

# Stanford SOCIAL INNOVATION<sup>Review</sup>

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## *Features*

### **The Chinese Collectivist Model of Charity**

By Christopher Marquis, Qi Li, & Kunyuan Qiao

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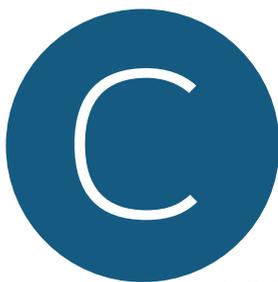
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➔ In the West, most wealthy entrepreneurs prefer to give to specific individual causes, by establishing their own foundation, family office, or donor-advised fund. Most Chinese entrepreneurs, by contrast, would rather work together and pursue philanthropy collectively.

# The Chinese Collectivist Model of Charity

BY  
CHRISTOPHER MARQUIS,  
QI LI &  
KUNYUAN QIAO

Illustration  
by  
JUN CEN



China has witnessed phenomenal economic growth since it adopted the Opening and Reform policy in 1978. A visible manifestation of this boom is the increase in the number of Chinese entrepreneurs who have accumulated significant wealth. The number of Chinese billionaires, for example, increased almost 200 times within 12 years, from 3 in 2004 to 568 in 2016.<sup>1</sup> In 2015 China had 8 percent of the world's super-high-net-worth individuals—those with more than \$50 million in assets.<sup>2</sup>

This tremendous accumulation of individual wealth is virtually unprecedented in modern history. It harks back to the robber baron period in the United States at the end of the 19th century, when entrepreneurs like Andrew Carnegie and John D. Rockefeller sparked the United States' Industrial Revolution, transformed its economy, and became tremendously wealthy themselves.

In addition to establishing influential companies, American entrepreneurs of that period eventually donated on a grand scale to public projects selected by the entrepreneur, such as health care

and libraries, and established prominent research universities in their name, such as Duke, Stanford, and Carnegie Tech (later Carnegie Mellon). While many 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.”<sup>3</sup>

While many contemporary American business elites have donated substantial portions of their accumulated fortunes over the past decade, there has not been a commensurate level of philanthropic

interest among the newly rich Chinese entrepreneurs. There was an uptick in donations and a growing awareness of philanthropy following the 2008 earthquake in China's Sichuan province, but observers still await the Chinese counterparts of Bill Gates, Warren Buffett, and Mark Zuckerberg. (See "Chinese Entrepreneurs' Charitable Donations" below.)

But that doesn't mean that Chinese entrepreneurs aren't philanthropic. In our research, we discovered that while individual giving by Chinese entrepreneurs still lags behind that of their Western counterparts, there has been a growing interest among these entrepreneurs in a collective form of philanthropy that does not easily fit into Western models or concepts of philanthropy or organizational behavior. Between 2007 and 2014, for example, we found that the ratio of individual donations has been decreasing, while that of collective donations has been increasing.<sup>4</sup> (See "Charitable Donations by Individual Entrepreneurs and Collectives" on page 43.)

Our interviews with Chinese entrepreneurs over the past five years confirm this trend. During that time, we have seen a change in attitudes toward philanthropy among Chinese entrepreneurs, many of whom now frequently express a collective ethos,<sup>5</sup> both in the objectives they seek (targeting specific social problems) and in the approach they take (working with other private entrepreneurs). So while there may not be the Chinese equivalent of signature individual projects like Carnegie's funding the establishment of 2,811 libraries around the world, it does not necessarily mean that Chinese business elites will not give in an impressive and high-impact way.

When Jack Ma—founder of e-commerce giant Alibaba—wanted to foster environmental sustainability in China, for example, he did not create a project or a foundation branded with his name. Instead, he organized a group of other like-minded entrepreneurs to collaborate on a joint project, The Paradise International Foundation, focused on nature conservation. His remarks at the 2015 United Nations Climate Change Conference in Paris reflect this collaborative ethos. "The earth is neither my responsibility nor yours, but our

**CHRISTOPHER MARQUIS** is the Samuel C. Johnson Professor in Sustainable Global Enterprise and Professor of Management at Cornell University's Samuel Curtis Johnson College of Business.

**KUNYUAN QIAO** is a PhD student at Texas A&M University's Mays Business School.

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**QI LI** is a PhD student at Cornell University's Samuel Curtis Johnson College of Business.

common responsibility," said Ma. "The government, entrepreneurs, and scientists all need to collaborate."<sup>6</sup>

When establishing the Paradise International Foundation, he even included the leader of his own firm's biggest competitor, Pony Ma of Tencent Holdings. Other collaborators included leading figures such as Guojun Shen, president of property developer Yintai Group; Baoguo Zhu, president of Joicare Pharmaceutical Industry Group; Zhongjun Wang of Huayi Brothers Media; and artist Fenzhi Zeng.<sup>7</sup>

This is but one of many examples we found of Chinese entrepreneurs acting collectively 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 Bill & Melinda Gates Foundation, which focuses on global health and development, and the Chan Zuckerberg Initiative, which focuses on education and science. The goals of US and Chinese entrepreneurs are similarly laudable, but their approaches are fundamentally different.

We call this new model of Chinese philanthropy collectivist charity. In this article, we define and identify the elements of a collectivist charity model, show its antecedents—both in Chinese philosophical and social principles, and in cultural psychology—and discuss how collectivist charity offers insights and in some instances even a model for philanthropists around the world.

## WHAT IS COLLECTIVIST CHARITY?

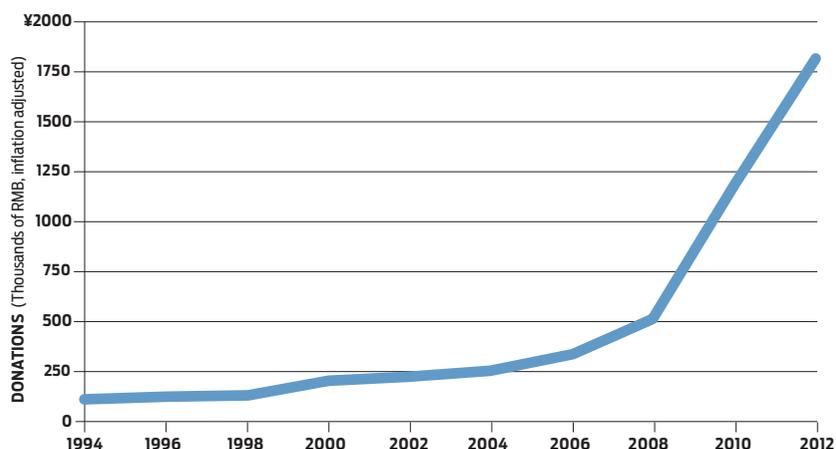
Collectivist charity directs and mobilizes the collective economic, political, and social capital of entrepreneurs—rather than of individuals—to address social needs. It is a model deeply dependent upon Chinese culture and traditions.

Collectivist charity consists of three distinct but interrelated elements: collective cognition, collective action, and collective investment. Collective cognition reflects Chinese entrepreneurs' taken-for-granted assumptions—rooted in culture and strengthened by the recent environment and their own experiences—that guide their decisions. Collective actions are motivated by collective cognition and substantiated by personal connections and governmental influence. And collective investment is the specific philanthropic expression of collective action. These three pillars form an inextricably layered model of collectivist charity.

**Collective Cognition** | Chinese entrepreneurs have taken a collective approach to philanthropy because they see themselves (cognitively) as part of a community, not just as high-achieving individuals. Cultural psychologists classify China as having a collectivist culture, one in which the Chinese people focus on

## Chinese Entrepreneurs' Charitable Donations

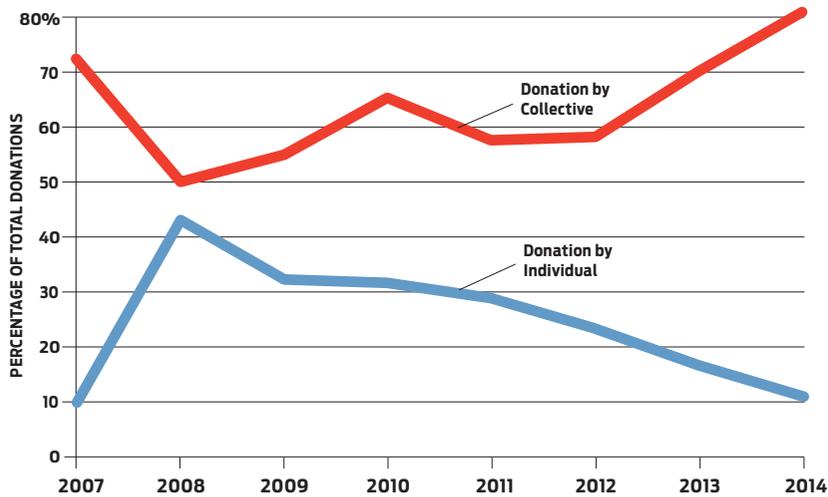
Charitable donations by Chinese entrepreneurs grew more than three-fold between 2008 and 2012.



Source: Research Center for Private Entrepreneurs, Chinese Academy of Social Sciences. According to *Introduction to Private Entrepreneurs' Survey Data*, published by the Research Center for Private Entrepreneurs, entrepreneurs are defined as those individuals who operate private startups or enterprises in the focal survey year.

## Charitable Donations by Individual Entrepreneurs and Collectives

Chinese entrepreneurs are much more likely to give collectively than individually.



Source: *Annual Report of Philanthropy Development in China from 2007 to 2014*. The total does not sum to 100 because there are donations from other categories, such as the government or those that cannot be clearly identified.

maintaining the collective interest.<sup>8</sup> Culture, broadly defined as “shared values, beliefs and assumptions that actors take for granted,”<sup>9</sup> 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.

We define “collectivism” as a dimension of culture in which individuals view themselves as interdependent with others in their social community and so pay greater attention to the welfare of others.<sup>10</sup> In a culture defined by individualism, by contrast, people tend to focus more on their own personal interests.<sup>11</sup> Indeed, in China, psychology research has shown that individuals place more emphasis on their connections with others and prefer to achieve a collective, as opposed to an individual, good.<sup>12</sup> For instance, research comparing Chinese and American charitable giving has found that in a collectivist country, individuals will contribute more if the outcomes of the donation are emphasized as benefits to others rather than as benefits to the donor.<sup>13</sup>

In China, entrepreneurs prefer to be identified with and accepted by other group members with whom they share the same culture and values. This is in sharp contrast to Western countries, where entrepreneurs generally see themselves, and are seen by society, as exemplars of individualism.

Contemporary Chinese business elites who grew up in the 1950s or 1960s are especially imprinted by this collectivist sentiment. Some of them went through the famine that occurred during the Great Leap Forward and the social and political turmoil of the Cultural Revolution, both periods when community and group benefits were especially

emphasized in Chinese society. Indeed, one key factor of Chinese entrepreneurs’ business success in recent decades is collaboration. Their businesses are frequently collectively operated through kinship and other social networks, helping foster a collective identity.<sup>14</sup>

**Collective Action** | Because Chinese entrepreneurs see themselves as part of this collective whole, they are more interested in acting as part of a group and being identified as part of a larger alliance than they are in accomplishing something on their own. Indeed, the philanthropic projects now being carried out by Chinese entrepreneurs are typically network-driven, building on and reinforcing these business leaders’ personal connections.

This collectivist approach can be seen in some of the large-scale philanthropic projects that have been undertaken recently by Chinese entrepreneurs. In 2006, for example, 31 of China’s most influential entrepreneurs jointly established the China Entrepreneur Club (CEC), a private nonprofit organization that serves as a hub for Chinese entrepreneurs’ collaboration, resource exchange, and international cooperation. The CEC has developed a strong culture<sup>15</sup> that helps to nurture collective cognition of its members and collective behavior.<sup>16</sup>

The core mission of the CEC is fostering environmental sustainability in China. It has established a number of important philanthropic initiatives, created a list of China’s most environmentally friendly companies, published a magazine dedicated to environmental issues, and held annual summits to improve the natural environment.

Weihua Ma, president of China Merchants Bank, describes the CEC as an “open communication platform for all of Chinese entre-

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In China, individuals put more emphasis on their connections with others and prefer to achieve a collective, as opposed to an individual, good.

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preneurs to help each other address business issues, provide suggestions to improve our national policy making, and promote social and economic development.” Importantly, CEC member entrepreneurs have all committed their companies to ethical business practices, positively engaging in public welfare initiatives and endorsing the promotion of corporate social responsibility. For example, CEC’s Green Companies Alliance and annual China Green Companies Summit were established in pursuit of building sustainable, transparent, green companies in China.

“Our CEC members are not just competitive, but also collaborative,” says Maggie Cheng, the first secretary-general of the CEC: “The CEC has connected the fastest growing small- and medium-sized companies through projects such as the green companies

union. Our goal is to create a mutually supporting networked community.” The day that the Sichuan earthquake took place, the CEC donated RMB 1 million as a collective donation.<sup>17</sup>

Another example of collective action is the Society Entrepreneur Ecology (SEE) Foundation, established in 2004 by a group of Chinese social elites and leading entrepreneurs. This organization focuses on helping Chinese environmental conservation NGOs grow by connecting them with Chinese entrepreneurs and the public. The SEE Foundation has more than 600 entrepreneur members and directly or indirectly supports more than 400 Chinese environmental conservation organizations and individuals.

The SEE Foundation has organized numerous activities to connect their entrepreneur members with social activists, government officials, and academic researchers to promote environmental conservation. These include conferences on environmental and social governance, control of desertification, and underground water resource issues. The SEE Foundation also promotes and organizes philanthropy through a variety of collective social activities, such as hiking and tea parties, and invites its entrepreneur members to participate in NGOs’ activities.

More and more philanthropic organizations are being established to encourage 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.”<sup>18</sup> Likewise, according to a government report by the city of Ri’an, in China’s Sichuan province, the government is also encouraging a collective model of doing philanthropy by “exploiting Chinese cultural traditions of harmony and unification to enable collective action and thus amplify societal benefits and spillovers to other regions.”<sup>19</sup>

**Collective Investment** | One of the most effective ways that Chinese entrepreneurs can work collectively is to invest as a group. But investment goes beyond simply giving money. Contemporary

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## The collectivist charity model is an outgrowth of today’s political, economic, and social environment intersecting with long-standing characteristics of Chinese culture.

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entrepreneurs are also eager to contribute their business knowledge and network connections to involve the younger generation in a collective way.

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. The foundation extended its activities by collaborating with global conservation organizations such as The Nature Conservancy (TNC) China. During TNC China’s first year of operation, in 2011, it raised \$8 million from a diverse set of Chinese entrepreneurs. In the same year, TNC China established the China Global Conservation Fund (CGCF). From 2012 to 2014, seven TNC China global

projects had received sponsorship from CGCF, such as Kenya Hirola Aid Station and Sustainable Conservation of Indonesian Seas. Each project received at least \$300,000, and some received as much as \$1 million.<sup>20</sup> This was the first time that Chinese entrepreneurs had collectively built a platform for taking in large donations for global environmental conservation.

In an effort to foster collectivism in charity, PIM established a fund for collaborative investment by implementing a crowdfunding campaign, and through this campaign it has gathered about \$500,000. PIM also trains participants to effectively allocate donations to NGOs with the idea that such collective giving experiences can help individuals establish their own philanthropic practices and subsequently be more likely to give back to society.

Other collective philanthropy vehicles and projects have been initiated in China recently. The Zhejiang Dunhe Charity Foundation, for example, was established in May 2012 by 13 Zhenjiang entrepreneurs with a fund of \$3 million. Using the collectively gathered funds, Dunhe provides grants to organizations in health care, education, disaster relief, and traditional culture.<sup>21</sup> Also in 2012, Guangbiao Chen, known as the “First Man of Philanthropy,” for his philanthropy after the 2008 Sichuan earthquake, transformed his philanthropic approach. Instead of his usual practice of handing out individual red envelopes with money to poor families, he initiated and led a group of entrepreneurs in support of charitable causes. The group has focused on agricultural and environmental projects in Heilongjiang province, promoting local economic development in environmentally friendly ways. As he said, “This time I am not alone; I brought hundreds of entrepreneurs to donate in a collective way.”<sup>22</sup>

### WHY THE COLLECTIVIST MODEL DEVELOPED IN CHINA

The collectivist charity we see developing in China is an outgrowth of today’s political, economic, and social environment intersecting with long-standing characteristics of Chinese culture, as reflected in the traditional Chinese saying “When people are united, they can move Mt. Tai.” Thus, to understand the contemporary collectivist charity model of China, we must look at Chinese traditional culture and how this culture has affected 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 collectivist ethos. Confucian norms, which place collectivist values above individual interests, influence business practices. For instance, 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).

Confucius and his disciple, Mencius, regarded philanthropy as the distinguishing characteristic of being human and one of the fundamental constituents of nobleness and superior character.<sup>23</sup> Many

Chinese entrepreneurs regard Confucian cultural ethics as the bedrock of corporate responsibility in China. A survey of corporate executives conducted by *Fortune China*, for example, found that 89 percent of Chinese business leaders define corporate social responsibility as “operating in integrity and abiding by business ethics.”<sup>24</sup> A recent study of Chinese entrepreneurs, which refers to the “Confucian social model,” suggests that entrepreneurs vie for status and engage in philanthropy to show that they are men of culture (*shidafu*). Because of their social responsibility, these individuals are perceived by the public as bringing order to the state and preserving world peace.<sup>25</sup>

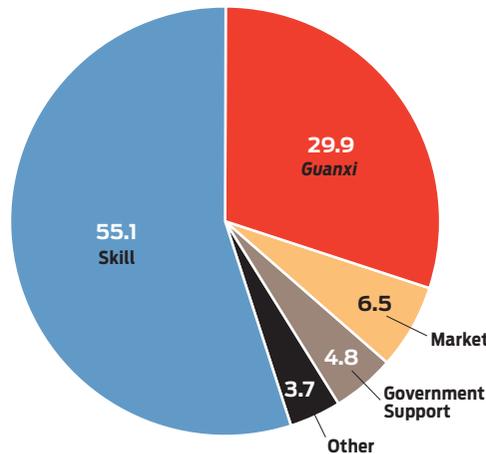
Buddhism and Taoism have also deeply influenced business practice and philanthropy in China. Buddhists and Taoists both believe that compassion is a principal virtue in society and that people should care about the needs of others, views that have significantly shaped family and social relations in China. During the Ming and Qing dynasties (between the 16th and 18th centuries), a combination of Buddhism, Taoism, and Confucianism produced a culture of diligence, integrity, and charity among entrepreneurs.<sup>26</sup> This combination created the moral foundation that helped shape businessmen’s mind-sets. For example, business history research has shown that entrepreneurs in the Ming and Qing dynasties had developed ethical business operations and that the power and recognition brought by their business actions satisfied entrepreneurs spiritually.<sup>27</sup>

While these long-standing philosophical traditions may provide a deep cultural basis for ethical behavior, it does not mean that Chinese business always adheres to these standards. In fact, there are many examples of Chinese entrepreneurs using unethical approaches in building and running their business empires. A well-known case is the 2008 Chinese Milk Scandal, when dairy producers’ practice of altering products with melamine to save costs came to light after many Chinese children died after ingesting tainted infant formula. As a result of being implicated in the scandal, Mengniu, one of China’s largest dairy companies, suffered a significant decline in its reputation. Today, Mengniu’s founder, Gensheng Niu, is one of China’s philanthropic leaders.<sup>28</sup> Interestingly, perhaps the cognitive dissonance of behaving unethically while building their fortunes leads today’s Chinese entrepreneurs to increasingly emphasize giving back to society.

**A Tradition of Group Philanthropy** | Although entrepreneurs’ philanthropy is new in China, collectivist philanthropy is not. In the Song dynasty (960-1279), the government organized and institutionalized philanthropic approaches—for example, setting aside a fiscal account to help socially vulnerable groups. The emperor at the time even clarified and detailed the usage of this money in an edict, the de facto law in ancient times. Later on, the public and private business entrepreneurs followed, supported, and implemented the policy.<sup>29</sup> As Chinese society developed, new opportunities emerged

## Most Important Factors for Doing Business in China

Nearly one-third of Chinese entrepreneurs say *guanxi* is the most important factor for doing business in China.



Source: Research Center for Private Entrepreneurs, Chinese Academy of Social Sciences, 1993-2012.

to broaden philanthropic service, and more passive forms of philanthropy eventually evolved into more active and collective ones.

Following frequent natural disasters, such as earthquakes and floods, the government in ancient times was not able to relieve citizens’ hardships with fiscal expenditures and came to realize that it had to rely more on private business to alleviate its fiscal difficulty. To incentivize giving, the government began granting businessmen—who were perceived as having low social status—ceremonial titles in return for their social works.<sup>30</sup>

In the late Ming period (1368-1644), for instance, Dongming Yang, a midlevel official, looked for opportunities to do 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 repair roads, fix bridges, and aid 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 encouraged its members to work together toward long-term social good.

At the end of the 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 lead 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.<sup>31</sup>

**Importance of Social Relationships (*Guanxi*)** | Chinese people place a great deal of importance on social relationships between individuals. The term *guanxi* refers to this unique culturally embedded system of social capital, social networks, and personal connections.

*Guanxi* also plays an important role in business. Using survey data of private entrepreneurs gathered by the Research Center for Private Entrepreneurs at the Chinese Academy of Social Sciences (RCPE-CASS), we examined private entrepreneurs’ views about the most important factors in doing business in China. We found that 29.9 percent of the entrepreneurs surveyed believed that *guanxi* was the most important factor in doing business, second only to skills (55.1 percent). (See “Most Important Factors for Doing Business in China” above.) In business, *guanxi*-related practices, such as face and favor, can reduce uncertainty, lower transaction and information costs, and provide useful resources.<sup>32</sup>

The role of *guanxi* naturally carries over from business into the way Chinese entrepreneurs practice philanthropy. To create benefit for society through philanthropic work, entrepreneurs use their network of relationships and obligations. To achieve social recognition

for that work, *guanxi* among those entrepreneurs needs to be sustained by networks and collective reputation. *Guanxi* as a type of social exchange plays an important role in maintaining relationships.

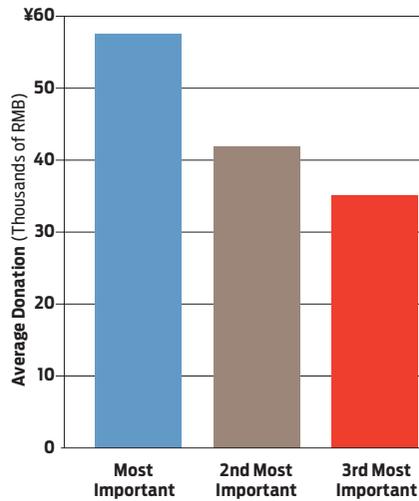
The survey also found that 83.8 percent of these entrepreneurs thought that maintaining *guanxi* is important, and 27.8 percent of them wanted to help their peers in their network. This research also found that there is a positive correlation between *guanxi* and charitable donations: the more important that entrepreneurs think *guanxi* is, the larger the amount they donate. (See “Relationship Between *Guanxi* and Size of Donation” to right.)

**Institutional Voids** | Unlike Western countries, China has limited governmental provision of public goods and services, and weak support of NGOs.<sup>33</sup> This lack of institutional infrastructure in China has important effects on China’s collectivist charity.

Realizing there is a gap between the West and China in regard to key institutions has led Chinese entrepreneurs to work together to develop the missing institutional infrastructure. Utilizing the survey data of private entrepreneurs in China provided by RCPE-CASS, we found that 81.3 percent of these private entrepreneurs would like to help government provide public goods and services, and 63.8 percent of them engage in corporate social responsibility. (See “Key Responsibilities of Private Firms” below.) The results are consistent with a recent study on corporate charitable donations, which found that private firms are playing an important role in filling institutional voids in China.<sup>34</sup>

### Relationship Between *Guanxi* and Size of Donation

The more important that entrepreneurs think *guanxi* is, the larger the charitable donation they are likely to make.



Source: Research Center for Private Entrepreneurs, Chinese Academy of Social Sciences.

For example, property development firm 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, and NGO management. Yintai covered all the expenses of the program, including research, faculty, and scholarships, with the goal of inspiring students to work in the philanthropic sector after graduation.<sup>35</sup>

At the signing ceremony for the collaboration, Guojun Shen, president of Yintai, 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.”<sup>36</sup> Other entrepreneurs involved in the program include Jack Ma, Gensheng Niu of Meng Niu Group, Jianlin Wang of Wanda Group, and Dewang Cao of Fuyao Group.

Similarly, the Lao Niu Foundation’s 1,000 Philanthropic Talents training program was created to train professional NGO and philanthropic managers to help corporations imple-

ment their philanthropic programs. The practice has implications for other social issues arising from the corresponding institutional voids, such as social welfare infrastructure and social innovation.

### IMPLICATIONS OF THE COLLECTIVIST CHARITY MODEL

When examining China’s collectivist charity model, a natural question emerges: Is collectivist charity generalizable to elsewhere in the

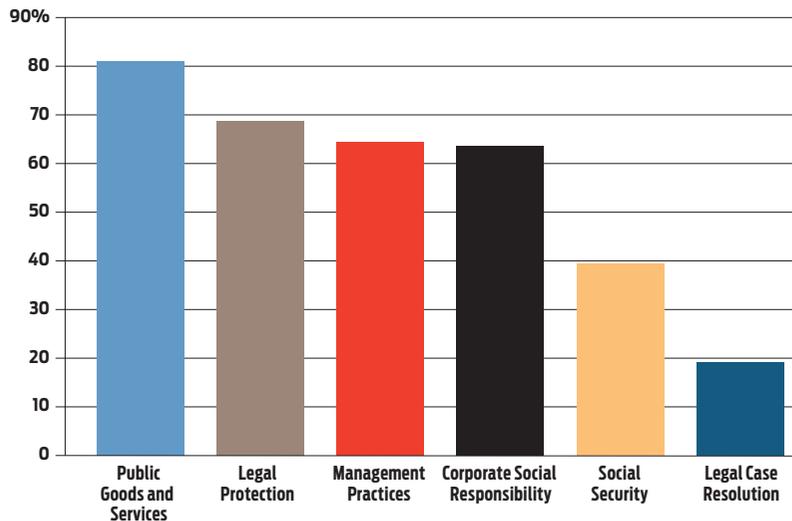
world, and to the West in particular? Is it a pathway to sustainable global capitalism? The fact that we are asking this question is itself interesting. Traditionally, Western philanthropic culture has been seen as the model that other countries, including China, were to follow. However, Chinese entrepreneurs are growing in number and economic power, and it is likely that their ideas, perspectives, and behaviors will have an impact on the rest of the world.

The past decade saw many Chinese enterprises successfully expand globally, such as Lenovo in the United States and Huawei in Europe. Recently, Jack Ma said he planned to introduce Alibaba to the United States with the aim of creating one million jobs.<sup>37</sup> Given the growing importance of the Chinese economy and increasing volume of trade with countries throughout the world, China’s influence in the world will grow, and its collectivist philanthropic model may prove to be an important element in China’s global “soft power” strategy.

Moreover, the collectivist model of charity itself, apart from its ties to Chinese entrepreneurs, may be a new model for philanthropists across the globe. There has been a growing interest among philanthropists in the

### Key Responsibilities of Private Firms

Nearly two-thirds of Chinese entrepreneurs say that their firm engages in corporate social responsibility.



Source: Research Center for Private Entrepreneurs, Chinese Academy of Social Sciences. Note: This is an open-ended question; thus the answers are not mutually exclusive.

United States to work more closely together and to fund collaborative efforts, such as ClimateWorks Foundation, launched in 2008 by three large foundations. The experiences that Chinese entrepreneurs have gained may provide lessons for others of how to do this more effectively.

While the Chinese collectivist charity model has many positive elements, it should also be viewed critically. For example, Chinese entrepreneurs sometimes prefer to anonymously donate or don't donate at all to avoid attracting media attention, which could spur either media or government investigation into the source of their wealth. Collective philanthropy may be appealing to entrepreneurs because it provides a similar protection from individual scrutiny. Furthermore, like the US robber barons who engaged in ruthless and arguably unethical business behavior and then turned to philanthropy later in life, Chinese philanthropists may just be aiming to burnish their reputation and legacy.

The collectivist charity model can also be viewed as a way for Chinese entrepreneurs to deal with the government, which is a major source of uncertainty for business in China.<sup>38</sup> Given the weak legal protection of property rights, studies have shown how entrepreneurs' philanthropy is affected by government coercion and that entrepreneurial firms are susceptible to "forced donations."<sup>39</sup> Acting collectively can provide a buffer from governmental pressure and shield firms from public criticism that they provided "political donations" in exchange for favors from the government, such as tax benefits and preferential financing.

Nevertheless, we believe that the Chinese collectivist charity model is an important development, not just for China but for the world. Chinese entrepreneurs and businesses are actively connected to one another, using their *guanxi* not just in business but also for the common good. The strategy of collectivist 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 helps create a harmonious environment for the entrepreneurs and their employees.

Understanding the collectivist charity model helps to answer why Chinese entrepreneurs seem to be not as generous in charitable donation as their Western counterparts, and also sheds light on the Chinese business model and philanthropic environment as well as the culture in which they are embedded. ■

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