOs can collaborate with companies at a deeper level through partnerships whereas others cannot and what factors contribute to these partnerships. The level-four analysis will further explore Chinese NGO–company collaboration by examining the autonomy of Chinese NGOs in their partnerships. Resource-dependence perspectives (RDP) (Pfeffer and Salancik, 1978) will be used as the major theoretical underpinnings for explaining the behaviour of both Chinese NGOs and companies, given their analytical power to explain organisational behaviour.

***Resource Dependence Perspectives and NGO–Company Relationships***

This section will explain how RDP can be applied to Chinese NGO–company relationships and, thus, used in the level-three and level-four analyses. The analytical framework of RDP, created by Pfeffer and Salancik (1978), has been widely used in organisational studies, including on inter-organisational relationships. RDP explains how organisational behaviour is affected by external resources. To survive and succeed, organisations must obtain and maintain resources, for which they depend on external environments. Uncertainty in the supply of key resources sometimes encourages organisations to engage in exchanges and transactions with other organisations to acquire key resources. Such exchanges may involve material resources, information or legitimacy. Once an organisation relies on another for a particular resource,

dependence is inevitable. Organisations are bound by a network of interdependencies with other organisations in the process of obtaining and exchanging resources. Nonetheless, organisations are not equally dependent on each other, and asymmetry exists. This asymmetry produces power for the less dependent organisations. According to RDP, three critical factors determine the dependence of one organisation on another. The first is the significance of the resource, that is, the extent to which the organisation needs it to ensure sustainable operations. The more important a resource is, the more dependent the organisation is. The second is the extent to which focus organisations have discretion over the resource. Control over resources includes possession, access, use and allocation, the ability to make rules to regulate these and the enforcement of regulations. Organisations that have less control over resources are more dependent. The third critical factor is the availability of alternatives for obtaining the required resources. The more alternative resources exist, the less dependent an organisation is.

A few scholars have examined NGO–company relationships from RDP (e.g. Lalzai, 2020; Lambell et al., 2008; Poret, 2014). Both NGOs and companies are viewed as strategic actors whose behaviours are affected by the availability of the resources required for their operations. The relationships between NGOs and companies can be theorised as one organisation affecting the other organisation’s demand, access and management of external resources. When NGOs and companies can provide complementary resources to each other, they are likely to enter into a collaborative relationship. Development NGOs are dependent on at least three forms of resources: organisational legitimacy, funding and access to information and knowledge (Yanacopulos, 2005). Companies, especially when operating in foreign countries, face a series of challenges and uncertainty, such as political instability, institutional voids and social illegitimacy. When external situations are uncertain and problematic, organisations make efforts to establish linkages with actors in their environment and use these linkages to access resources, stabilise outcomes and avert environmental control (Pfeffer and Salancik, 1978). In certain circumstances, NGOs and companies can provide resources needed by the other side and, thus, form alliances to manage uncertainty and instability together, generating interdependence. However, such interdependence can be particularly problematic for the organisations that are more dependent, which, in NGO–company relationships, are predominantly the NGOs (e.g. Al-Tabbaa et al, 2014; Poret, 2014). To attract and maintain relationships with corporations, NGOs may be coopted by companies and moderate their standards and behaviours.

This research uses RDP as its theoretical underpinning to understand various behaviours of Chinese NGOs and companies in their relationships as it provides a powerful theoretical foundation for addressing questions such as what kind of resources matter for Chinese NGO–company partnerships and whether there is resource dependency and power asymmetry in these relationships. The level-three and level-four analyses will answer these questions.

## **7.2 Level One: Types of Chinese NGO–Company Relationships**

I classify Chinese NGOs’ behaviours in influencing Chinese companies with regard to their overseas investments based on two dimensions: how Chinese NGOs approach companies (i.e. whether they are collaborative, neutral or confrontational) and how they influence companies (i.e. directly or indirectly). I identify six groups (Table 18): collaborators, supporters, communicators, researchers and policy advisors, provocateurs and capacity builders.

### ***Collaborators***

Collaborators are NGOs that collaborate with companies directly on CSR functions. Collaborators usually engage in direct resource exchanges with companies. The most common form of collaboration consists in companies providing financial resources and NGOs offering non-financial resources, such as access to recipients, knowledge and expertise in social issues, social recognition and human resources. This is the most common type of relationship between Chinese NGOs and companies. At least 60% of the 28 Chinese NGOs (excluding two corporate foundations) under study maintain some level of collaboration with Chinese companies. NGO–company collaborative relationships will be studied in depth in subsequent sections given their predominance among all relationships between Chinese NGOs and companies.

### ***Supporters***

Supporters are NGOs that are aligned with the interests of corporations and show support for the companies' behaviour although they do not work directly with them. Yundi is a typical case. Yundi took the initiative to communicate and partner with the Ayeyarwady Foundation and Metta Foundation, two local NGOs in Myanmar criticising the construction of the Myitsone dam and carried out educational and healthcare projects in the relocating communities affected by the Chinese investments (Yundi, 2019). Yundi's charitable projects in the affected communities were conducted in the hope of improving the local image of Chinese investments. Yundi's projects were sponsored by the Department of Commerce of Yunnan instead of the Chinese company. It has shown indirect support for Chinese investments in local communities.

### ***Communicators***

Communicators either share their knowledge with companies directly or communicate with companies as intermediaries. Unlike collaborators, communicators do not exchange material resources with companies. Communicators usually hold a neutral position vis-à-vis companies. One aim of communicators is to share expertise and knowledge on sustainable investments. For example, GEI has shared its knowledge and expertise in community development by providing a community development guidebook to Chinese corporations in Africa. Another way to engage is by acting as an intermediary between Chinese corporations and other stakeholders. For example, Green Camel Bell has invited local experts and organised workshops on the outlook of renewable energy in Southeast Asia to provide Chinese private corporations with the latest market information on renewable energy. GEI has organised workshops with multiple stakeholders from both Myanmar and China to promote communication between State Power Investment Corporation (SPIC) and local stakeholders over the Myitsone dam conflict.

Apart from organising conferences and workshops for different stakeholders to communicate, Chinese NGOs sometimes serve as intermediaries between foreign NGOs and Chinese corporations. Local NGOs and INGOs cannot access Chinese corporations easily and may ask Chinese NGOs to act as a bridge for approaching and communicating with Chinese corporations (Interviews 1, 16 and 27). This is because they speak the same language as Chinese corporations, understand the Chinese corporate culture and discourses, have easier access to the companies and win their trust more easily.

### ***Researchers and Policy Advisors***

Researchers and policy advisors are NGOs involved in research and policy advice on sustainable investments. They provide knowledge and expertise in a specific topic, but unlike communicators, they usually address the topic at the sectoral level instead of advising specific companies. Their research and policy recommendations usually target policy makers or the general audience. NGOs produce research and policy recommendations in three main ways: by participating in a research effort requested by governmental departments, by performing independent research or by organising and participating in conferences and workshops. As China has shown growing interest in building a “green BRI” (“*lv se yidaiyilu/绿色一带一路*”), there is increasing demand from governmental agencies for expert input on the sustainability aspects of China’s infrastructural campaigns overseas. For example, Greenovation Hub (GHub) participated in the drafting of the Action Guidelines for the Environmental and Social Risk Management of Overseas Investments Financed by the Chinese Financial Institutions along with the China Banking Association, under the guidance of the China Banking and Insurance Regulatory Commission (GHub, 2021a).

However, governmental agencies are more likely to solicit expert opinions from Chinese research institutions and large international NGOs than from Chinese NGOs. Governmental agencies routinely seek consultation from domestic experts as a standard part of policy making (Shen, 2017; Teets, 2013). These domestic experts usually come from government-affiliated think tanks, research institutions and universities, such as the Energy Research Institute under the National Development and Reform Commission, the National Center for Climate Change Strategy and International cooperation under the Ministry of Ecology and Environment, the Chinese Academy of Engineering, the Chinese Academy of Science, Tsinghua University and Fudan University. INGOs and international think tanks also play an active policy advisory role in the green BRI because the Chinese government has opened several mechanisms specifically to request international actors’ opinions. These include the Belt and Road Construction and Promotion Center housed by the National Development and Reform Commission, the China Council for International Cooperation on Environment and Development and the BRI International Green Development Coalition at the Ministry of Ecology and Environment. Chinese NGOs do not have an edge over Chinese research institutions, which have a designated policy advisory role with China’s decision-makers, nor over INGOs, which can bring international voices directly to governmental agencies through formalised governmental mechanisms.

Instead of direct policy advice to governmental agencies, Chinese NGOs more commonly conduct research independently and publish it openly to raise awareness. This is the case with GEI’s research on China’s overseas coal-fired power investments and Chinese timber investments in Africa (GEI, 2017; n.d.a.), GHub’s research on the opportunities and challenges of Chinese overseas renewable investments (GHub, 2020) and Social Resource Institute’s research on the environmental and social risks of Chinese investments in Myanmar. Importantly, most independent studies conducted by Chinese NGOs are financed by INGOs.

Last but not least, the most common way for Chinese environmental NGOs to promote sustainable investments and green BRI governance is to organise and participate in conferences, seminars and workshops to share their research findings and policy recommendations, which are addressed to a wider audience including domestic and international scholars, journalists and professionals. For example, 14 Chinese NGOs, INGOs, media and think tanks have formed the Belt and Road Green Development Platform with the coordination of GHub in 2016. They



include notable Chinese environmental NGOs such as the All-China Environmental Federation, the China Green Carbon Foundation and GEI (GHub, n.d.). The platform has facilitated communication within epistemic communities and coordinated international partnerships on the issue of the green BRI and climate change by organising conferences and seminars (Fürst, 2020), such as side conferences at the 23<sup>rd</sup> session of the Conference of the Parties (COP 23) in Bonn on the topic of the green BRI and climate governance (GHub, 2017) and a webinar on green and low-carbon cooperation between energy-intensive industries in China and BRI countries in the post-COVID-19 era (GHub, 2021b). Another example is GEI's advocacy with Asian Infrastructure Investment Bank (AIIB) and the Export-Import Bank of China for the adoption of green finance policies by organising open seminars on sustainable finance and attending the meetings of the Aarhus Convention, AIIB and C20 (GEI, n.d.b).

### ***Provocateurs***

Provocateurs are NGOs that directly confront certain companies, for instance by protesting against specific unwelcoming investments. No Chinese NGO in this study fits in this category. However, many local NGOs in host countries have displayed such attitudes, being major forces fighting against Chinese investments that affect local communities. For example, one local NGO in Kenya, Save Lamu, along with other local groups, filed a legal case against the construction of the China-financed coal power plant in Lamu, resulting in the cancellation of the project (Shi, 2021). Another Kenyan NGO, Friends of Lake Turkana, organised a protest after failing to get a satisfactory response from the Chinese embassy on the controversial financing of a turbine for the Gibe III dam, which would have a destructive environmental and social impact. Civil society groups in Myanmar play a vital role in mobilising protests against Chinese investments, achieving suspensions as in the case of the Mytson dam and the Letpadaung copper mine. Some INGOs, especially those specialising in environmental activism, also use confrontational tactics to pressure Chinese stakeholders. For example, International Rivers wrote directly to China's Sinohydro Corporation, a major Chinese dam builder, urging it to follow leading international standards. During discussions with Sinohydro, International Rivers made it clear that it would publicly campaign against the company if it went forward with projects with environmental consequences (International Rivers, 2012). However, Chinese NGOs are absent from the frontline of confrontation with particular unwelcome investments.

### ***Capacity Builders***

Capacity builders are NGOs that provide capacity building to local communities for communicating with and confrontation companies when necessary. Chinese NGOs very rarely confront companies, even indirectly. Only one NGO in this study has engaged in indirect confrontation by providing capacity building to local communities affected by investments from China and multinational financial institutions. This Chinese NGO introduced relevant policies related to Chinese investments to local communities, taught them communication skills for dealing with Chinese stakeholders and provided training on how to monitor investments with environmental and social consequences and mobilise resources for confrontation. This is the only case in which a Chinese NGO prioritised the interests of local communities by teaching them knowledge and tools for bargaining with Chinese companies. However, the local capacity-building projects carried out by this NGO were only temporary and implemented years ago, and this Chinese NGO has been dissolved. This case remains

exceptional rather than representative. This is the same case anonymised as JX mentioned in Chapter 5.

In a nutshell, most Chinese NGOs that are involved with Chinese companies act as collaborators, followed by researchers and policy advisors and communicators. Confrontational approaches are very rare. One major reason that Chinese NGOs are non-confrontational is to avoid losing social legitimacy, a fundamental resource for organisational survival. Chinese NGOs avoid using confrontational approaches with Chinese companies as they do with governments. In the landscape of Chinese overseas investments, SOEs, representing a mix of economic and strategic state interests, are predominant. Confrontation with large investments by Chinese SOEs is viewed as a threat to state interests that delegitimises Chinese NGOs for stakeholders embedded in Chinese society, such as their supervisory units and funding agencies. Such delegitimation affects Chinese NGOs' ability to obtain sustainable resources for their operations. Considering that Chinese NGO–company relationships concentrate on collaboration, the next sections will delve into Chinese NGO–company collaboration in developing countries, examining the varieties of collaboration, the factors affecting it and Chinese NGOs' autonomy in the collaboration.

### **7.3 Level Two: Degree of Cooperation**

There are different varieties and degrees of NGO–company collaboration. Based on the collaboration continuum put forward by Austin (2000) and Austin and Seitanidi (2012), NGO–company collaborations go through four stages: philanthropic, transactional, integrative and transformative. The level of engagement between NGOs and businesses deepens along the continuum, the magnitude of resources exchanged increases, and the type of resources changes from money dominant to core-competencies dominant (Austin and Seitanidi, 2012). The rudimentary level of collaboration is observed at the philanthropic stage, which is largely a unilateral transfer of material resources from companies to NGOs in the form of philanthropic donations. At the next level of engagement, the transactional stage, corporations and NGOs start to exchange resources focusing on specific activities, such as event sponsorships, contractual service arrangements, cause-related marketing and other specific projects with clear objectives and shared responsibilities. At the third level of engagement, the integrative stage, corporations and NGOs begin to merge their activities, missions and human resources, usually in the form of joint ventures. The most advanced collaborative stage, the transformational stage, is characterised by shared learning and the intention to create disruptive social innovations and deliver transformational benefits to society at large, although this stage is more of a conceptual and ideal stage (Austin and Seitanidi, 2012).

Most collaborations between Chinese companies and NGOs stay at the first level of collaboration through corporate philanthropic donations to NGOs. Corporate donations are major sources of philanthropy in China. In 2020, 58% (122 billion RMB) of total charity donations in China came from corporations (GMW, 2021). Corporate donations and sponsorships are also major funding sources for large international projects carried out by Chinese NGOs, as analysed in Chapter 3. Alibaba donated 100 million RMB over three years to CFPA for its international Panda Pack project, which is the largest publicly recorded international project conducted by a Chinese NGO. Another example is CFPD, whose main financing source is Chinese companies. For instance, it received 10 million RMB from two

Chinese companies each for its general pool of funds for international projects and another 1 million RMB from another company for the Silk Road Sunshine Fund, a specialised fund for the BRI (CFPD, 2020, 2021). However, corporate donations, especially large ones, are skewed towards bigger NGOs, usually GONGOs, while small NGOs have a hard time accessing corporate donations. One reason for this is that large GONGOs can help corporations to gain political legitimacy, which is an important motivation for corporate philanthropy (Wang and Qian, 2011; Zhang et al., 2016). Through sponsoring GONGOs, which usually have close ties with the government and organise their activities around national strategies, corporations can acquire political legitimacy indirectly. For example, since the establishment of the BRI, GONGOs have tended to package their international projects around the BRI, as evident in the names “Silk Road Fraternity Fund” of the CRCF and “Silk Road Sunshine Fund” of the CFPD. By sponsoring such funds, corporations can show that their objectives are desirable and consistent with political values. However, it is much harder for smaller and independent NGOs to solicit funding from corporations, as lamented by several interviewees (e.g. Interviews 5, 10, 18, 19 and 28). NGOs with leaders who were once in business and with good business connections are also likely to receive corporate donations. For example, the founders of the Peaceland Foundation have a corporate background, which helps the organisation to raise funds from several corporations through the founders’ connections to business associations and networks (Conference 31). Except for some large monetary donations to notable GONGOs, corporations are more willing to donate goods that they produce or services that are part of their business activities than to donate money directly. For example, LiaoYuan Ruye preferred to donate goods, namely, milk powder instead of monetary donations for children in Afghanistan through the Peaceland Foundation (Conference 31). A Chinese company provided free logistic services to a Chinese NGO by freely transporting to Malawi a batch of donated musical instruments along with its own goods (Interview 35).

At the second stage, that of transactional collaborations, resource flows shift from unilateral to bilateral, and there is an explicit exchange of resources and reciprocity for value creation. The results tend to be more quantifiable and more direct for the organisations (Austin and Seitanidi, 2012; Googins and Rochlin, 2000). Nonetheless, as the associational relationship between corporations and NGOs tightens, the risks increase an issue arises (Wymer and Samu, 2003, as cited in Austin and Seitanidi, 2012). Therefore, organisational fit and trust between the two sides become more important at this stage. NGOs usually partner with corporations for their CSR programmes, which are designed and coordinated together by the partners, instead of just receiving donations from corporations. The next stage, integrative collaborations, features more integrated collaboration between the companies and the NGOs. Both partners increasingly use more of their key assets and core competencies to contribute to the collaboration (Austin and Seitanidi, 2012). Meanwhile, generating societal value becomes more important to the partnership. The most advanced stage, the transformational stage, creates even greater value for society through collective action in social innovation and transformation.

There are a few cases of second- and third-stage collaboration between Chinese NGOs and companies (the categorisation between second and third- stage is sometimes not clear-cut), but I have found no evidence of collaboration corresponding to the fourth transformational stage. Even at the second and third stages of collaboration, the format of Chinese NGO–company engagement is straightforward, with the Chinese NGO acting as the implementer of corporate CSR. I did not find any example that replicates the way some northern NGOs have moved

towards more complex partnerships, for example, collaborations to improve value chains and cause-related marketing (Molina-Gallart, 2014). For clarity, I will use the term “Chinese NGO–company partnerships” to refer to the second and third levels of collaboration in the analysis. Overall, Chinese corporations tend to make donations instead of carrying out more sophisticated CSR projects. Additionally, many of their CSR projects are conducted by the corporations themselves or subcontracted to other companies that can provide professional services such as public relations and environmental and social impact evaluation, instead of partnering with NGOs. The recognition of NGOs by Chinese companies is limited, especially in overseas contexts, as evidenced by interviews with overseas investment managers of large SOEs who had never thought about collaborating with Chinese NGOs due to their lack of knowledge about the Chinese NGO sector (Interviews 37 and 39). The situation improves when Chinese NGOs have established offices overseas, which helps them to socialise with Chinese companies. As the number, scale and depth of Chinese NGOs undergoing internationalisation are still limited, cases of Chinese NGO–company collaboration at the transactional and integrative stages are few. Only 3 of the 21 NGOs interviewed for this thesis collaborate with Chinese companies at the transnational and integrative stages. Nevertheless, these few cases, which I illustrate in the next paragraphs, are worthy starting points for exploring the rationale behind Chinese NGO–company partnerships overseas and whether Chinese NGOs could play a role in alleviating the social and environmental issues associated with Chinese companies.

### ***Five cases of Chinese NGO-company partnerships***

#### **Case 1: GEI–Sinohydro collaboration in Laos**

In December 2010, GEI and Nam Ngum 5 Power Company (NN5), a subsidiary of Sinohydro, a large Chinese state-owned hydropower engineering and construction company, formed a partnership for a community development programme based on biogas technology in the communities affected by the dam constructed by NN5 in Luang Prabang, Laos. It is one of the earliest collaborations between a Chinese corporation and a Chinese NGO overseas.

GEI had an established record of working in Laos before the collaboration. In 2008, GEI formed a partnership with the Lao government for the “Lao-China Cooperation Center for Sustainable Land and Natural Resources Management” project, which included capacity building for the Lao government and support in establishing regulations on land and resource management (GEI, 2008). In 2009, GEI opened a local office with long-term staff in Laos. Prior experience and the office in Laos became a foundation for GEI’s subsequent collaboration with Sinohydro. Hydropower investments are usually under close scrutiny by international environmental groups, such as International Rivers, for their potential damage to the local community and ecosystem. GEI began to connect with Sinohydro through a trip to Sinohydro at International Rivers’ invitation. GEI then made proposals to Sinohydro on how to support the local communities affected by NN5. The process of making Sinohydro accept the partnership proposal was not easy. It took three years of efforts and included countless back-and-forth communications. The key challenge was to familiarise Sinohydro with GEI, make it aware of the importance of environmental and social responsibility and persuade it of what GEI could offer to the project.

GEI had years of experience in biogas technology–based community development in China. It aimed to transfer its domestic experience to villages in Laos to help the villagers meet their daily energy needs and improve their standards of living while protecting the ecosystem.

Meanwhile, Sinohydro was new to the Lao market and did not have deep connections with local communities. Thanks to its continuous communication efforts and its expertise in community development, GEI persuaded Sinohydro to form the collaboration.

Both GEI and NN5 provided financial sources to the project, with 30% coming from GEI and 70% from NN5. GEI was the primary manager of the project, conducting a feasibility study at the initial stage based on the feedback of local villagers, designing the project, raising awareness of biogas energy among villagers, hiring Chinese companies to construct the biogas ponds and training local technical staff on biogas construction and usage. In the framework of the project, 32 biogas ponds were constructed, many of which were still operating several years later.

### Case 2: CFPA–CGCOC collaboration in Ethiopia

In 2017, CFPA collaborated with CGC Overseas Construction (CGCOC), a SOE focusing on overseas engineering construction and operations, on a women-empowerment project in Ethiopia. CFPA started its operations in Ethiopia in 2015 and carried out a variety of projects, such as free food donations and the construction of water sanitary facilities. CFPA took the initiative to seek a potential partnership with CGCOC when the latter was also exploring opportunities for social-responsibility programmes. Both parties participated in the design of the project. They both recognised the problem of limited opportunities for local women and agreed to develop a CSR project focusing on women, especially those living in remote areas. By teaching them skills that may earn them a living, such as grass weaving and wood carving, the project aimed to empower women and improve their economic situation. CGCOC financed the project, while CFPA was responsible for implementation. Through its own network, CFPA partnered with a local NGO, the Centre for Accelerated Women’s Economic Empowerment, which served as the final on-site implementor of the project (People’s Daily, 2022).

CGCOC had been operating in Ethiopia for decades and had conducted many CSR programmes on its own before partnering up with CFPA in Ethiopia, notably donating to schools. Compared with its own CSR programmes, CGCOC received more recognition from local communities and better publicity from both local and Chinese media for its project with CFPA. Since the partnership on this project, CGCOC and CFPA have maintained good relationships and developed the collaboration in more areas, such as school-bag donations. CGCOC also showed its support to CFPA by attending the opening ceremony of its Ethiopian office in 2019 (CGCOC, 2019).

### Case 3: CFPA–CNPC collaboration in Sudan

In 2010, CFPA and the China National Petroleum Corporation (CNPC) formed a collaboration, upgrading the Sudan-China Abu Ushar Friendship Hospital in Sudan and providing medical training to the staff of the hospital. CNPC had a long presence in Sudan before the collaboration. With increasing international criticism over the Chinese model of development based on resource extraction, CNPC was on the lookout for more social responsibility programmes. At the time, CFPA had little international experience (e.g. donations to Indonesia for disaster relief). However, the NGO had internationalisation as one of its organisational strategies and

was exploring possibilities for conducting international charity projects in Sudan. Some leaders of CNPC and CFPA, being acquaintances, happened to know the situations of each side and began exploring the possibility of cooperation in Sudan.

Before the partnership was officially formed, to develop a project that was feasible and sustainable, CFPA performed a field study in Sudan to understand the healthcare system and philanthropic system. Combining the results of its fieldwork and its knowledge based on the Maternal and Infant Health Project in China, CFPA produced a project proposal titled “Demonstration Project for Aiding Sudan Construct a Maternal and Child Health Care System” (Li and Yang, 2014). After several rounds of discussion between CNPC and CFPA and suggestions from the Chinese embassy in Sudan, both parties decided to support the upgrading of the Sudan-China Abu Ushar Friendship Hospital, a hospital focusing on maternity and childcare originally donated by the Chinese government but in a rough condition.

The majority of the financial resources (about 600,000 USD) came from CNPC, while CFPA, the Chinese embassy and a local partner in Sudan all contributed. The CFPA was the main coordinator of the project, responsible for project management. It coordinated construction companies for hospital upgrading and partnered with a local NGO, the Birr and Tawasul Organization led by the wife of Sudan’s then-vice president, for local logistics and implementation. The CFPA did not have an office in the country and instead sent two employees from China to Sudan to coordinate and oversee the project on a full-time basis. The project was completed in mid-2011. After the construction, CFPA made a follow-up donation and sent medical volunteers to the hospital in 2012 (Wang, 2012; Song, 2013).

#### Case 4: CFPA–XCMG collaboration in Ethiopia

The CFPA has collaborated with XCMG on water-cellar projects in Ethiopia since 2016. XCMG donated 750,000 RMB to CFPA to build 50 water cellars in schools, providing safe water to more than 4,000 students and villagers (XCMG, 2016). Major local and Chinese media, including Ethiopia TV station, Xinhua News and CCTV, reported on the launching ceremony. XCMG is a state-owned heavy-machinery manufacturing and sales company whose machinery-sale networks cover more than 180 countries (XCMG, n.d.). It has local offices in Ethiopia but no dedicated local human resources for CSR. XCMG’s motivation for collaboration was a desire to shape a public image as a responsible multinational corporation. XCMG had collaborated with CFPA domestically and built up trust in the NGOs, which extended to their overseas collaboration. The CFPA was responsible for project implementation in Ethiopia. One of the challenges of the water-cellar project was to obtain approval of the environmental impact assessment (EIA). It took CFPA more than half a year to find the most cost-effective solution. It found a local organisation through the recommendation of a Chinese research institution that had collaborated with this local organisation before. The local organisation managed to get through the EIA process. The collaboration between XCMG and CFPA on water-cellar construction in Ethiopia continues years after its inception.

#### Case 5: BV Vocational School–CITIC collaboration in Angola

In 2014, CITIC Angola collaborated with the BV Vocational School to establish the CITIC BV Vocational School, which provides vocational training in construction engineering, mechanical engineering and hotel management (among others) to local people in Angola. CITIC entered Angola in 2007 and had trained thousands of its local employees since then. It wanted to help more young people in Angola to find jobs and, thus, initiated the project. At the time, the BV Vocational School, despite being the first non-profit vocational school in China, had not yet gone international. CITIC found that it shared a similar mission with the BV Vocational School and appreciated its training-class model. Therefore, it decided to form a partnership with it. The project was financed by CITIC as part of its CSR and mainly managed by CITIC, while the BV Vocational School provided strategic guidance in school management and course design. The school operates according to the framework of the standard guidebook of the BV Vocational School, but it also makes adjustments to its management and courses to satisfy local needs. At the initial stage, the BV Vocational School sent several teachers to Angola for half a year to teach its key vocational-training concepts and modules to the full-time staff of the vocational school. The management team of the school maintained autonomy for decision-making in daily operations most of the time, although it kept regular communication with the BV Vocational School headquarters in China about the situation of the school in Angola.

These five cases will be used as the foundation for level-three and level-four analyses of Chinese NGO–company partnerships, which will answer the following questions: why do Chinese NGOs and corporations form partnerships? What are the comparative advantages of Chinese NGOs? How independent are Chinese NGOs in these partnerships?

#### **7.4 Level Three: Factors Affecting Partnerships**

In this section, I analyse the reasons behind NGO–company partnerships and how they apply to the Chinese case. This study focuses especially on the collaboration between NGOs and multinational enterprises (MNCs), which face multiple challenges in foreign countries, particularly in developing countries.

According to RDP, for any organisational alliance to be established, resources must be exchanged. What resources can NGOs and companies exchange with each other? Many NGOs are chronically under-resourced, and their most prominent reason for cooperating with companies is to seek financial resources (e.g. Evans, 2007; Ottaway, 2001; Poret, 2014). My interviews have confirmed that financial shortages are among the top challenges of NGO development (e.g. Interviews 5, 6, 10, 19, 27 and 28). Most of the Chinese NGOs interviewed have expressed interest in attracting corporations for donations and/or partnerships (e.g. Interviews 1, 6, 10, 16, 18 and 19). In addition to financial resources, NGOs can leverage the operational scale, managerial and marketing expertise of MNCs to improve performance and create more social value for their beneficiaries (Dahan et al., 2010). For example, CFPA has collaborated with COSCO Shipping through its corporate foundation COSCO Shipping Charity Foundation to deliver Hello bicycles to Cambodia by making use of the company's global logistic network. Another motive for NGOs to cooperate with MNCs is to sensitise corporations to their causes to strengthen their reputation and influence (Selsky and Parker, 2005). Thus, NGOs are especially interested in large companies with good public reputations. This is evident in the collaboration between GEI and Sinohydro. The mission of GEI is to promote sustainable development. By initiating a community-development project with one of

the largest Chinese power companies, it increased the company's awareness of local-community development in addition to improving the conditions of the local community.

By far, there isn't any regulation or policy that encourage Chinese NGO-corporation overseas engagement and whether Chinese NGOs could play an important role in the social and environmental issues of Chinese overseas investment is largely dependent on if Chinese NGOs' capability could match the demand of the Chinese companies. Thus, it is also important to establish why companies enter into partnerships with NGOs. Companies, especially MNCs, face multiple challenges in developing countries. First, MNCs have to deal with complex social issues, such as poverty reduction, environmental protection and minority rights, but few have the necessary knowledge and expertise to address them (Poret, 2014). Second, in emerging markets, MNCs face local contexts that are different and usually significantly more challenging than in their home country. These challenges, which are caused by the institutional conditions and idiosyncratic environments of developing countries, have been widely documented (e.g. Khanna and Palepu, 1997, 2000). Cultural and norm differences, distinctive regulatory requirements, the liabilities of foreignness and institutional voids all pose difficulties to MNCs operating in developing countries. Third, there are growing societal demands on MNCs to be more socially responsible. Especially in emerging markets, where foreign multinationals are often viewed with suspicion and scepticism, MNCs must attain social legitimacy (Dahan et al., 2010). Companies seek to obtain resources that can be uniquely provided by NGOs to tackle these challenges. These resources include expertise and knowledge on certain social issues, access to the local market and community and social legitimacy. These resources are commonly demanded by MNCs, including Chinese companies. In addition, it is also crucial for Chinese companies to avoid delegitimation risks. As a company enters into a collaboration with an NGO, it cedes some control to it. Chinese companies require a high degree of trust before launching any formal partnership. Compared with INGOs and local NGOs, Chinese NGOs have the "home NGO" advantage, which may allow them to access Chinese companies and earn their trust more easily.

### ***Expertise and Knowledge on Social Issues***

NGOs usually have a better understanding of particular social issues, which could help corporations to better design projects that fulfil their goals (Kramer and Kania, 2006). The cases of GEI and Sinohydro and the BV Vocational School and CITIC are two examples. GEI had accumulated expertise in community development through biogas technology to improve the livelihoods of local villagers, and the BV Vocational School had a mature system for guiding vocational schools to increase the accessibility of education in poverty-stricken areas. The expertise of NGOs in specific social issues can help companies to develop programmes beyond simple donations, which can easily be made by the companies alone.

### ***Local Market and Community Access***

NGOs usually have more first-hand experience in dealing with local communities and markets, which can help MNCs access local institutions (Dahan et al., 2010). As shown in cases 1, 2 and 3, Chinese NGOs either hire local staff or partner up with local NGOs to implement projects. In case 1, GEI established an office in Laos and trained local staff to conduct the projects. In cases 2 and 3, CFPA chose to collaborate with local NGOs (the Centre for Accelerated Women's Economic Empowerment and Birr and Tawasul Organization in Ethiopia and Sudan, respectively) for project implementation. Chinese NGOs do not possess the rich local



knowledge and connections of local NGOs, but they show their competencies by selecting the right local partners to implement the project. These competencies usually come from their prior experiences working in the host countries. Therefore, Chinese NGOs with a long-term and continuous presence in the host countries have an advantage over those that lack on-the-ground experience.

### ***Social Legitimacy***

NGOs could help corporations gain social legitimacy and increase their credibility (Prahalad and Hart, 2002; Berger et al., 2004). NGOs have strong legitimacy and public trust and are influential forces in the community (Al-Tabbaa et al., 2014). Many consider NGOs to be more trustworthy than corporations. According to a survey about trust in institutions, NGOs have consistently ranked highest among institutions including the United Nations, religious groups, large local companies, national governments, the press and media and global companies since 2001 (Poret, 2014). Moreover, stakeholders often consider NGOs primary actors in the development of CSR (Arenas et al., 2009). Especially when companies receive criticism, associating with a charity can counterbalance bad publicity to some extent (Rundall, 2000). By simply collaborating with NGOs, corporations can enjoy a reputation that it does not usually have. This is what Austin and Seitanidi (2012) calls the “associational value” provided by NGOs to corporations. In case 2, CGCOC showed that partnering with CFPA was more welcomed by local communities than conducting CSR alone in Ethiopia.

### ***“Home NGO” Advantages***

The MNC–NGO collaboration literature often focuses on collaborations between MNCs and local NGOs or INGOs. Each can bring its unique resources to the collaboration with MNCs. The role of local NGOs is especially prominent in helping MNCs acquire local social legitimacy given their expertise in local cultures, norms, regulations, communities and institutions (Marano and Tashman, 2012), and they serve as a bridge between MNCs and local networks (Millar et al., 2004). Some INGOs, such as Médecins Sans Frontières and Oxfam have been operating in developing countries for a long time and have thus accumulated knowledge about the local culture, norms and regulations. They can play a role similar to that of local NGOs helping MNEs to connect with local communities. However, there are things that only INGOs can offer to companies. INGOs, especially those with a global scale and strong international credentials, can assist MNCs in developing strategies targeting audiences at the global level because they possess in-depth knowledge of global social norms and cultural patterns (Marano and Tashman, 2012). INGOs can help MNCs address global societal concerns in a manner that is consistent across countries and help relieve the negative impact of local subsidiaries on the overall social legitimacy of the parent company (Marano and Tashman, 2012).

Chinese NGOs are a special case, neither fitting neatly into the category of INGOs nor into that of local NGOs. Chinese NGOs do not currently have the scale that is often seen in large Global North NGOs. Only very few Chinese NGOs have registered overseas or have a long-term presence across several countries. The CFPA, which has only registered in three countries (Myanmar, Ethiopia and Nepal), is already the most notable example. In addition, Chinese NGOs also lack the global reputation and influence in shaping global norms unlike notable INGOs. Chinese NGOs are not local NGOs either. They cannot play the same role as local NGOs, and they generally need to rely on their local partners for implementation. However,

Chinese NGOs have advantages and unique characteristics in collaborating with Chinese corporations. Many of these advantages come from the fact that Chinese NGOs are considered “home NGOs” by Chinese companies. As “home NGOs”, they can win Chinese companies’ trust more easily than local NGOs and INGOs. Trust is critical to a successful collaboration (Oetzel and Doh, 2009); without it, a successful collaboration can hardly be established even when both parties have great resource complementarity.

Compared with foreign NGOs, Chinese companies have displayed more trust in Chinese NGOs (Interviews 37 and 40), which are highly regulated and supervised in China. The strict supervision systems ensure that Chinese NGOs do not take stances far from the Chinese government’s and state-backed decisions and make them appear more reliable to Chinese corporations. Especially, Chinese companies are reassured when cooperating with large GONGOs, which are strongly endorsed by the government, as indicated by one investment manager when he illustrates the company chooses NGO partners:

*“We will do due diligence. We will first check and have an understanding of the NGO through initial meetings and we will also see if there is any official support (guanfang beishu/官方背书). In principle, we want to partner with an NGO that is beneficial for the local community while at least having no negative impact on corporate image” (Interview 40)*

Chinese NGOs, especially GONGOs, gain advantages to earn trust from companies by having the official support. This also shows that why Chinese NGOs see a need to leverage official resources and discourses as studied in Chapter 6. Moreover, it is easier to conduct due diligence on Chinese NGOs than on local or international NGOs through publicly available data in Chinese and personal connections. Among the five case studies, except for GEI, the Chinese companies all knew the Chinese NGOs through either their visibility in China or personal connections at the leadership level before forming partnerships with them. In the case of GEI, which lacked governmental endorsement or direct personal connections to Sinohydro, it took the NGO years of communication with Sinohydro to build trust before establishing the formal collaboration.

Some collaboration between Chinese companies and foreign local NGOs can be found. In such cases, Chinese companies tend to rely on recommendations from governments, notably through Chinese embassies, or their local business partners to build trust in the first place. For example, several Chinese SOEs have donated to a local foundation in Myanmar on the recommendation of the local Chinese embassy. One rare case of collaboration between Chinese companies and local NGOs was established through the business partner of a Chinese company. CNOOC Uganda and a local NGO named Safe Way Right Way in Uganda collaborated to provide road-safety education to local communities around the Kingfiser Oil project in Uganda. Safe Way Right Way was founded as a collaboration between the World Bank’s Global Road Safety Partnerships and TotalEnergies to improve road safety in Uganda. TotalEnergies was one of the co-investors in the Kingfisher oil field with CNOOC, a connection that was key to CNOOC’s collaboration with Safe Way Right Way.

Another advantage of Chinese NGOs is that they understand the discourses and culture of Chinese companies better than their foreign counterparts so that Chinese companies consider it easier to communicate with Chinese NGOs. Cultural fit or compatibility is a key determinant of successful partnerships between NGOs and MNCs (Dahan et al, 2010; Millar et al., 2004).

Chinese NGOs speak the same language as Chinese companies, so that the communication cost for Chinese companies to speak with Chinese NGOs is much lower than with foreign NGOs. More importantly, Chinese NGOs are usually familiar with the style of discourse used by Chinese SOEs. For example, SOEs and GONGOs both often address the importance of their projects in contributing to the BRI. Even Chinese NGOs that do not explicitly address the BRI or Chinese national strategies publicly are familiar with related discourses because they are embedded in their environment in the form of policy documents, meetings and conferences. This understanding lays the foundations for collaboration between SOEs and Chinese NGOs.

Lastly, partnering with Chinese NGOs, particularly with GONGOs, can help Chinese companies to attract more media attention. Chinese GONGOs often host governmental officials at their project-launch ceremonies and draw attention from both local and Chinese media. As shown in cases 2 and 4, CGCOC and XCMG's partnerships with CFPA have garnered attention from both Chinese and local media. The reason why projects with CFPA attract local media has partially to do with the fact that the organisation has close governmental connections with the Chinese and Ethiopian governments, and local media perceive its projects as semi-public/diplomatic events worth reporting on. Meanwhile, partnerships with Chinese NGOs also enhance companies' legitimacy with the Chinese audience through the Chinese media.

Despite these advantages of Chinese NGOs, partnerships between Chinese NGOs and SOEs are rare. The head start that easier communication and access to Chinese companies gives to Chinese NGOs does not always translate into a solid collaboration. In the end, whether a partnership can be realised or not depends on resource complementarity: the higher the level of resource complementarity, the more likely a collaboration between companies and NGOs is to be formed (Austin and Seitanidi, 2012). One of the biggest challenges to collaboration between Chinese NGOs and Chinese companies is that many Chinese NGOs do not possess the key resources, or core competencies, that would meet the needs of Chinese companies yet.

### **7.5 Level Four: NGOs' Autonomy**

According to RDP, resource exchange between organisations inevitably leads to interdependence; when the exchange is asymmetrical, the less dependent organisation accrues net power. Power imbalances can lead to instability in the relationship and prevent the skills and resources of the weaker party from being fully recognised (Berger et al., 2004). The relative dependence between two organisations depends on the relative significance of the resources, the ability to control them and the availability of alternative resources (Pfeffer and Salancik, 1978). In NGO–MNC collaborations, MNCs are generally considered the dominant organisation and have more power given that they are structurally stronger (Al-Tabbaa et al., 2014). Though CSR is very important to companies, it is not the core business of MNCs, whereas for many NGOs, collaborative projects with companies are part of their core business and main funding sources. Additionally, NGOs and MNCs may vary greatly in size (companies are usually larger) so that what is a large proportion of an NGO's operations is a small proportion of the MNC's. Meanwhile, MNCs have various alternatives for conducting CSR, such as in-house departments, professional firms and other NGOs, especially for basic charitable projects. Notably, smaller NGOs are more likely to be dependent on corporations in NGO–company collaborations (Al-Tabbaa et al., 2014). Organisations either accept dependence or avoid it through various tactics (Pfeffer and Salancik, 1978). One major way for

NGOs to avoid being co-opted by companies is to set up evaluation mechanisms with external audits and establish relationships with other business partners (Poret, 2014).

In the case of Chinese NGOs and corporations, the power is visibly skewed towards the latter given the unbalanced demands for collaboration. The relationship between Chinese NGOs and corporations is one-sided that Chinese NGOs are the only side that is passionately seeking collaboration. Most NGOs took the initiative to communicate with companies that they could access, whereas it remains rare for companies to pursue Chinese NGOs for collaboration. Most Chinese NGOs are chronically under-resourced and eager to find resources; conversely, for Chinese corporations, what Chinese NGOs can provide is usually an addition to their CSR operations rather than a necessity. Therefore, the power balance is already tilted towards the company before a company and an NGO enter into a collaboration.

Interestingly, none of the Chinese NGOs interviewed expressed concern about their autonomy in their relations with companies. Their main concern was the difficulty of attracting interest from companies, even for some of the largest Chinese NGOs. Most efforts of Chinese NGOs are dedicated to pitching their ideas to companies rather than making plans evaluating the potential risk of loss of independence in a collaboration with Chinese companies, which is supposed to be an important organisational strategy before entering into a collaboration (Al-Tabbaa et al., 2014; Poret, 2014). Another reason that Chinese NGOs are generally unconcerned about their autonomy is that what they want from companies does not conflict with the interests of companies. Power issues can be serious in situations where organisational self-interests and the collective goals of the collaboration are not congruent (Das and Teng, 2001). However, in most partnerships, Chinese NGOs are CSR implementers for Chinese companies, a role that is more technical than strategic. Such collaboration does not require NGOs to substantially divert from their core values and show power imbalances (Gallart, 2014).

Even though Chinese NGOs do not engage in direct conflict and sacrifice when collaborating with Chinese companies, choosing to collaborate and associate with them in itself entails losing some control over the external environment. For some NGOs, associating with businesses alone can produce substantial backlash from core supporters (Westley and Vredenburg, 1991). According to RDP, there are times when compliance, although important for maintaining an immediately critical exchange relationship, may not be in the long-term interest of the organisation (Pfeffer and Salancik, 1978). Moreover, if the companies they cooperate with are targeted by accusations, for instance, of greenwashing, these may spill over to the NGOs, further affecting their reliability. NGOs that carry out independent research, policy advice and advocacy should be particularly vigilant when collaborating with companies because they may lose their independence and credibility if the association is too close. Two Chinese NGOs under study are involved in both research on sustainable investments and collaboration with companies. Neither of them has expressed concerns about potential conflicts of interest and the risk of losing credibility, which is especially important for independent research and policy advice. However, even before collaborating directly with companies, they avoided confrontational remarks about specific companies and therefore do not consider these collaborations a risk because there is nothing significant to sacrifice.

## 7.6 Discussion

Can Chinese NGOs play a transformative role in changing the behaviour of Chinese companies on social and environmental issues and make a significant impact then? NGOs can be transformative in all kinds of relationships with corporations along the collaboration–confrontation spectrum. Whether their impact can make a difference also depends on the degree and scale of involvement.

In NGO–company collaborations, NGOs can be transformative if they can collaborate with companies to create disruptive social innovations and help the end beneficiaries take a more active role in the transformation process (Austin and Seitanidi, 2012). Most Chinese NGOs are on the collaborative side of engagement, but few NGOs can develop a partnership with companies. Even in partnerships, their involvement is mostly limited to the role of CSR implementers instead of more complex collaborations. These collaborations are far from the transformative stage introduced by Austin and Seitanidi (2012). There are significant limitations to Chinese NGO–company collaborations, which are constrained to peaceful situations in which corporations do not face severe local confrontation. As described by a leader of a Chinese NGO, at this stage, Chinese NGOs can play a role in “preventive” CSR at most, and they do not have the capability for dealing with “curative” CSR (Interview 41). “Curative” CSR refers to activities that Chinese companies conduct to improve a situation after problems have already occurred, such as protests from the local community, which requires NGOs to be equipped with more advanced skills than charity projects. Two Chinese investments in Myanmar, SPIC’s Myitsone dam and Wanbao’s Letpadaung copper mine, illustrate the constraints of Chinese NGOs. These two companies face severe local backlash about their investments, but neither collaborates with Chinese NGOs even though they are both in close contact with some of the largest Chinese NGOs in Myanmar. Wanbao has carried out a series of CSR activities, such as building public infrastructure and creating an SME (small and medium-sized enterprise) to generate jobs, to solve these conflicts. However, its approaches favoured elite engagement over public engagement, informing the local communities to ensure compliance rather than seeking to include public opinions before making key decisions (Tang-Lee, 2016). Wanbao held a discussion with one of the largest Chinese NGOs in Myanmar and explored the possibility of cooperation after the conflicts intensified, only to find out that the Chinese NGO could not offer anything that the company could not do by itself (Conference 23). This Chinese NGO does not have any experience in conflict resolution and public engagement in conflicts. Similarly, in the case of the Myitsone dam, SPIC communicated with several Chinese NGOs in Myanmar, but this did not develop into any formal collaboration. The cases of Wanbao and SPIC in Myanmar clearly show the limitations of Chinese NGOs, which manifest when corporations face complex and serious situations in which the NGOs cannot provide more than traditional philanthropic projects, which are hardly transformative.

Research and policy recommendations can also be transformative if they translate into significant policy changes. As stated in section 7.2 (“Level One: Types of Chinese NGO–Company Relationships”), a few Chinese NGOs are engaged in research and policy advice. However, their impact is hard to evaluate. The Chinese government has made progress on policies regarding green investments and financing in the BRI in recent years, publishing a series of guidelines and opinions (e.g. Green Finance Guidelines for Banking and Insurance Industry, 2022; Opinions on promoting the green development of “One Belt One Road”, 2022; Guidelines for Ecological Environmental Protection of Foreign Investment Cooperation and

Construction Projects, 2022). Nonetheless, it is difficult to determine how much of these new policies can be attributed to the efforts of Chinese NGOs as opposed to other factors, such as international pressure from states and INGOs and domestic think tanks and leadership in China. According to several interviews with INGOs and NGOs involved in promoting sustainable overseas investment, their policy recommendations are most likely to be heard when the government seek out advice (Interview 16, 30). This means that their advice is more welcome when there is a demand from policymakers, although this demand for policy change can arise from complex factors other than the voices of Chinese NGOs. Chinese NGOs certainly play a positive role in promoting overseas green investments, but it would be excessive to characterise it as transformative.

Even though both collaboration and policy advice can modify corporate behaviour, confronting corporations through public stigmatisation is probably the most common way of directly changing corporate behaviour on environmental and social issues because companies take immediate action to respond to damage to their reputations (Winston, 2002). There are virtually no confrontational Chinese NGOs in China. Some Chinese NGOs have been involved in the successful campaign to stop dam construction in China (e.g. the campaign against hydro-dams over the Nu Jiang River in the Yunnan province), but these cases are rare and their success depends on many unique factors. No comparable confrontational case has emerged for Chinese overseas investments so far. The resource constraints of grassroots environmental NGOs and the increasingly stringent environment for civil activism in recent years may explain this. Local NGOs and INGOs in the host countries, not Chinese NGOs, are currently the main forces behind the cancellation of several overseas Chinese investments. Therefore, Chinese NGOs do not play a transformative role in Chinese overseas investments by being confrontational.

## **7.7 Conclusion**

This chapter has examined Chinese NGOs' role in Chinese corporations' overseas investments through an inductive process, successively investigating the types of Chinese NGO–company relationships, the degrees of Chinese NGO–company collaboration, the factors affecting these partnerships and Chinese NGOs' autonomy in their interactions with companies. This research has not only provided an empirical analysis of the roles of Chinese NGOs with regard to Chinese overseas investments but also extends the current literature on NGO–company relationships by proposing a new matrix of types of NGO–company relationships. Additionally, it introduces the “home NGO” advantage as one possible resource that NGOs can contribute to NGO–company collaboration.

NGOs can be categorised into six types based on their attitudes towards corporations and whether interact with and impact them directly or indirectly: collaborators, supporters, communicators, researchers and policy advisors, provocateurs and capacity builders. Most Chinese NGOs adopt either cooperative or neutral attitudes towards corporations and fall into the categories of collaborators, communicators and researchers and policy advisors. Only one NGO in the study has engaged in indirect confrontation with Chinese overseas investments.

Chinese NGO–company collaborations most commonly remain at the basic level, namely, the philanthropic stage, through corporate donations to NGOs. A few Chinese NGOs have had concrete partnerships with Chinese companies. Most Chinese NGOs would like to cooperate

with Chinese companies to seek financial resources; therefore, whether partnerships can be formed is largely dependent on whether Chinese NGOs can satisfy the demands of Chinese companies. The general resources that NGOs can provide to companies include expertise and knowledge of certain social issues, access to local markets and communities and social legitimacy, as is evident in existing Chinese NGO–company partnerships. What is unique about Chinese NGOs is their “home NGO” advantage over foreign NGOs in communicating with and earning the trust of Chinese companies.

Resource exchanges between Chinese NGOs and companies are asymmetrical, which leads to power imbalances. Such power imbalances are structural, but there are few opportunities to abuse them given that Chinese NGOs mainly play a technical role rather than a strategic one for Chinese companies. Chinese NGOs express greater concern about their access to the resources of companies than about their independence in collaborations with companies. In addition, they do not have much conflict with Chinese companies in the first place, which means that they do not have to sacrifice their autonomy significantly.

NGOs can be transformative along the collaboration–confrontation spectrum. However, so far, Chinese NGOs have not been so. They mainly play the role of facilitators for companies and CSR implementers and are incapable of solving complex conflicts faced by Chinese companies. In addition, they do not engage in direct confrontation with problematic investments to be transformative. Chinese NGOs involved in research and policy advice struggle to achieve full credibility due to potential conflicts of interest with their more cooperative roles with companies. Overall, the role of Chinese NGOs is still limited and hardly transformative in influencing the environmental and social issues faced by Chinese companies.