

Instituto Superior de Ciências do Trabalho e da Empresa



STAKEHOLDERS' THEORY AND CORPORATE SOCIAL RESPONSIBILITY (CSR)

An Empirical Study on Public-Private Partnership (PPP)
for Healthcare in China

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RESUMO

Recentemente as parcerias público.-privadas (PPP) têm vindo a reconstruir a visão internacional dos cuidados médicos um pouco por todo o mundo incluindo na China. As organizações operam numa sociedade alargada e estão afectando ou sendo afectadas por grupos de interesse de muitas maneiras diferentes. Com base na teoria dos grupos de interesse (*stakeholders*), as empresas devem estabelecer alianças estratégicas com grupos de interesses e ser responsáveis para com a sociedade na qual operam sendo as PPP um veículo importante através do qual podem cumprir as suas responsabilidades sociais corporativas (RSC) para promover serviços de saúde pública com a colaboração entre os sectores público e privado. Centrando-se na China, este estudo explora a natureza real de tal cooperação entre grupos de interesses e aponta para uma nova maneira de estudar os relacionamentos de colaboração entre os sectores público e privado numa perspectiva de aliança estratégica, combinando os contratos formais e contratos implícitos. Desde que tenha em conta a cultura específica chinesa, as PPP poderão ser um veículo ou ferramenta da RSC permitindo uma melhor utilização dos vários recursos para solucionar problemas de saúde pública. Através do estudo de casos actuais, exploramos as características, mecanismos de controle e efeitos da colaboração estratégica dos cuidados médicos na China. Sob o tema geral das PPP, esta tese retira oito conclusões principais relativas ao controle formal e ao controle baseado na confiança durante o processo de implementação deste tipo de colaborações estratégicas. Explica ainda que o controle baseado na confiança tem um impacto significativo na eficácia de colaborações estratégicas, e que é fundamentalmente diferente do controle formal que se estabelece através de contratos explícitos. Este estudo explora não somente vários aspectos teóricos, mas fornece também alguma orientação prática para colaborações estratégicas para outros sectores.

Palavras-chave: Grupos de Interesses; Responsabilidade social corporativa (RSC); Parceria público-privado (PPP); Saúde pública; China

JEL: M14 - Governação empresarial; Responsabilidade social

Abstract

Today, including China, global Public-Private Partnership (PPP) has been rebuilding international healthcare vision. Companies operate in the broader society and are affecting or being affected by stakeholders in many different ways. Based on the stakeholder theory, companies should establish strategic alliances with stakeholders and be responsible for the society in which they operate. PPP serves as an important vehicle through which the companies may fulfill their Corporate Social Responsibilities (CSR) in China, to promote public health services through the collaboration between the public and the private sectors. This research focuses on the genuine nature of such cooperation among stakeholders and points out a new way to study the collaborative relationships between the public and private sectors from the perspective of strategic alliance, combining the formal contracts and implied contracts. Based on the specific cultural background of China, PPP as the CSR vehicle or tool in better utilizing the various resources to tackle healthcare issues has been effective. Through research on actual cases, we explore the characteristics, control mechanism and effects of strategic collaboration of healthcare in China. Under the general theme of PPP, this thesis will elaborate on 8 characteristics which affect the formal and trust-based control during the process of implementing this kind of strategic collaborations, and elucidate that the trust-based control has a significant impact on the effectiveness of strategic collaborations, yet they are fundamentally different from the formal control through explicit contracts. This study not only explores its various theoretical aspects but also provides some practical guidance for cross-sector strategic collaborations.

Keywords: Stakeholders; Corporate Social Responsibility (CSR); Public-Private Partnership (PPP); Healthcare; China

JEL: M14 - Corporate Culture; Social Responsibility

Executive summary

Recently the concept of Public-Private Partnership (PPP) has been rebuilding the vision of international healthcare in China and worldwide. Companies operate in the broader environment and affect or are being affected by stakeholders in many different ways. Based on the stakeholder theory, companies should establish strategic alliances with stakeholders and be responsible for the society in which they operate. PPP serves as an important vehicle through which companies may fulfill their Corporate Social Responsibilities (CSR) to promote public health services. This research focuses on the China case and examines the genuine nature of such cooperation among stakeholders pointing out a new way to study the collaborative relationships between the public and private sectors from the perspective of strategic alliances, combining formal contracts and implied contracts. Based on the specific cultural background of China, is PPP a vehicle or tool for CSR in better utilizing the various resources to tackle healthcare issues? Through research on actual cases, we explore the characteristics, control mechanisms and effects of strategic collaboration among healthcare agents in China. Under the general theme of PPP, this thesis will elaborate on the following eight characteristics which affect the formal and trust-based control during the process of implementing this kind of strategic collaborations:

1. If stakeholders have common interests in public healthcare issues, for instance, in mental healthcare, in terms of vision/mission/values/culture and goals (by alignment or by establishing contracts), they can cooperate by establishing a public-private partnership contract. The direct effects, innovation effects and social effects would have a positive impact in their overall cooperative performance;
2. When stakeholders have incentives, when they have achieved their objectives on the contractual terms, they would likely continue with the partnership. Legal relationship may help to secure the result;
3. A mutual trust among stakeholders would have a positive impact on their overall cooperative performance;

4. If stakeholders have the collaboration contract, but interests are not embedded and cultures are unfit, trust will likely erode, and the direct effects, innovation effects and social effects would have negative impacts on their cooperative performance;

5. Organization learning and skill substitution will be important motivations for the cooperative partners. In recognizing their partnership performance trust will be increased, the partnership will likely continue and when stakeholders, according to the stakeholder theory, bestow altruism, social responsibility and citizenship, they will likely continue the partnership relations;

6. Value creation from the partnership communications is key to the success of the corporations. Two case studies illustrated the processes and key elements for value creation;

7. The critical successful factors for partnerships in China include: same objectives; right partners; effective cooperative experiences; support from organization leaders and right partner selection;

8. The partnership incentives for cooperation in the Chinese environment may include: acquisition of resources and a creation of a good public image for the partnership organizations;

This study not only explores various theoretical aspects but also provides some practical guidance for cross-sector strategic collaborations concluding that the trust-based control has a significant impact on the effectiveness of strategic collaborations although it is fundamentally different from the formal control exercised through explicit contracts.

Keywords: Stakeholders; Corporate Social Responsibility (CSR); Public-Private Partnership (PPP); Healthcare in China

JEL: M14 - Corporate Governance; Social Responsibility

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Abbreviations

ADE:	Adverse Drug Event
ADR:	Adverse Drug Reaction
AMA:	American Medical Association
CDA:	China Doctor Association
CDC:	Chinese center for Disease Control and prevention
CEO:	Chief Executive Officer
CHA:	China Hospital Association
CMA:	China Medical Association
CPA:	China Pharmacists Association
CPIA:	China Pharmaceutical Industry Association
CPC:	Central Party Committee
CSR:	Corporate Social Responsibility
CSI:	Socially Responsible Investment
DRC:	Drug Re-evaluate Center
GMP:	Good Manufacture Practice
HACS:	Hyperactive Child Syndrome
J&J:	Johnson & Johnson
MNEs:	Multi-National Enterprises
MOH:	Ministry of Health
NGO:	Non-Governmental Organization
NPO:	Non-Profit Organization
PMS:	Post Market Surveillance
PPP:	Public-Private Partnership
SRI:	Socially Responsible Investment
UMC:	Uppsala Monitoring Centre
WHO:	World Health Organization
XJP:	Xian Janssen Pharmaceutical Ltd.

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1. Introduction

Similar to environmental protection issues, no individual sector, either public or private, can solve global public healthcare problems such as HIV/Aids, mental health, and SARS alone, as no one sector has sufficient resources or capability to adequately address or resolve these complex social issues. In response, over the past few decades, cross-sector partnerships have become a widely adopted vehicle or tool for corporations and communities to work together to address such social issues (Googins 2000). Public-Private Partnerships (PPP) is at the top of many agendas in international public health these days. Partnership can produce innovative strategies and positive consequences for well-defined public health goals, and they can create powerful mechanisms for addressing difficult problems by leveraging the ideas, expertise and resources of different partners. (Reich 2000) The essence of partnership is “a relationship agreement, reflecting mutual responsibilities in furtherance of shared interests. (Buse, K and Walt G, 2000) In the health sector, World Health Organization (WHO) describes partnership as a means to “bring together a set of actors for the common goal of improving the health populations based on mutual agreed roles and principles.” (Pearson 1969) And the Director-General of the WHO, in her first speech after her 1998 election, called for “open and constructive relationship with the private sector and industry”. The World Bank has announced that it will encourage partnerships as part of its comprehensive development framework. Globalization process has promoted the growth and influence of non-governmental organization (NGO) in international health (Brown et al., 2000).

China is a developing country with more than 1.3 billion people. In recent years public healthcare has emerge to be a very important issue for such a large country. In USA, healthcare expenditure was about 15.3% of GDP (Curious Cat

《 Management Improvement Blog 》 USA Health Care, 2005/01/11) while in European countries, it was about 7.3% (M2 Presswire 2007) of GDP. China has increased its spending/GDP ratio from 3.5% to over 5.6% during the course of 1983 to 2003 (Hewitt Global Report 2006).

Taking mental health as an example, today about 450 million people around the world are suffering from mental diseases with costs accounting for 11% of all global medical expenditure, of which about 45 million adults suffer from schizophrenia (Curlin, F. A.2007). The Spot Check in 1993 showed that in China, the incidence rate of serious psychopaths is 13.47‰ (not including neurosis) or about 16 million people and the incidence rate for the elderly was increasing. Undoubtedly, no single governmental department could solve this problem alone.

Based on the stakeholder theory (Freeman, 1984), companies are living in the society and affecting or affected by their stakeholders, e.g. investors, employees, suppliers, customers, governments as well as societal constituencies. Companies should have broad-based strategic alliances with stakeholders and become responsible for the society that it lives in. PPP is considered to be an important vehicle or tool to realize corporate social responsibility (CSR) and upgrade the level of public health services through the collaboration between the public sectors and the private ones. How to utilize the resources with proper control of the processes to obtain the intended outcome? Stakeholder theory provides us with one of the inroads to explore such mechanisms. Besides executing contracts with explicit benefits and obligations that matching respective values, setting visions and missions, designing good programs and exercising controls, establishing mutual trust among the partners is critical in achieving the agreed objectives.

Under China's reform and "open-door" policy, many well-known multinational corporations have entered the Chinese market with western management philosophies and practices one of such practices is establishing PPP to carry out the CSR in China. PPP for healthcare began in the middle of the 20th century. It is recognized as an important mean to carry out CSR. The public healthcare standard can be raised through the collaboration between the public sector and the private enterprises. This research explores the strategic collaboration between public sector and the private enterprises with emphasis on its general characteristics and suggests a new approach in combining the formal contracts and implied contracts. Based on the Chinese cultural background, PPP as a mean of CSR to utilize resources and share knowledge in resolving medical and health issues has been effective. This thesis starts with an empirical study to extrapolate the characteristics, control mechanisms and the effects of strategic collaborations simultaneously. Through PPP cases, this thesis elaborates the 8 characteristics affecting the formal contractual control and trust control during the process of strategic collaborations, as well as those trust-based control factors, which have significant impact on the strategic collaboration outcomes. This study not only explores theoretical aspects but also provides certain practical guidance for the cross-sector strategic collaborations.

2. Research Objectives

- Find out the critical success factors for PPP in China with the help of stakeholders theories and CSR theories;
- Discuss and identify the processes and approaches for PPP cooperation, given the Chinese government system & cultural differences
 - Use empirical study to develop a PPP model as supplement to help resolve the public healthcare issues in China. Specifically, through case studies to surmise PPP contents in China.
 - Through case studies, this represents the first attempt to investigate the factors affecting PPP outcomes in the Chinese healthcare environment.

3. Literature Review

3.1 The Stakeholder Theory and Corporate Governance

3.1.1 The Problem

“The company belongs to people who invest in it – not to its employees, suppliers, nor the locality in which it is situated”, a quote from Dunlap, Albert (1977) in “How I saved bad Companies and Made Good Companies Great”, New York, Time Books. What Dunlap had in mind was this: the employees, the suppliers, the clients, the government and the spokesperson of the community have no say in the decisions that “the people who invest” may take. And that the true decision-makers, the investors, have the exclusive right to dismiss out of hand, and to declare irrelevant and invalid any postulates which such stakeholders may make concerning the way they run the company.

Dunlap’s message was not a declaration of intent, but a statement of fact. Dunlap takes for granted that the principle it conveys has passed all the tests which economic, political, social, and any others realities of our time have set to examine its viability. It has by now entered the family of self-evident truths, which serve to explain the world. Should we accept this “truth” without any doubts? Or are there other ways to govern the corporation? For example, the advocates of CSR contest the viability of short-term economic assessment of business in isolation. Instead, they call for a broader, long-term perspective encompassing the range of economic operations. CSR implies the ideology of creating win-win situations for all stakeholders and the belief that the market forces, under proper guidance, may bring about a sustainable future for individual companies as well as the entire globalized world. Who will provide the proper guidance?

3.1.2 The Stakeholder Theory

Thompson (1976) claimed that the term “Stakeholder” denotes “those groups which make a difference,” or more formally:

“A stakeholder in an organization is (by definition) any group or individual who can affect or is affected by the achievement of the organization’s objectives.” Freeman (1984)

In the late 19th century, huge modern corporations emerged in the United States and the public corporation became the dominant business structure. Adolf Berle and Gardiner Means (1932) voiced concerns over the power of management in these big corporations with widely dispersed ownership; “to Adam Smith, private equity meant individual or few partners actively engaged in and relying in large part on their own labor and their immediate direction. Today we have tens and hundreds of thousands of owners and consumers combined in single enterprises”. With the separation of ownership and control in a modern dispersed- ownership corporation, shareholders may incur agency costs as managers find it easy to pursue their own interests rather than those of the shareholders.

In contrast, Alfred Chandler Jr. (1977) saw the growing concentration of power among the professional managers in a positive light, “in many modern business enterprises neither banks nor families were in control”. Ownership became scattered. The stockholders did not have the influence, knowledge, experience, or commitment to take part in the high command. Salaried managers determined long-term as well short term they dominated top as well as lower and middle-management” (Chandler, 1997). Modern corporations seem to have performed well with internal governance.

Burns and Stalker (1961) evaluated 20 UK companies, and clearly showed that external environments affected internal organization. Their findings were that, if a company's external environment is stable, with few factors that cannot be predicted and/or controlled by the company in question, that company's management system tends to be highly regulated, with a clear hierarchical system for procedures, authority and responsibility; whereas if the external environment is unstable, with many unpredictable and uncontrollable factors, rules, procedure, authority and responsibility tend to be ill-defined, and authority tends to be diffuse, with a high degree of freedom in decision-making. Burns and Stalker termed the former a 'mechanistic management system', and the latter an 'organic management system'. In addition, Lawrence and Lorsch (1967) surveyed 10 R&D, manufacturing and sales departments, and demonstrated that differences in the external environments directly surrounding each department affected organizational structure, leadership, and aspirations within those departments. Research approaches of this type, concerned with the relationships between corporate organization and external environment, are termed 'contingency theories', and represent a new wave in the field of organization theory that developed in the 1960s and 1970s. Contingency theory presents an open-system perspective on corporate organization, with increased emphasis on the effects on corporate organization of the external environment, in contrast with the older closed-system perspectives in organization theory, in which the relationships between inside and outside the corporation were left out of the field of view.

On the other hand, there has also been research on the relationships between the external environment and the internal organizational structure, with analysis from the point of view of transaction costs. The work of the systems-economists, such as Williamson (1975), represents such a transaction-cost approach. Their findings suggest that the relationships between a company and its environment determine the mechanism for resource transaction. The two types of mechanism by which resources

can be supplied are a market mechanism and a corporate in-house mechanism, and the factor determining which mechanism will operate is the transaction cost. The decision-making personnel are assumed to select the mechanism that minimizes transaction costs.

From the point of view of resource-transaction costs between corporate organizations and external environment, Pfeffer and Salancik (see Kuwata and Tao, 1998) developed the resource-dependence perspective, on the basis of theoretical research on the bi-directional connections. In this resource-dependence perspective, the structure of relationships between the organization in question and other organizations explains the exchange of resources with other organizations, and the times at which such resource transactions occur. Using this model, resources controlled by the organization itself and by other organizations are compared, and, in cases of successful resource transfer, inter-organizational relationships are established. However, in these inter-organizational transactions there are differences in the importance, scarcity, of resources controlled by organizations, and for this reason the relationships can often be classified as being subordinate or non-subordinate in type. In other words, organizations that control resources that are of marked importance to other organizations can take up a position of dominance with respect to those organizations, which thus have a high degree of dependence on the resource controlling organization. In this resource-dependence perspective, relationships of the above type are explained in terms of 'power superiority', and it is assumed that most organizations strive to reduce their dependence on other organizations as far as possible, in order to be autonomous.

Most research on relationships between companies and their surrounding environments was carried out in the 1960s and 1970s, and a number of highly influential theories were developed. During the 1980s, companies' external

environments became more complicated, and an important theme in studies came to be how to respond to the external environment at the same time as making smooth and efficient progress in corporate activities.

Freeman (1984) defined a stakeholder as any group or individual that affects, or is affected by, the achievement of a company's aims, and he indicated the importance of the stakeholder approach in business management.

Previous research on relationships between corporate organization and external environment was summarized above. If, on the basis of this research, one wishes to find keywords to apply to these relationships, they are 'restrictions' and 'transactions'. (Nobuyuki Tokoro 2007) That is, contingency theory suggests that differences in external environment will affect corporate organization, so the external environment can be seen as a restrictive factor in corporate organization, whereas with the transaction-cost approach and resource-dependence model, the relationships between organizations and external environments are viewed as aspects of a resource-transaction relationship. If the term 'external environment' is replaced with 'stakeholder', these previous research findings can be interpreted as showing that the existence of stakeholders is a restrictive factor from the perspective of a company, and/or that stakeholders are partners in resource transaction. Nevertheless, previous research treated the external environment as a given, and was thus only concerned with the effects of the external environment on corporate organization; there has been insufficient interest in the opposite case, that of corporate organization affecting the external environment. However, in the real world, corporate organization can affect the external environment; companies act on stakeholders in various ways; and companies often strive to establish favorable external environments.

3.1.3 “Corporate Governance”

The term “corporate governance”, although now commonplace, was rarely encountered before 1990s. A few years ago the subject of corporate governance was little discussed certainly not under that name. Before Harold Wilson’s book “The Governance of Britain” (1997), the word “governance” was not in popular usage. Unfortunately, its subsequent rapid adoption has not been accompanied by consistent usage. Different authors vary widely in where they draw the boundaries of the subject. People are confused about the meaning of “corporate governance”. Tricker (1984) defines it as “the process by which companies are run”. The committee on Financial Aspects of Corporate Governance (Cadbury 1992) defined that, “corporate governance is the system by which companies are directed and controlled”. For Morck et al. (2006), “corporate governance” is an ongoing challenge in all countries – developed and developing. In European, Latin American and Asian countries, whose corporate sectors are mainly controlled by a few wealthy families, the key challenge is often finding competent sons. In state-owned enterprises, similar problem arises trying to select a politically loyal yet talented senior executive. Russia and many East European countries seem to be rapidly evolving into oligarchies of the Latin American sort, where “idiot sons” are a key corporate governance problem. The “idiot son” problem, in general, occurs whenever corporate power is assigned on blood or loyalty, rather than merit. With the open-door policy in China, more and more private companies were established with rapid growth. How they select their successors and maintain sustainable growth for their companies become very challenging. In summary, corporate governance concerns about the way enterprise is managed with a long-term perspective.

From the micro perspective, the term may describe the formal system of accountability of senior management to the shareholders. At its most expanded sense,

the term is stretched to include the entire network of formal and informal relations involving the corporate sector and their consequences for the society in general. The economic debate concerning “corporate governance” is often posed in terms of a potential dilemma between strong direction and accountability, there being a tension in the paradox that assets are most efficiently valued when information to shareholders is maximized, whilst operational efficiency suggests that shareholders delegate surveillance and decision-making to managers. The absence of any real consensus on the definition of “corporate governance” in the rapidly growing literature on the subject is symptomatic of the whole debate on governance reform. It is a debate in which the participants have entirely different analyses of the problem and therefore offer markedly different solutions. Fundamental disagreements cover key questions: for example, does the effectiveness of “firm’s governance” arrangements have implications which go beyond those for its shareholders and, if so, does this justify public policy intervention? Should any such intervention be concerned with distributional issues as well as those of efficiency? What is the nature of the shareholder’s contractual freedom, as a resource owner, to maximize his financial reward from such resources?

Corporations must be able to develop and implement their respective competitive advantages, to raise capital, to assemble and redeploy resources to that end, and at the same time, to meet the expectations of their shareholders, employees, suppliers, creditors, customers, communities and society at large. “Corporate governance” comprehends that structure of relationships and corresponding responsibilities among a core group consisting of shareholders, board members and managers designed to best foster the competitive performance required to achieve the corporation’s primary objective: survival.

In sum, “corporate governance” is an ongoing challenge for all countries –developed and developing, and the challenge is to make sure that the people who decide how to use a market’s economic resources are competent, honest, and not taking chances. Their decisions have to serve the interest of their people as a whole.

In the last two decades, stakeholder tends to believe enterprise in its living environment is the tool of power. They intended to broaden management’s vision of its role and responsibilities beyond profit maximization to include interests and claims of non-shareholding groups. Stakeholder theory attempts to articulate a fundamental question in a systematic way: which groups deserve or require the stakeholders’ management attention, and which are not?

3.1.4 Stakeholder Theory and “Corporate Governance”

The stakeholder theory of the firm is used as the basis to analyze those groups to whom the firm should be responsible. As described by Freeman (1984), the firm can be described as a series of connections of stakeholders that the managers of the firm attempt to manage. Freeman’s classic definition of a stakeholder is “any group or individual who can affect or is affected by the achievement of the organization’s objectives”. Thompson, Wartick, and Smith (1991) define stakeholders as groups “in relationship with an organization”. Windsor (1992) points out those stakeholder theorists differ considerably on whether they take a broad or a narrow view of firm’s stakeholder universe. Freeman and Reed (1983) recognized early on that there would be serious differences of opinion about broad versus narrow definitions of “Who or What Really Counts”. Their broad definition of stakeholder as an individual or group who “can affect the achievement of an organization’s objectives or who is affected by the achievement of an organization’s objectives “ is virtually

identical to Freeman's (1984) definition "any group or individual who can affect or is affected by the achievement of the organization's objectives".

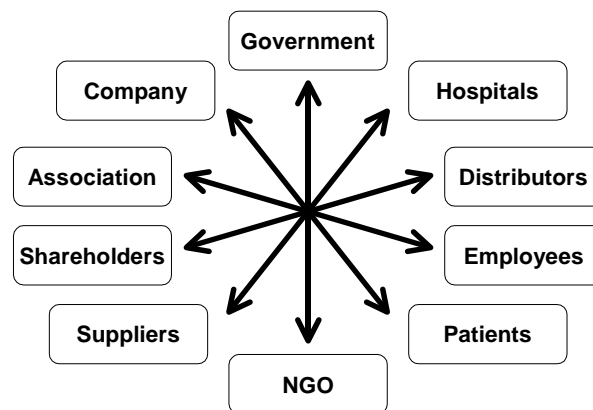
This is one of the broadest definitions in the literature, for it leaves the notion of stake and the fields of possible stakeholders unambiguously open to include virtually everyone. In this definition the basis of the stake can be unidirectional and bi-directional –"can affect or is affected" – and there is no implication or necessity of reciprocal impact, as definitions involving relationships, transactions, or contracts require. Excluded from having a stake are only those who cannot affect the firm (have no power) and are not affected by it (have no claim or relationship).

Stakeholders are typically classified as primary and secondary stakeholders. Clarkson (1995) defines a primary stakeholder group as "one without whose continuing participation the corporation cannot survive as a going concern" – with the primary group including "shareholders and investors, employees, customers and suppliers, together with what is defined as the public stakeholder group: the governments and communities that provide infrastructures and markets, whose laws and regulations may be obeyed, and to whom taxes and obligations may be due". The secondary groups are defined as "those who influence or affect, or are influenced or affected by the corporation, but they are not engaged in transactions with the corporation and are not essential for its survival".

An important question that has been addressed is to which groups do managers pay attention? Mitchell et al. (1997) develop a model of stakeholder identification and salience based on stakeholders possessing one or more of the attributes of power, legitimacy and urgency. Agle et al. (1999) confirm that the three attributes do lead to salience. Thus, we might anticipate that firms would pay most attention to those legitimate stakeholder groups who have power and urgency. In practice, this might

mean that firms with problems over employee retention would attend to employees issues and those in consumer markets would have regard to matters that affect reputation. Stakeholder groups may also become more or less urgent; so environmental groups and issues became more urgent to oil firms following the Exxon Valdez oil split (Patten, 1992).

Figure 1. Stakeholder's Map



If we take Chinese mental health as an example, the parties related to the stakeholders could include:

1. Health authorities at the Ministry Of Health (MOH) and that at provincial level; The health policy makers;
2. Associations like China Medical Association (CMA); China Hospital Association (CHA); China Doctors Association (CDA); China Pharmacists Association (CPA); China Pharmaceutical Industry Association (CPIA): Those NGOs are the key organizations to formulate treatment guidelines; to serve patients

3. Opinion leaders of various medical specialties;
4. Companies;
5. Non-profit organizations such as Red Cross;
6. Medical universities;
7. Patients;
8. Doctors, Pharmacists and nurses;
9. Those stakeholders who could work together in partnership to play a role in the public health as shown in the chart (As part of literature review)

Googins (2000) indicated that, in a system of shareholder capitalism, those advocating a stakeholder perspective as something of a misfit in efforts to contribute to social welfare and the broader common good have often regarded business. From the shareholder perspective, citizenship manifests itself in wealth creation, job creation, and paying taxes to the state. Furthermore, citizenship has become operational through traditional form of philanthropy, constituting the primary relationships between the firm and its external community. This form of citizenship is in effect not created as an exchange relationship, but rather as a “giving” or “giving back” role as captured within some vague concept of citizenship or corporate responsibility.

3.1.5 Summary

The study of stakeholder’s theory can be divided into "governance" and stakeholders "management". The research under the framework of tool is stakeholder’s participation in management. Each stakeholder has expectation on the enterprises, and the enterprises will be responding to this expectation in some way. This will determine the stakeholder’s support on the enterprises. With proper management of

the stakeholder's relationship, the enterprises will be able to maximize the interests for the shareholders.

Stakeholder's governance is a research of normative framework, from the fundamental to protect the interests of enterprises stakeholders, and incorporate stakeholders into the enterprise at the level of governance. Using the perspective of corporate governance and organization theory to study stakeholders has become an area of active "normative views" in recent years. They tried to challenge the mainstream business models and learned from the corporate governance models of Germany and Japan in order to advocate that stakeholders should share the ownership of enterprises, the so-called "corporate governance."

Blair (1995, 1996) in his research advocates the perspective of specific human capital, noted that the company must take the interests of stakeholders into account in the basis of their invested specific assets and the resulting residual risk, as stakeholders specific capital is the key, and in fact take on the remaining risks, they should be entitled to take the corresponding Residual Claim. In addition, Jones, Clarkson (1995) attempt to expand the stakeholder theory, developing the so-called theory of "center paradigm" that is, combining the agent theory, the transaction cost theory and contract theory together to consider stakeholders problems, and that extending the dialogue foundation between stakeholders and corporation, the main value of the studying pointed out the shortage of traditional model in the moral and ethical aspects, that is negative of traditional neo-classical view.

In both the theoretical circle and business circle, corporate governance structures are considered to be an important part to realize CSR. All CSR-oriented corporate governance structure and corporate system reform are expanding and developing the design of the corporate governance structure. Stakeholders provide the direction of

CSR. There is no doubt an ideal model of CSR and corporate governance if corporate stakeholders participate in corporate governance. In a certain sense, the trade union system of the European countries, the main bank system in Japan, the external and non executive directors adopted in Britain and the United States, can be considered as models of management structure for CSR-oriented enterprise. The mechanism is shown in figure 2:

Figure 2. The relationship map among stakeholder theory, CSR and corporate governance



CSR gives guidance to companies to be responsible not only to their shareholders but also to the society; Stakeholders participate in corporate governance because all stakeholders may influence the corporate business results. Company needs to be proactively get stakeholders involved so that to facilitate the CSR.

3.2 The Corporate Social Responsibility (CSR)

3.2.1 Introduction

The concept, Corporate Social Responsibility (CSR), emerged in the 1920s. Social conflicts and labor disputes had become much more prevalent with increasing capitalization. With the continuous economic development of the society, people recognized the necessity and importance for enterprise to take their social responsibilities.

The concept of CSR is part of the field of business ethics, yet it has frequently been expanded, discharged, supplanted and reintroduced by a great number of scholars, activists and companies. So, what really is CSR? What kind of responsibility and for whom? And who is calling the firms to be socially responsible? The need for companies to undertake activity that might be regarded as socially responsible has been discussed in the literature and has been a topic of academic study for decades.

Cannon (1992) discusses the development of corporate social responsibility via the historical development of business involvement leading to a post-war re-examination of the nature of the relationship between business, society and government. He identifies the primary role of business is to produce goods and services that society wants and needs; however there is an inter-dependence between business and society in the need for a stable environment with an educated workforce. Cannon quotes Lord Sieff, the former chairman of Marks & Spencer, “Business only contributes fully to a society if it is efficient, profitable and socially responsible”. Similarly, Wood (1991) states that: “the basic idea of corporate social responsibility is that business and society are interwoven rather than distinct entities”.

It has become a standard observation that the waning of nation states and intergovernmental organizations has virtually left unattended huge tasks of social and environmental protection. In response, it is the basic drive of CSR to find ways how the private sector may take on part of these tasks. So, basically the term “Corporate” indicates that the agency of CSR initiatives lies in private sector. Governments do take part in a great number of CSR projects, but they serve the role of facilitators rather than regulators.

The stakeholder model seems to offer the most viable identification of the object of CSR. In 1984, Edward Freeman published *Strategic Management – A Stakeholder Approach*, which has become the backbone of subsequent and very extensive elaborations of the stakeholder model. Freeman defines stakeholder as “any group or individual who can affect, or is affected by, the achievement of a corporation’s purpose”, and offer the following list of possible stakeholders “employees, customers, suppliers, stockholders, banks, environmentalists and government”. However, this list is by no means conclusive, as it is the organization and its context in each particular case that determines who is a stakeholder and what their stakes are. Freeman’s view, in a nutshell, has fundamentally redefined what the corporation really is and integrates the conventional stand-alone corporate form into a much more holistic understanding that corporations are collectively owned and controlled by a much broader social participants who contribute critical and scarce resources equally indispensable as capital that shareholders contribute.

From a pragmatic perspective, Freeman (1984) further maintains that in principle there is no contradiction between strategy and ethics; taking all stakeholders into consideration is at the same time the wise thing to do and the right thing to do. Seen from the level of the individual company, CSR can be understood as part of risk management, which is, taking different strategic measures to secure survival of the

company in the foreseeable future. This is part of the responsibility of the management towards the shareholders to begin with, remarks Freeman, and the best way to do this is to strive for a model of operation that creates value for all stakeholders, who might otherwise in the long term jeopardize the survival of the company. The area defined by advocates of CSR increasingly covers a wide range of issues such as plant closures, employee relations, human rights, corporate ethics, community relations and the environment. For example, CSR Europe, a membership organization of large companies across Europe, in its reporting guidelines looks at the following areas: workplace (employees); marketplace (customers, suppliers); environment; community; ethics and human rights.

Whether or not business should undertake CSR, and the forms that responsibility should take, depends upon the economic perspective of the firm that is adopted. Those who adopt the neo-classical view of the firm would believe that the only social responsibilities to be adopted by business are the provision of employment and payment of taxes. This view is most famously taken to the extremes of maximizing shareholder value and reflected in the views of Milton Friedman (1962); “few trends would so thoroughly undermine the very foundations of our free society as the acceptance by corporate officials of a social responsibility other than to make as much money for their shareholder as they possibly can”. The expression “from Friedman to Freeman” is often used to illustrate the shift in the debate on the role of business in society. This expression refers to the challenge of the widely acknowledged and applied “shareholder model” or “profit-centered model” of corporate governance. This model operates on the premise that businesses are ultimately if not uniquely accountable to their owners. The proponents of a “stakeholder model” or “social responsibility model”, however, explain that businesses are accountable to everyone (whether individuals or groups of individuals or society as a whole) who has a stake in their activity.

Brummer (1991) in a wide-ranging review attempts to provide clear definitions of responsibility as well as looking at the different philosophical approaches. In a deep review of the meaning of responsibility, he proposes that responsibility means executives are held to be accountable for their actions. He summarizes three types of corporate conduct normally thought of as requiring a rendering from executives:

- 1) Behavior that goes beyond the corporation's domain of authority or scope;
- 2) Non-performance of acts within the corporation's domain of responsibility;
- 3) Inferior performance of acts within the latter domain.

But how does business actually define CSR? The World Business Council for Sustainable Development proposes the following definition for CSR as: “ the ethical behavior of a company towards society ... management acting responsibility in its relationships with other stakeholders who have a legitimate interest in the business” and “ CSR is the continuing commitment by business to behave ethically and contribute to economic development while improving the quality of life of the workforce and their families as well as of the local community and society at large”.

3.2.2 Connotation and Development History of CSR

It is Oliver Sheldon (1924) who first put forward the concept CSR. He defined that an enterprise should not only take the economic and legal duties, but also the social responsibilities beyond these duties (Howard Bowen, 1953; McGuire, 1963; Sethi, 1975). In 1953, Professor Bowen integrated CSR into corporate strategic management in his thesis *Social Responsibilities of Businessman*. In his thesis, the core connotation is to integrate with the interests of corporate and employees, of the environment and society, to realize harmonious and sustainable development of

labor force, resources and environment. Now it has become an irreversible development trend of global economy. Enterprise is the economic cell to society. It is one of strategic goals for the enterprise to take the social responsibility for building a harmonious society.

The basic concept of CSR is: enterprise does not only generate profits and serve the interest of its shareholders but also carries out its responsibilities towards the society and environment which include complying to business ethics, paying attention to production safety, occupational health, respecting the legal rights of the workers and saving resources. Under the market economy system, it should also include the interests of stakeholders, namely the related individuals and groups influencing the corporate interests and meanwhile influenced by the corporate management pattern and its achievements, such as clients, suppliers, employees, society, community, government and shareholders; In 1988, Professor Carroll, A.B. (1993) put forward that an enterprise should take the four responsibilities: profit; law abiding; moral abiding and respecting benevolence; namely four faces of economy, law, moral and charity.

CSR is practically a “social contract” between enterprise and society. The economic rationale for this contract is to internalize negative externalities an enterprise may produce, or offset the negative externalities through provision positive services. This is called Kaldor-Hicks optimality in economics. The mechanism to implement the social responsibilities is formed by government, enterprise and some non-governmental stakeholders and individuals. In 2002 “UN GLOBAL COMPACT” called on leaders in industrial and commercial circles to take social responsibilities including human rights, labor standards and environmental protection, providing world market with humanitarianism. Otherwise such phenomena as the environmental pollution from economic globalization, blood and sweat plant, unfair

competition, commercial bribery and corruption spread and the enterprise will destroy its own development. So the enterprises must arrive at the following understanding:

- (1) The business operation of corporate will have significant impact on the society, meanwhile, the social development also affects the corporation's possibility and ability to become successful;
- (2) In return, the corporate shall pay special attention on the activities of its own business units and its influence in economy, society, environment and human rights, which does not only win a good fame for corporate business operation, but also is conducive to selecting social organizations benefiting local area;
- (3) The corporate shall make close cooperation with other organizations, groups, society and governmental departments to realize these strategic goals; and
- (4) According to CSR, multinational enterprises and their subsidiaries all over the world shall be abided by these rules, regardless of the economic, political and social situation of the countries they invested in.

The development of CSR experienced many lessons during the fast economic growth when corporation just focused on profit making for shareholders while destroying the fundamentals for their existence and development. In 1979, the nuclear pollution incident, which took place in Three Mile Island Nuclear Station, Pennsylvania, led the nuclear industry of United States to establish the Nuclear Energy Operation Association to carry out supervision and management in this industry. In 1984, the carbide of United States MIC (CHaNC0e) poisonous gas-leaking case took place in Bhopal, Indian, and the United States established Chemical Industry Responsibility Association. In 1986, Chernobyl Nuclear Accident in Former Soviet Union took place, so a series of nuclear organizations in Europe and America combined to set up the World Association of Power Station. These key

events of industrial and environmental pollution made people aware that corporation cannot deny their social responsibilities towards preventing environmental pollution caused by Industrial production. In early 1990's, after the scandal to American clothes manufacturer LEVI-STRAUSS was disclosed, under the pressure of laborer and human rights and other nonprofit organizations, a lot of famous companies consecutively created their own production rules, which evolved as Corporate Production Rules Movement. The immediate goal is to urge enterprises to take their own social responsibilities. In January 1990, Kofi Atta Annan, United Nations Secretary-General proposed the leaders in Industry and Commerce Circles over the world to respect human rights, to care for workers, to protect environment and to serve the people of the world at World Economic Forum. In 2001, the EU released "Promoting an European framework for CSR (Green Paper)". To enhance the sense of responsibility of the entrepreneurs towards their business operation is the fundamentals for sustainable development. The Green paper also emphasize CSR on specific conditions of SMES, concerned such as the labor standards, child labor, sexual discrimination, education, training, medical health and health insurance etc. In 2002, the United Nations formally put forward "UN Global Compact" and its nine principals including human rights aspect, i.e. enterprise should support, respect and defend all decisions made on human rights by the international communities, ensure not to become the collusion to violate human rights; labor standards aspect, i.e. enterprise shall support freedom of association and recognize collectivity rights, eliminate all kinds of forcing labor to work, abolish the child worker system and eliminate employment and profession discrimination. In regards to the environmental aspect, corporation shall support environmental protection and adopt measures to prevent pollution. It shall take greater responsibility on the environment and encourage the development and promotion of green technology.

3.2.3 Theoretic Research Foundation for CSR

Western scholars have been researching the CSR from various academic angles of economics, management science, sociology, politics and other subjects for 50 years. Among these researches, scholars respectively put forward and test dimensionality related to CSR, such as implementation of traditional economic roles, environmental protection, consumerism and promoting social progress (Davis, 1980), internal and external social responsibilities (Gallo, 1980,2004), the responsibility of community, customer, employee, shareholder and supplier (Isabelle & David, 2002).

Many scholars conducted a great deal of empirical research on the definition and classification of CSR. Yet the dimensionality and related concepts of CSR came out one after another (Swanson, 1995; Wood, 1991; Rowley & Berman, 2000). These show that academic world had no unified and specific definition and understanding. Isabelle (2002) made broad comparative research on CSR among different countries of Europe and America. He found that individuals and organizations have different understandings on CSR with different social and cultural background. So the dimensionality in different countries is widely divergent. The issue with regards to whether corporation should take their corporate social responsibilities has been disputed tremendously in the academic world.

A lot of effort in theoretic research has enhanced the proposition that enterprise shall take corresponding social responsibilities. Garriga (1932) proposed four rationales:

- **First, instrumentality theory:** Namely, CSR is a tool for enterprise to achieve value maximization. Sethi (1995) contents that the stakeholder's theory was the major one; meanwhile, this theory further developed into three theoretical aspects, namely, normative, instrumental and ethnic theories. Among them, research works were made in the relationship between instrumental theory and other theories by

scholars, including the relationship between corporate social performance and the corporate financial performance, and the question how to attract and retain high quality employees for corporations, as well as the relationship between social effect and core competitive power of corporations. For example, Wallich (1970) put forward an “Enlightened Self-Interest Model”. In addition, Russo et al (1977) thought that resource-based view is a good tool to analyze the effect of Corporate Social Responsibilities (CSR);

- **Second, political theory:** Because the corporate owns tremendous resources and would have major impact on the society, therefore, it shall bear the rights and responsibilities, or obligations to participate in social activities and cooperative projects. In 1960, Davis pointed out that the corporation, as a big profitable organization, should use its energy rationally and effectively, taking into considerations of the long-term needs and wants of the broader social constituencies. Furthermore, Donaldson (1994) and Altman (2000) gave some explanations from the angles of social contract theory and enterprise citizen theory, respectively. They emphasized the balances between rights and responsibilities; enterprise with high energy should take corresponding responsibilities.
- **Third, integrated theory:** Namely, the corporate existence and development both depend on society, therefore, the corporate shall integrate with society. From the aspect of social affair management, there are difference between the public’s expectations on corporate and the corporate return to the society (Ackeman, 1973). The corporate shall reduce the gap through social affairs management. From the angle of stakeholder, the corporate shall make stakeholders’ interests consistent to corporate goal and its action. Other scholars took related researches from the angle of public responsibility.

- **Fourth, public good theory:** This theory shows that to realize a good society we shall do right things and necessary things. A responsible enterprise shall meet the legal interest of all stakeholders and balance the interests among these stakeholders, instead of meeting the interest of any one single party. According to public goods theory, the corporate, like other organizations, is a part of the society; therefore, it shall supply public goods.

Tracking investigation on social responsibilities of top 500 enterprises was made by Ernst (1971). He concluded six categories of responsibilities, these are: environment aspect including pollution control, product improvement, local environment treatment and old material reclamations; equal opportunity aspect including different race and women and poor groups enjoying equal treatment; employee aspect including the concerns of employees' safety, health and regular training and psychological counseling; social aspect including carrying out various charity activities and advocating healthy life style; product aspect including safety production and high quality product; and other aspects including information open to shareholders and other stakeholders. On the previous research basis, Sethi (1975) further pointed out that the social responsibilities may advance the enterprise action to meet present popular social norms, value and targets and he put forward an enterprise's three-dimensional model to meet the social requirements: social constrains, social responsibility and social response. Carroll (1979), based on the former research works, concluded social responsibilities, which could be divided into economic responsibility, legal responsibility, ethical responsibility and self-responsibility. But in 1991, he changed the self-responsibility into philanthropic responsibility. So it formed a pyramid model of CSR. The bottom is the basic responsibility that the enterprise must obey for its existence, to earn profits, that is, the economic responsibility forms the base for other responsibilities. The second layer is legal responsibility. Because the law is the social standard that tells wrong

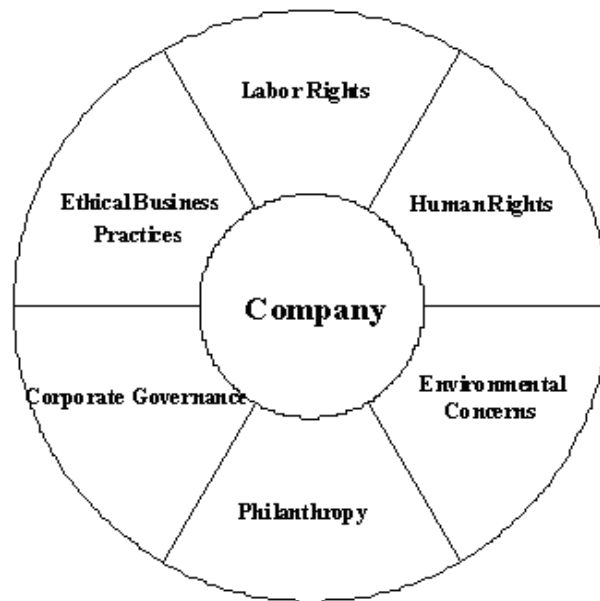
from right, the enterprise, as the organization of the society, must abide by the law, otherwise, shall be sanctioned. The third layer is ethical responsibility, that is, the enterprise has the obligation to do right, just and fair things. The top of the pyramid model is philanthropic responsibility. That is while the enterprise makes its profit, it should invest in the community and its people in order to establish a good corporate image. The model outlines many dimensionalities of CSR. From this aspect, the definition of CSR given by Friedman was comparatively narrower. It just includes the basic dimensionality of CSR, that is, economic responsibility.

Figure 3. A pyramid model of CSR given by Carroll (1979)



Source: Carroll (1979)

Figure 4. Diagram of hierarchical scope of CSR



Source: Dennis Driscoll (2003)

Professor Dennis Driscoll (2003) had taught at Peking University Law School, he also served as Chairman of CSR Research Center. In his study, he found that a great number of corporate leaders only consider philanthropy as CSR and not aware of labor rights, human rights, and environmental protection. Ethical business practices and corporate governance are also important aspects of CSR. In the labor rights aspect, such responsible conducts should include: free from discriminative biases against applicants seeking employment; conformity to respective labor laws with regard to working time, wages and welfare treatment. due care to industrial health and safety production; free from child labor or forced labor. Human rights include property rights (such as land use right), employees' freedom of speech, employees' right to medical care, especially those of peasant workers. Environmental concerns including: using water resources rationally, air and water pollution and packaging wastage. Philanthropy includes supporting school, hospital, financing disease research and human rights research. Corporate governance includes seats of independence

directors in the BOD, the implementation of justified compensation policy and respecting shareholders' rights and interest. Ethical business practices include: free from making misleading advertisements, free from commercial bribery and ensuring the product safety.

Gallo (1980) concluded a dimensional model for family business that includes internal and external social responsibilities. Of which the internal social responsibilities include:

- (1) Supplying satisfied products or service for the society;
- (2) Creating economic wealth;
- (3) The overall development of internal employees of the corporate; and
- (4) Ensuring the sustainable growth of the corporation.

The external social responsibilities exist in the correcting or counteracting the bad action on social affairs.

In 2004, Gallo reinforced the CSR dimensionality put forward by him in 1980 through 176 questionnaires (44 returned) on research institutions of family business and additional semi-structured interviews.

Isabelle & David (2002) concluded 5 aspects about 11 dimensionalities of CRS through investigation in USA, France, Holland and other European countries: (1) society: art and culture building, sponsoring education, improving people's living quality, safety and environmental protection; (2) customer: product, service quality and safety, (3) employee: equal opportunity, health and safety; (4) shareholder: creating profits, open information and corporate management; (5) supplier: fair

opportunity. Isabelle & David (2002) and Ernst & Ernst (1971) had similar research results. The research achievement and discoveries both are tested through practice.

3.2.4 Study on Chinese Corporate Social Responsibility (CSR)

“The mind of the Superior man is conversant with righteousness, the mind of the mean man is conversant with profit” Confucius.¹ The Confucian virtue of “righteousness” does not only refer to knowing and acting according to what is right. Rather, it refers to behaving in a way that is appropriate for one’s role status in a given social hierarchy.

The vision of the “Harmonious Society” points in the same directions. This vision was introduced at the Fourth Plenum of the 16th Central Committee held 16-19 September 2004, and a whole section was devoted to explications of it in the CPC Central Committee Decision on the Enhancement of the Party’s Governance Capability, which was adopted during this plenum (CPC Central Committee 2004). Hu Jintao offered further explications of this vision of the political leadership in a speech on 19 February 2005 at a seminar, which was sponsored by the CPC Central Committee Party School and attended by major provincial and ministerial level leaders. “A Harmonious Society should feature democracy, the rule of law, equity, justice, sincerity, amity and vitality”, said Hu and honesty, unity, fraternity, professional ethics should be advocated to the whole society. However, he also stressed that “without a common ideological aspiration or high moral standard, a Harmonious Society will be a mansion built on sand”. At an event marking the 60th anniversary of the United Nations on September, 15, 2006, Hu Jintao defined a harmonious society “as one that develops in a comprehensive way, which gives full play to modern ideas like democracy, rule of the law, fairness, justice, vitality,

¹ “The mind of the Superior man is conversant with righteousness, the mind of the mean man is conversant with profit” Confucius. (君子喻于义，小人喻于利) 《论语 礼仁》

stability, orderliness and harmonious co-existence between the humankind and nature” (The 17th CPC National Congress, Interpretation of Congress terms). There is a need for more research on the implications of this new vision of the Harmonious Society. Meanwhile, it seems fair to assume that the political leaders envision the Harmonious Society as a spiritual driving force uniting China under the control of the Party. The fact that Hu Jintao mentions “vitality” as one of the feature of the vision indicates that the harmonization is not intended to hamper the entrepreneurial spirit that has energized China’s rapid economic development over the past decades. The vision rather signals the wish that part of the entrepreneurial energy should contribute to the common good. Here the political leaders seem to draw on the insights of Western European social democratic parties that the government should provide the organization and norms for the social responsibility of companies, individuals and other social groups.

There are three schools of CSR practices: the Neo-Liberal school, the State-Centered school and the Third-Sector school. The Neo-liberal advocates of CSR operate on the assumption that the adoption of CSR policies by business is rational and profitable in the long term (if not in the short run) because these policies attract demand and factors of production such as labor and capital. In a simplified version of this view, in all markets, the firm is inspired by both incentives and insurance. Corporate managers walk a thin line between seeking returns from positive consumer, employee and investor perceptions of the company while avoiding the risks of negative government intervention, adverse media exposure, stock market declines and customer boycotts.

Advocates of the state-centered (or state-led) CSR believe that national and international policy makers should actively promote the creation and enforcement of CSR obligations on companies. National policymakers should intervene for a

number of reasons – mostly related to the potential public goods nature of CSR work (National Policy Association, 2002; Commission of the European Communities, 2002). First, CSR creates positive externalities – in terms of higher consumer welfare, environmental protection and employee satisfaction – that individual companies may not be able to appropriate or internalize in their investments decisions. Second, government is often required to facilitate rather than regulate. Third, the government should initiate the process of corporate responsibility in an industrial setting of its regulatory and tax framework – given the first mover type of problems (in the form of higher operating costs for individual companies). Rather than characterizing as a branding strategy as mentioned above, CSR compliance serves to solve the “collective action problems. In effect some take the view that because business has resources and skills there is a quasi-moral obligation to be involved. However this may be the view of executives rather than the owners of the business.

The advocates of the third sector, rather than company-led or government-led initiatives, see the third sector (NGOs and civil society broadly defined) as the motor of CSR. Given the overall rise in the importance of the third sector, in general, their representation in the CSR discourses is reflexive of this overall trend. There are communalities between these organizations. First, in some sense, they represent “civil society”, an area of association and action independent of the state and the market in which the citizens can organize to pursue social values and public purposes which are important to them, both individually and collectively. Namely, they seek to influence policymaking without being part of the government or strongly attached to the industrial business sector. Second, they fulfill an educational role – informing consumers, business and policymakers. Third, they often work in collaboration with government and/or business.

The Chinese leadership seems to promote the image of righteous leaders, serving the people with the intention of constructing a role model to be emulated by companies, individuals and other social groups. However, the efforts do not seem to yield the intended result of engaging part of the entrepreneurial energy in shouldering the burden of social welfare. Statistics compiled by the PRC Ministry of Civil Affairs in 2005 show that charity donations by companies are less than 1% of gross national product, and a survey, which was conducted by China Charities Federation in late 2005, indicates that fewer than 100,000 of China's 10 million companies, or 1%, have records of donation (Mackey, 2005).

After these figures had been published, China Daily columnist Liu Shinan wrote a comment entitled "Rich People Must Carry More Social Responsibility". Listing examples of millionaires spending huge sums on private extravagance, Liu concludes that "it seems we have realized the goal set in the early 1980s to 'let a part of the population get rich first'", and he continues: "now an affluent class has begun to take shape they seem to be breaking away from the vast majority of the population rather than leading them onto a 'path towards common prosperity'". He notes that inadequate tax policies regarding private donations is part of the problem, but his key concern is "the poor quality of some private entrepreneurs". "China's private entrepreneurs do need to improve their quality through learning," remarks Liu and he sees some reason for optimism in that regard: "Fortunately, some of them have realized such a need. China Daily reported that 40 businesspersons from across the country are studying traditional Chinese culture at Peking University" (Liu Shinan, 2005)

According to Mads (2006), alleged poor quality of some private entrepreneurs is not the only reason why private sector actors are reluctant to engage in the social welfare project. For Mads, "Socialism with Chinese Characteristics" represents an

odd combination of control and *laissez faire*. On the one hand, the leadership maintains the principle of absolute Party-State control and China is still characterized by heavy bureaucracy and remnants of the centrally planned economy. On the other hand, decentralization and the current mode of economic development imply at times unlimited permissiveness to representatives of the entrepreneurial spirit.

Private sector charity must be submerged into the Party-State system, and charity organizations are required by law to obtain the sponsorship of a state agency, just like all NGOs in China. The Ministry of Civil Affairs is in charge of regular management and organization of nationwide social donation activities, and local departments of the Ministry of Civil Affairs are in charge of management of local regular charity activities. Charities associations are organized under China Charities Federation, a national umbrella organization that was established in 1994 under the Ministry.

Meanwhile the Chinese Government expanded the concept of Harmonious Society to Harmonious World. According to Zhao Qizheng (2007), “the common nature of different civilizations is the base for a world of harmony, acknowledging the diversity of civilization”, and “every civilization values love, tolerance, pursuit of happiness, and ultimate concern for the welfare of human beings. The Christian civilization praises universal fraternity, including love for one’s enemy. The Islamic doctrine requires its followers to realize their pains are also painful to others. The Confucius term widely believed in China is ‘do not to others as you would not be done by’. These are solid proof that different civilizations have something identical in essence and a dialogue is possible and feasible”. According to this author, “in recent years, Chinese political civilization has developed rapidly and it is set to construct a harmonious society and build a harmonious world. These efforts are

based on the concept of *he*, which is at the core of Chinese traditional culture. In Chinese, *he* has a rich meaning, including harmony, peace, kindness and tolerance. ... It is our firm belief that *he* could be echoed by the ideas in other civilizations and it is also the common wish of mankind”

CSR concept and dimension adopted by Chinese researchers, to a large extent, are established based upon academic findings of Europe and the United States, and few scholars actually measure the CSR concept under Chinese specific social and cultural context, so localized study is lacking. Private Economy Research Institute of Peking University (2006) published "Survey/Evaluation System and Standards for Chinese Corporate Social Responsibility" to classify CSR indicators as: shareholders equity, socio-economy, rights and interests of employees, liability, credit management, public responsibility and environmental protection. Jin Bei (2006) surveyed the CSR of 986 enterprises, and revealed that there are three indicators that can reflect China CSR: expenditure on production-based environmental protection, expenditure on labor and social security, and taxes. Li Zheng (2006) used the data of listed companies in Shanghai Stock Exchange to study the relevance between CSR and corporate value. Furthermore, many scholars have discussed China CSR from different perspective (Chen Honghui, Jia Shenghua, 2003; Du Zhongchen, 2005; Wan Li, Luo Yifen, 2006; Yang Fan, 2006). The above researches provide useful exploration of China CSR theory and practice, but most researches still mainly focus on testing the existing CSR theory based on the established enterprises with basis in the western developed countries. Very few scholars conduct their research on the CSR concept with focus on the current China situation.

Sethi (1975) indicated that CSR performance and recognition rely upon cultural and social background, and there exist huge difference in CSR dimensions according to different societies, cultures and time. Isabelle & David (2002) also put forward the

same viewpoint as Sethi. Cheng (1994) thought that the simple copy of American research to other countries is not an effective method to produce general knowledge, and he advocated considering the study on situational factors. Tsui (2004) also indicated that, in the context of western study dominating the research field, it is particularly important to build valuable global management knowledge system in the light of specific circumstances. Tsui also vigorously advocated launching high-level localization studies in China. Therefore, the localization study and exploration of China specific situational factors and disclosure of CSR dimensions under Chinese background as well as construction of CSR concept suitable for China specific social background will play practical significance for further research of China CSR.

3.2.5 Conclusion for CSR

Western scholars have been researching the CSR from various academic angles of economics, management science, sociology, political science and other subjects for 50 years with corresponding explanations on the rationales for corporation to take CSR. From the economics angle, the corporate increases its cost of doing business as it takes the social responsibilities, but it obtained competitive advantages in other aspects. In the long run, the competitive advantages will bring greater return for the corporate. Therefore, some multinational companies take the lead in assuming social responsibilities; actively cooperate with other social organizations and groups; and use their influence on other corporations within their supply chain to promote CSR.

The achievement of CSR research and foreign practice fully demonstrate that it is a profound revelation for those Chinese enterprises that avoid or refuse taking the social responsibilities. We shall not regard CSR as a burden, but a kind of

investment, an important element of enterprise's strategic management, and a tool to obtain competitive advantages.

The primary task of the Chinese social and economic transformation period is to establish and improve the market economic system, on the one hand the formation and stability of the true meaning of market economy is particularly important, on the other hand the behavior of market economy should be regulated under the commonly accepted rules, on the basis of respect for property rights, through various restrictions limiting the adverse effects caused from enterprise behavior on natural environment, employees and consumers, which calls for a profound understanding on the connotation of corporate social responsibility.

Under the integration of Corporate Social Responsibility and stakeholder theory, they not only complement each other from the theoretical perspectives, but also for enhancing our understanding that under the conditions of the market economy, which kind of social responsibility the enterprises should take on, as well as the significance of division of social responsibilities between the government and private enterprises. Enterprise stakeholder management will be evolving constantly with the continuous socio-economic development and transformation of environmental condition. Thus the division boundaries of social responsibilities between enterprises and the other social organizations including the Government are being continuously adjusted.

Stakeholder management not only improve the performance of enterprises, enterprises also play an increasingly important role on solving the unemployment problem, protecting environment, building a harmonious society and solving other social problems which were generally considered to be the sole responsibility of the government in the past. But at the same time we should also appreciate the

differences between corporate social responsibility and stakeholder theory. CSR considers the corporate's behavioral impact on the community from the perspective of community as a whole, with emphasis on the relationship between enterprise and the community. The stakeholder theory is more from the view of enterprise to treat the relationships between business enterprises and their stakeholders.

Different scholars from different academic fields, such as economic, management, ethnics and sociology develop research about CSR and stakeholders theory. We think that it is very important to clearly define the research framework and define this framework from "implementing view" and "normative view". The key meaning of "implementing view" is that corporate assume social responsibilities because it could get benefit and make corporate realize management objectives. Gudepaste (1932) calls this "strategic analysis on stakeholders".

The second one is "normative view", its core thinking is a disregard of the corporate performance, and instead require corporate to take social responsibilities and respond to the requests of stakeholders. The normative view emphasizes doing things right and also doing the right things. Taking social responsibilities and caring for stakeholders need is no longer a mean to realize economic interest. It goes beyond the simple net cost/benefit analysis. There is one classic example, when a corporate is to choose the food health standard for their consumers, what they must consider is safety and legal rights of consumers as stakeholders. Therefore, corporate should recall their products, if they do not meet the standards regardless of the related cost. The researchers who take this view go beyond the "purpose-method" consideration. They think from the angle of social value judgment that corporate must care for the stakeholders' interests, not because it is the corporate own interest-driven objective or a mean to achieve certain inward-looking objectives.

It is just the same as the role and responsibility an individual must play towards its society.

Here we want to point out that corporate social responsibility or stakeholders theory according to “implementing view” is not in conflict but consistent with the proposition of “shareholder supremacy”. This latter view expresses that it is a way of maximizing shareholders’ benefit that corporate take social responsibilities and care for stakeholders. The debate about relationships between CSR and stakeholder’s theory has been ongoing for a long time. The debates largely focus on a “normative view”. The primary reason is that it deviates from traditional “shareholder supremacy”. Donaldson & Dunfee (1994) embraced these two kinds of views in their general social contract framework. They think that implementing view is easily accepted by corporate because it is “the most popular defending argument”. However, normative view establishes the base of the contractual relationships between corporate and stakeholders. Why general social contract emphasizes normative view is because of the contractual characteristic between corporate and stakeholders, which are long-term and holistic.

3.3 The Public-Private Partnership (PPP)

What is a public-private partnership (PPP)? According to Reich (2002), a good working definition would include three elements. First, these partnerships involve at least one private profit making organization and at least one non-profit or public organization. Second, the partners have some shared objectives for the creation of social value, often for under-privileged populations. Finally, the core partners agree to share both efforts and benefits. We see PPP as tools or vehicle to implement projects related to CSR and integrated into the organizations strategy. Perhaps this definition needs some clarification. We need to clarify the nature of public and private. What is public? What is private? The public sector category certainly includes national governments and international agencies (such as World Health Organization 'WHO' and the World Bank). The private sector category certainly includes profit-making corporations. But where do international non-governmental organizations (NGOs) fit? There are non-profit and profit making NGOs, and they are private in the sense that they do not belong to a governmental structure, yet they seek to promote public interests. These NGOs belong to a third sector, the civil society and are sometimes called civil society organizations. Brown et al. (2000) define civil society as "an area of association and action independent of the state and the market in which citizens can organize to pursue social values and public purposes which are important to them, both individually and collectively". We can consider such organizations as belonging to the public side of the equation of PPP, while recognizing that NGOs are often considered as third sector on their own, reflecting different values, purposes, interests, and resource mobilization strategies. Private foundations are similar to NGOs, as civil society organizations seeking to promote public interests. As the case studied in this paper show, many different kinds of organizations are joining PPP, and they bring with them different cultures,

governance structures, and financial resources. These differences create challenges in the partners' efforts to collaborate effectively and achieve their objectives.

The discussion among the partners is often around the following issues:

How do we get where we want to go?

What are the cross-functional programs needed?

How do stakeholders affect division of tasks, defined in business and functional terms, and execution on its plans?

Budgets?

What is our blueprint for actions?

How do we allocate resources for this year?

What is our operation budget? A second set of questions addresses the nature of partners. Who is a partner, and who should decide? For example, should the recipients of a public-private drug donation program be considered partners? Should these recipients participate in the design, implementation and supervision of a public-private partnership (PPP)? What kind of governance structure could allow the participation of recipients and promote accountability while assuring effectiveness?

Partnerships can involve a range of partners with different rights and responsibilities, including core partners, who assume key responsibilities for the joint enterprise, and in-country partners, whose participation is necessary for successful implementation. Some partnerships give prominent roles in governing structures to recipients, while others do not. Specific cases demonstrate the diversity of organizations within a single partnership.

3.3.1 Public-Private Partnerships (PPP) — the Connotation of Organizational Alliance

We can consider Public-Private Partnerships (PPPs) as an alliance between the enterprise and nonprofit organization (government). And in essence, it is a kind of cross-sector alliances. According to Gray (1991), cross-sector alliances are a collaboration and arrangement between two or more profit making, nonprofit organizations and governmental departments. Because of the different objectives and value propositions, these departments and organizations may review the same problems from different angles. Therefore, they could help to provide solution to the problems. Finally, the participant will benefit. From its formation, the cross-sector alliances can be classified into four kinds of alliances:

- I. The alliances between the enterprise and nonprofit organization;
- II. The alliances between the government and enterprise;
- III. The alliances between the government and nonprofit organizations; and
- IV. The alliances among tri-sector of enterprise, government and nonprofit organization.

Professor Austin (2000) of Harvard Business School takes the “Strategic Alliance” concept of Strategic Management Theory to describe the collaborative relationship between enterprise and nonprofit organizations. Using a large number of cases, he systematically illustrates the successful approach of enterprise and nonprofit organizations through strategic alliances. While Berger et al (1997) brought forward the concept of social alliances. The social alliances define that profit-making organizations and nonprofit organizations establish partnerships beyond their boundary in order to realize the sharing of resources, knowledge and ability. They further analyze two characteristics that social alliances are different from enterprise

alliances: (i) social alliance at least include one nonprofit partner; (ii) besides the participators' immediate economic targets, the social alliance still have some other targets such as increasing social welfare,

From the present documentation, the connotations of cross-sector alliances, inter-sector collaboration and social partnership are basically the same. They all refer to the collaboration between governmental departments, profit-making organizations or departments and nonprofit organizations. Different emphasis is laid by the PPP. This concept treats the governmental department as public sector, while regarding the enterprise and nonprofit organizations as private sector. These relationships often include the participation of governmental departments. This study aims at the allied relationships between enterprises and nonprofit organizations in cross-sector alliances. In a broad sense, the alliances include various collaborations between enterprises and nonprofit organizations.

3.3.2 Public-Private Partnerships (PPP)—the Cause of Organizational Alliances

To realize the organizations' objectives is the basic requirement that promotes the establishment of alliances. Rondinelli and London (2003) classified the cause of establishing alliances into two categories: Resource Dependence and Organizational Learning. Of which, resource dependence includes improving efficiency, improving the stability in uncertain conditions, reducing risk, obtaining legitimacy and strengthening competitiveness. Organizational learning includes solving social problems together, acquiring new skills and tacit knowledge and using each participant's resources, ability, advantages and technologies. However, there are fundamental difference between enterprise and nonprofit organization. On the one hand, their motive to participate in the alliance is different. Even if they share the

same motive, the impact of the alliance on the enterprise and nonprofit organizations could be different. Therefore, it is necessary to review the causes of cross-sector alliances from the angles of enterprise and that of the nonprofit organizations.

1. The Angle of the Enterprise

From the enterprise's angle, the nonprofit organization has its intrinsic social commonwealth. The enterprise can enhance the corporate citizenship and improve public image and awareness through establishing alliance with some good nonprofit organizations. Participating in community development and volunteering activities can stimulate staff's sense of belonging and working enthusiasm, improve staff's skill training, improve the overall productivity, at the same time; it can improve staff's retention rate and lower employees' turnover. Therefore, it can lower the human resource cost. Nonprofit organization (especially in some rising marketing countries) usually can obtain the critical information regarding populations, legislation and culture. It is difficult to obtain this information through other channels. According to this information, the enterprise can effectively select target customers and moral practice, increase market share and lower the operating risk (Austin, 2000). There are difference between the enterprise and nonprofit organizations' organizational structure, culture and core mission. Through both parties' communication in various levels it can broaden the perspective of enterprise's employees and create unique learning opportunities. These benefits obviously cannot be realized through the internal departmental communications (London and Rondinelli, 2004).

2. The Angle of the Nonprofit Organizations

From the angle of nonprofit organizations, with the decrease of government funding and the increase need of social service from the public, the nonprofit organization began to seek more donations from the enterprises. At the same time, it treats the

establishment of alliance with the enterprise as an important approach to obtain resource (The Alliance Analyst, 1996). This alliance relationship helps nonprofit organizations to diversify their source of potential interests, while decrease the dependence on the government (Sagawa, 2002). Alliance relationship established between nonprofit organization and major enterprise can attract more media exposure and build good social reputation, improve its public awareness (Bendell, 2000). Besides, it also creates opportunities for the non-profit organization to share the customers that originally belong to the enterprises.

3. The Angle of Government

The government's role shall be redefined and modified, that is, the government shall expand its roles as the purchaser and manager of public products and public service from the conventional role as supplier and producer of public products and public service. That is, the government shall depend on non-conventional delivery mechanisms to supply and transmit public services. People perceive that the powerful motivation mechanism in private sector and the third party can make the provision of public service more efficient, in higher quality and more responsive. Under these circumstances, it has become an important strategy for each country to improve the delivery of public services by sharing the management power and establishing collaboration, that is, in part, through PPP.

In theory and in practice, people classified PPP into different types according to different standards. The Learner Khanna (1998) classified PPP into collaborative partnership, operational partnership, contributory partnership and consultative partnership according to degree of power-sharing. In collaborative partnership, the partners really share power and both parties exercise its decision-making rights together. In operational partnership, they do not share decision-making rights but share the work together. In contributory partnership, one party gives support

(usually monetary support). In consultative partnership, the public organization often consults on some policy issues and provides consulting opinions. Some people classified the PPP into the following types: the partnership to improve customers' response; the partnership to empower customers and the concerned people, the partnerships to improve service efficiency and the partnerships to save costs and share risks.

No individual government, association, hospital and pharmaceutical enterprise could establish a perfect health care system single handedly. People begin to cooperate when changes force them to make decisions and adopt actions (Ridley, 1996). Recently, the study that public-sector and private-sector organizations establish partnership to solve public health care problems is on the rise. (Martha Lagace's "How Does Enterprise Give Response to Help" and "Study and Opinion" (2003.)) The partnership between enterprise, government and public relation organizations is important to the prevention of AIDS/HIV (A Report at the Financial Conference of Medical School of Harvard University). Organized partnership has proven to be beneficial to the public health care system.

The partner could be government, expert, enterprise or nonprofit organization. Practically, each party has its own interests. In order to collaboratively use economic resources, knowledge and well-trained talents, it is important to grasp hold of the key elements and improve the mutual benefits of partnerships through specific procedures in establishing partnerships.

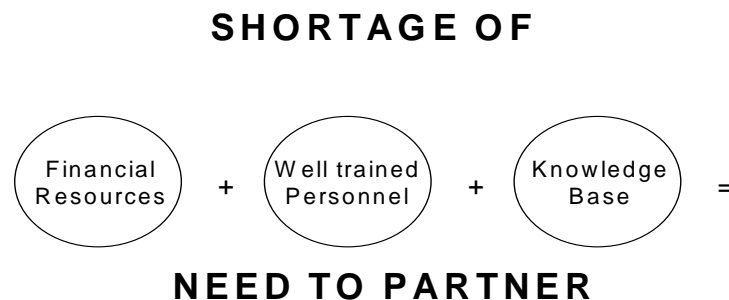
3.3.3 Nature and Characteristics of Public-Private Partnerships (PPP)

Producing and supplying public products and public service have always been the designated duties of public sector. Traditional economic theories and theories of public administration denote that the existence of market economy's imperfection and market failure are the main drivers for governments to intervene the economic activities. Another reason of the market failure is due to market's externalities. Because of the existence of the market externalities, the market cannot effectively supply public products and service; that is one of the rationales why government has to intervene directly to supply public products and service.

But it is unavoidable that problem exists with the government's direct production and supply of public products and public service. These problems include inefficiency of production and service, low quality of public products and service, losses and liabilities, lack of responsiveness towards customers' requirements, limited choices for the customers; under utilization of public assets and high administrative costs. It also creates potential corruption for government officials. Furthermore, government's direct producing and supplying service always face the pressure of government financial deficit. Sometimes, the government wants to produce and supply products and service, it often is restrained to do because of limited financing capability. Sometime, the government has ability and willing to do, but the public-sector often lacks the necessary human resource and managerial talents. Even if it has the human asset and resources, the public-sector often lacks effective incentive and motivational mechanisms. Thus, it often results in low productivity of the public sector.

Therefore, during the modern wave of government reform, every government actively engages in researches to explore new mechanisms that can provide public products and public services effectively by leveraging on the comparative advantage of the government, the market and the private sector. Through the collaboration of private and public sector to produce and supply public products and service has become an important strategy to facilitate government reforms.

Figure 5. Insufficient capacities within any organization to deal with business demands & being responsible for social well-being



Source: Diana Barrett Harvard Business School (2003)

Just as Rondinelli and London (2003) illustrated: The most important incentives for organizations to be the partners are resources and well trained people with relevant skills and knowledge sets. In general, resources including financial sponsorship, managerial expertise that can increase efficiency and effectiveness, risk-reduction technologies, ability to expedite governmental licensing, and other resources that may increase competitive advantages of a given project.

Organizational learning includes well trained personal, their knowledge and skills to make joint efforts to solve the public social issues. Those elements are very

important for partnership. This illustrates the same point as professor from Harvard Business School Diana Barrett (2003) as above figure indicated.

As per the argument of Prof. Diana Barrett, (2003), a structured framework was the idea of partnership modeling and it was tested by a project in Thailand in the prevention of HIV/Aids ten years ago. In early 1990's, the number and percentage incidences of HIV/Aids patients in South Africa and Thailand were almost at the same levels. The Thailand government used the partnership approach to actively prevent the disease from spreading while South Africa did not. Ten years later, Thailand managed to put HIV/Aids under control while the situation in South Africa had become a disaster. This lesson is very insightful. China is facing serious public healthcare issues such as the fast spreading of HIV/Aids, escalating mental health patients, potential outbreak of SARS... It is almost impossible to solve all these public health issues by any one single entity given the lack of economic resources and experienced/well trained talents. Therefore, cooperation among government agencies, associations, social organizations and enterprises could jointly resolve the issues of resources scarcity and could learn from each other to generate the maximum impact. We believe that Chinese people and enterprises will benefit greatly through the model of PPP.

Organizations can establish collaborations on a small scale initially, and then allow the collaborations to deepen and broaden by combine new projects into it over a period time. Since the collaborations require no major initial commitments, the potential and opportunities of further development are arguably unlimited.

Collaboration is the important choice for organizations to promote the development of public goods. There are many motivating factors behind the formation of strategic alliances and other cooperative strategies. Kogut (1988) indicated three basic motivating criteria for the formation of such an alliance:

That such a form must represent the lowest transaction cost alternative;

- 1) That it should enable an improved strategic position to be achieved, and /or
- 2) That it should give an opportunity for organizational learning.

Those motives may be manifest themselves as alternatives, although in some cases all of the three motivations may appear together.

Many scholars have depicted alliances formation as an essentially rational and analytical process (e.g. Harrigan (1988) Tallman and Shenkar (1994) as, for example, the development of a rational managerial decision model for international cooperative venture formation by Multi-National Enterprises (MNEs). Contractor and Lorange (1988) identify seven 'more or less overlapping objectives' for the formation of various type of cooperative arrangement:

1. Risk reduction;
2. Achievement of economies of scales and/or rationalization;
3. Technology exchanges;
4. Co-operating or blocking competition;
5. Overcoming government-mandated trade or investment barriers;
6. Facilitating initial international expansion of inexperienced firms;
7. Vertical quasi-integration advantages of linking the complementary contributions of the partners in a 'value-chain'

According to Waddock(1988): A partnership is a commitment by a corporation or a group of corporation to work with an organization from a different economic sector (public or nonprofit). It involves a commitment of resources, such as time and efforts, by individuals from all partner organizations. The individuals work cooperatively to solve problems that affect them all. The problem can be defined at

least in part as a social issue: its solution will benefit all partners. Social partnership addresses issues that extend beyond organizational boundaries and traditional goals and lie within the traditional realm of public policy-that is, in the social arena. Participants must make a resource commitment that is more than merely monetary. Waddock's (1989) definition serves to capture effectively the broad parameters of what constitutes partnership between socially-driven and market-driven entities.

Wilson and Charlton (1996) noted that: It has been suggested that a partnership should seek to achieve an objective that no single organization could achieve alone - an idea described by Huxham (1993) as "collaborative advantage." This is a common concept in business where strategic alliances and joint venture are only entered into when there is added value to be derived from organizations working collectively...

Child and Faulkner (1998) indicated that there would be important benefits from bringing cooperation further into the mainstream of management thinking. There are two directions in which progress needs to be made:

1. More attention to the process of managing cooperation and how it can be developed to a mature condition;
2. Changes are being experienced in the business environment and the positive role that cooperative strategies can play in that context.

In this research I learned the mode for the partnership considering the following challenges:

- What is the direction or mission of the partnership? (Strategic direction)
- How to achieve such a mission? (Strategic program formulation)

- What resource should be allocated or budgets must be made for the strategies to be implemented? (Budgeting)
- How to ensure that strategies are followed or being controlled? (Control mode)
- What are the macro-systems and structures necessary for implementation? (Structure and systems)

In the “stakeholder society” (Freeman, 1984), the formation of “win-win” partnership with the community must become a core element of business strategy. In assessing the new environment for corporation responsibility, create the triple bottom line, further expanding measure of business success by contending that financial gain, environment sustainability, and community well-being are equally important in achieving business goals. (Elkington, 1998)

In China, generally, government can offer public service through PPP under the following conditions:

1. Government has insufficient financial and human resources to independently offer some kind of services or accomplishment certain projects;
2. To the service government offered, private involvement could improve quality of services;
3. Private involvement could speed up the provision of services or project establishment;
4. Private involvement could obtain support from service users;
5. Provide competition to the existing public services;
6. Neither the law nor the regulation restricts private involvement;
7. Service output can be easily measured and priced;
8. Cost of service or project can be paid back through payment from the users;
9. Projects or services may brings about opportunities of innovation;

10. Opportunity to promote economic development.

Government should not consider providing public services through the PPP if none of the above condition exists.

There is growing agreement that partnerships can play a pivotal role in fulfilling our moral obligations to improve the health status of people in poor countries. Authors, like Marc J. Roberts, A.G. Breitenstein and Clement S. Roberts (2000) believe that people in rich countries had moral obligation to help people in poor countries. They further contend that private corporations have social responsibilities and that managers within firms have moral obligations. For these authors, global health companies have a special obligation to help because of their competence, resources, and expertise –their capacity to make a significant contribution to the health of poor people. They think also that partnerships can play an important role precisely because they can bring the creative potential of multiple perspectives to bear on critical problems, i.e. because business has resources and skills there is a quasi-moral obligation to be involved.

3.3.4 Ethics of Partnerships

Underlying the discussion of partnerships (and debates over definitions, motives, and processes) are basic questions of ethics. As indicated before, the concept of CSR is a part of the domain of business ethics. Which partnerships are good ones, and how do you know? Who has what kind of social responsibilities and why? How do you assure accountability of partnerships and to whom? How should, for example, partnerships relate to international health agencies, such as the WHO? These are questions that by Michael R. Reich (2000), among others, has raised.

An ethical assessment of PPP depends partly on their outcomes. The capacity of some societies to collectively solve problems by the greater accumulation of trust and connection among their members can help to build PPP which may represent a form of international social capital and that we can consider as new problem-solving institutions that can work creatively and flexibly outside the existing bureaucratic framework.

Partnerships can produce innovative strategies and positive outcomes for well-defined public health goals, and they can create powerful mechanisms for addressing difficult problems by leveraging the ideas, resources, and expertise of different partners. At the same time, the rules of the game for PPP are fluid and ambiguous. Since no single formula exists, constructing an effective partnership requires substantial effort and risk-taking. How then do organizations with different values, interests, and worldviews come together to address and resolve essential public health issues? What are the criteria for evaluating the success of PPP? Who sets these criteria, and with what kinds of accountability and transparency? (Reich 2000) Those Issues have to be solved during the practices.

3.3.5 Alignment of Strategy, Mission, and Values

The more centrally aligned the partnership purpose is to each organization's strategy and mission, the more important and vigorous the relationship appears to be. The greater the mission mesh, the richer the collaboration. Similarly, the more congruent the partners' values, the stronger will be the alliance's coherence. In most of the alliances studied, the collaboration enabled the corporations to fulfill their stated commitment to community and to refine and shape the corporate values related to such commitment.

The collaborative modality may serve as a superior approach for managing collaborators' external uncertainties, which is supported by Oliver's (1990) assertion of stability or predictability as a critical contingency for relationship formation. Often, the alignment is more straightforward. Pfizer's logical concern about the health of the neighborhood surrounding its original manufacturing-site facilities matched well with beginning with development of a local school.

It is worth noting that there are two distinct rationales for such a strategy:

1. Learning;
2. Skill substitution.

In the complexity of an actual cooperative arrangement there may well get muddled but both exist conceptually as distinct rationales and they carry with them different risks (Child and Faulkner, 1998).

PPP's may involve various kinds of established agreements as well as long-term collaboration relationships that both the public sectors and private ones join in to supply the public goods and services. In which, the public sectors are referred to the governmental organizations that possess public service nature, while the private sectors are specifically referred to the enterprises. The definition in this thesis is slightly extended; here the public sectors also include the social sectors, namely the nonprofit organizations. Especially in China, this kind of organization is often supported by the government, while PPP in this research at least include one social sector, such as Ministry of Health (MOH) and State Food and Drug Administration (SFDA), hospitals, associations, institutes, foundations et al which take care of public health, and at least one enterprise.

Control in strategic alliance refers to the process by which the partners influence, to varying degrees, the behavior and output of the other partners and the managers of the alliance itself. Their influences may be exercised on the basis of a number of attributes, including:

1. Power, such as the command of resources that are key for the alliance's success;
2. Authority, such as the rights derived from holding majority equity shares;
3. Expertise, such as possession of specialized expertise relevant to the alliance's operations;
4. Rewards, such as the ability to deliver good returns to other, less active, partners and to offer favorable compensation to alliance staff (cf. French and Raven 1960).

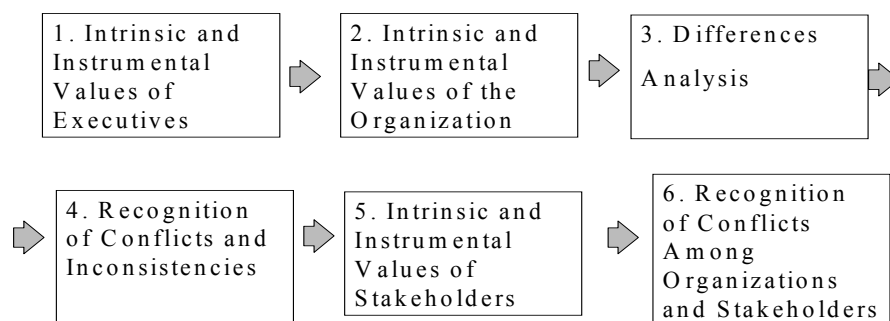
Austin (2000) described in detail the value creation between the partners. According to Austin, the partnerships are strengthened when the parties think continually about value creation. This involves scrutinizing each organization's resources and capabilities to see how they can create value. The magnitude of the value is related to the nature of the resources involved.

- First, generic resource transfer involves each organization providing to the other such benefits stemming from resources that are common to many similar organizations. For example, the company gives money to the nonprofit, and the nonprofit supplies goodwill such as good deeds and good publicity toward the company. Both organizations could provide credibility and image enhancement to the other in their respective sectors. This tends to be the nature of the value in Stage I philanthropic collaborations.

- Second, exchanging core competencies uses each institution's distinctive capabilities to generate benefits to the partner and the collaborative project. These flows have greater potential value creation because each organization is leveraging special competencies and providing proprietary or somewhat special resources. For example, in the CARE–Starbucks alliance, CARE provided its knowledge about how to mount development projects in the coffee-growing communities where the company wished to benefit. Starbucks, in return, used its in-store promotional skills and retail store network to provide information about CARE and to sell special coffee packages from the project countries, from which CARE received part of the proceeds. This type of value creation characterizes transactional-stage relationships and is consistent with social exchange theory.
- Finally, joint value creation represents benefits that are not bilateral resource exchanges but rather joint products or services derived from the combination of the organizations' competencies and resources, which characterize Stage III integrative alliances. This is a particularly high-value source because it is uniquely utilized due to the alliance's existence and therefore nonreplicable. For example, the Bidwell Training Center is a Pittsburgh nonprofit that trains economically disadvantaged African Americans in a variety of trades. Bidwell combined its minority recruiting capabilities and training facilities with Bayer's and other companies' technical knowledge to create a chemical technician training program that has graduated over 100 individuals who have obtained employment in the sponsoring companies. These programs could not have been executed without the specific partners combining their core competencies in a uniquely structured manner.

Efficiency theory, which emphasizes value creation through combining similar resources and missions to achieve economies of scale or cost savings, seems less applicable to these cross-sector collaborations than to same-sector alliances. Capturing synergies derived from complementarities are more the case in the NPO–business alliances. The strategic use of alliances appears to be much more relevant as a source of value. The motivations increasingly move from social responsibility to competitive enhancement as the collaborations migrate from the philanthropic to the transactional to the integrative stages. The extent to which collaborators’ respective resources and core competencies can be accessed and deployed for strategic value depends on the quality and closeness of the partners’ relationship.

Figure 6. Value Creation



Source: R. Edward Freeman (1984)

Freeman (1984) described that the value analysis process should be the first task to explicate the intrinsic value of the executives in the organization, and to separate those values from the instrumental values, or activities which achieve intrinsic values. The second task is to explicate the intrinsic value of the organization itself, and to separate those values from the methods that have evolved to achieve those values. The third task is to analyze the differences between the personal values and

organization values. The fourth task is to make explicit where conflicts and inconsistencies may exist, where changes may be difficult to occur. The fifth task is to analyze the intrinsic value of important stakeholder groups and to separate these values from the methods that those groups are using to attain the values. The final task is to explicitly recognize the conflicts and inconsistencies among organizational value and values of stakeholders.

What empowers the alliance? From Austin's (2000) research, he identified four alliance drivers that appear to contribute significantly to the strength of the collaboration: alignment of strategy, mission, and values; personal connection and relationships; value generation and shared vision; and continual learning.

3.3.6 Processes for Creating Partnerships

The critical success factors for partnership described by Googins (2000) include:

- Defining clear goals
- Obtaining senior level commitment
- Assigning professionals to lead the work
- Sharing the commitment of resources
- Evaluating progress/results

These steps do not, for the most part, help to provide a framework for how corporations and community partners engage in strategic, value-creating relationships. If cross-sector partnerships are indeed appropriate for encouragement, each participant must have an understanding of how partnerships will generate value for them.

Examining the value of creating relationships between corporations and communities begins with an honest appraisal of differences and similarities. Generally each knows the other more by how they are different than what they have in common. Corporations and communities may share the same geographic space, but in fact they speak different languages, share different values and cultures, and on a day-to-day basis operate within quite different worlds. Given these key variables that distinguish the sectors, it is not surprising that understanding each other's world is difficult.

Constructing an effective partnership among diverse organizations is not a simple task. According to Austin (2000), partnerships may confront seven organizational challenges, what he calls "the seven C's of strategic collaboration".

THE SEVEN C'S OF STRATEGIC COLLABORATION

1. Clarity of purpose;
2. Congruency of mission, strategy, and values
3. Creation of value
4. Connection with purpose and people
5. Communication between partners
6. Continual learning
7. Commitment to the partnership

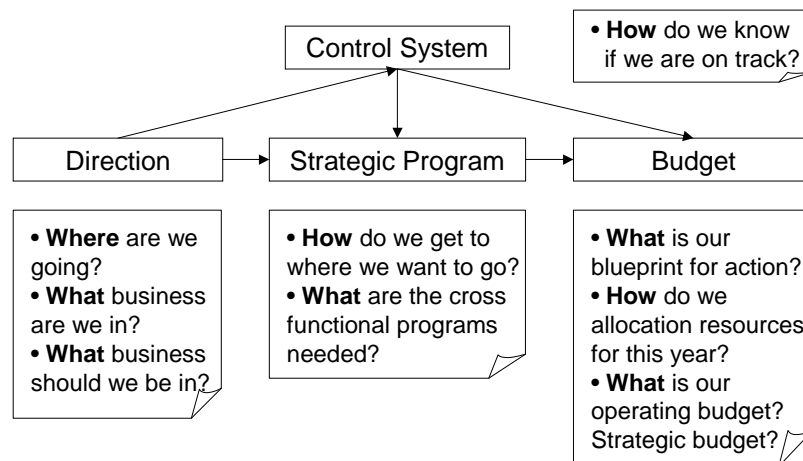
Navigating through these "seven C's" is not an easy task. Of particular importance is the challenge of creating value, for all the partners involved. To assure a sustainable collaboration, the value created must be useful to society, and and at the mean time the value must flow to all core partners. In addition, creating a partnership is a continual learning process, with the potential for unexpected lessons.

3.3.7 Contractual Control

Based on Lorange's schema (1980), the control system should include:

- Control of strategic programs;
- Control of strategic direction;
- Control of “what we stand for” ?

Figure 7. Typical Strategic Management Process



Source: Lorange, 1980

All those control points should be explicitly specified in the partnership contract and then control may be exercised to build the legal relationship between stakeholders.

3.3.8 Trust-based Control

There are many definitions of trust. Collaborations between organizations creates mutual dependence between them and requires mutual trust to succeed. Trust refers to the willingness of one party to relate with another in the belief that the other

party's reciprocal actions will be beneficial rather than detrimental to the first party, even though this cannot be guaranteed (cf. Gambetta 1988; McAllister 1995; Kramer and Tyler 1996; Lane and Bachmann 1998)

To increase trust between partners requires an economic pay-off for each. Trust between partners should make them more willing to share information and so better inform their actions and decisions (reduce bounded rationality). Mutual trust should make it safer for the partners to invest assets in their alliance which cannot readily be used elsewhere. Trust can introduce positive features into partnership as it will render the cooperation more genuine, reduce the need to spend time and effort checking upon the other partners, and help to direct the partners' attention and energies toward longer-term mutual benefit.

But trust is risky too. The expectations of the one who trusts about the future behavior of the trustee may turn out to be incorrect, possibly owing to unfamiliarity with the trustee or the absence of social and legal mechanisms to contain the risk (Lane and Bachmann ,1998).

Lewicki and Bunker (1996) suggest that many business and legal relationships begin and end in calculative trust.

3.3.9 Control and Performance

Beamish (1988) reviewed studies, which including his own, on the control-performance link in developed and in developing country alliances. Several investigations concluded that: when an alliance is formed between developed and less developed countries, there tends to be an association between satisfactory performance and less dominant control by the foreign partner. The argument is that a

sharing of control with local partners will lead to a greater contribution from them as they are unfamiliar to the foreign partner, and therefore result in a higher return on investment. Beamish (1988) concluded that “ What the literature seems to indicate is a different emphasis in fact a weakening of the study focus shifts from the developed countries to the less developed countries.” This research seems to confirm the argument.

3.3.10 CSR, Stakeholder Theory and PPP

Tokoro (2007) contends that in the way of thinking that spread in the USA and various European countries in the late 1990s, CSR is the concept that provides theoretical support for the transformation in business management from striving for quantitative expansion to striving for qualitative improvement. However, as we see before, there is at present no comprehensive definition of CSR. Although there have been measures of some sort for evaluating CSR, in practice, this is carried out by means of a CSR framework, consisting of a triple bottom lines of economic, environmental and social issues. An important issue is what stakeholder relationships are when business management is assessed from the point of view of CSR.

Considering, for example, the case of shareholders, these being some of the most important stakeholders in a corporation, they generally want good returns on their investments, and thus demand high profits, growth and share prices. If these are not achieved, they put pressure on management, via the shareholders’ committee, or they simply sell their shares. In other words, the actions of shareholders constitute a major restrictive factor on a corporation’s activities. On the other hand, there have been actions taken by shareholders in the context of CSR, and the roles of Socially

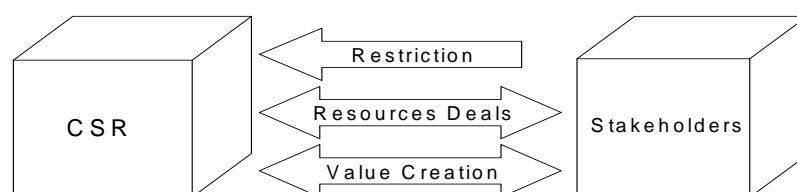
Responsible Investment (SRI) funds can be given as an example in this respect. SRI funds have an approach to investment that involves taking social and environmental factors into account in addition to financial performance when selecting the companies with which to invest, and these funds maintain a strong position, especially among institutional investors such as pension funds, in Europe and the USA. One of the tools used by SRI funds for selection of companies in which to invest is called 'negative screening'. This involves comparing companies with ethical criteria, and eliminating companies engaged in ethically unacceptable corporate activities. Such activities include paying low wages, having unsafe and/or unhygienic working conditions, using child labor, discriminating against ethnic minorities, polluting the environment, and supporting dictatorial regimes. If the fund judges a company to be problematic in one or more of these respects, the fund eliminates it from its list of investment-worthy companies, or, if it has already invested in it, it sells up and severs connection: a vote of disapproval by feet. In addition, shareholder activism is a method used by SRI funds. What this means is that the fund requests the companies in which it invested to act in accordance with the social and/or environmental concerns on which the shareholders consider to be critical; that is, shareholders use those rights as an institutional investor, such as the rights to participate in decision-making, to put forward motions or proxies, and even to have lawsuits brought on their behalf. When these options are taken into consideration, institutional shareholders, as stakeholders, can also be seen to function as restrictive factors on CSR.

Another issue is the relationships between CSR and not-for-profit organizations (NPOs), which are increasingly being seen as stakeholders. These NPOs, which form a third sector, in addition to government and business, have in recent years become increasingly active in areas including welfare, environmental protection, and education, and are in the process of establishing various relationships, as

stakeholders, with the CSR actually carried out by corporations. As the aims and organizations of profit-making companies and NPOs are fundamentally different, there is little mutual understanding, and their relationships are therefore usually considered to be antagonistic or distant. When companies pollute the environment or have poor working conditions through prioritizing the pursuit of profit, they are sometimes vigorously criticized or aggressively exposed by NPOs. Research, information collection and media exposures are significant means for NPO's to attract social attention and extra legal sanctions.

From the perspectives of companies, stakeholders function both as constraining forces in some respects and as resource-exchange partners in others. Therefore, when companies pay attention to their relationships with stakeholders, the specific characteristics of these relationships have come to be the fundamental basis of the assessment, and researchers analyzing these relationships take similar approaches. However, there has been a change in relationships between companies and stakeholders, which has added a new dimension: value creation. This is particularly marked in the case of relationships between CSR and stakeholders.

Figure 8. The relationship between CSR and Stakeholders

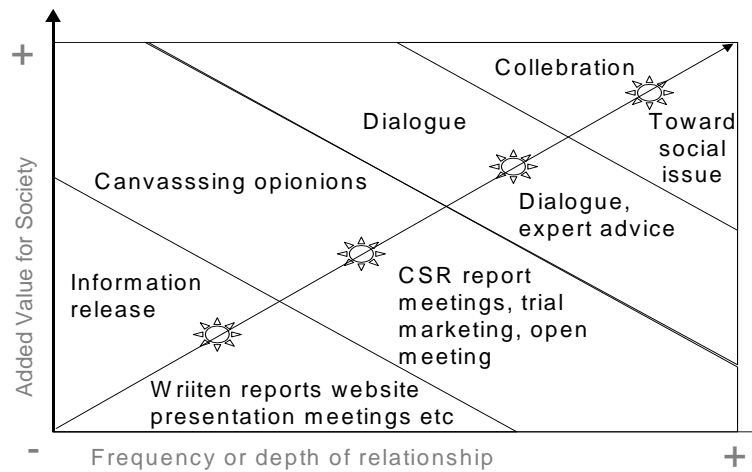


Source: Nobuyuki Tokoro(2007)

Under the contingency theory, as elaborated before, if the term “external environment” is replaced with stakeholders, it continues to be seen as a restriction. Transaction-cost theory and resource-dependence model see the relationship as a resource transaction. In China, some cases showed that the firms could proactively act to establish favorable external environment through CSR to create value for stakeholders.

Under the general context of globalization where the information is traveling at accelerating speed and thus becoming readily-available, the relationships between stakeholders and business management have become increasingly diverse and complex, and it is no longer the case that mere increasing profits and keep growing would define the tasks for the company management to satisfy their stakeholders. For example, in the Nike case, the out-sourced production business model was developed in order to maximize profits. This practice involved repeatedly changing factories to which work was contracted, on the basis of a factory’s cost performance score. But the NPOs involved in supporting the unemployed workers in factories that lost their contracts, and criticized Nike intensely for the use of this business model. Unless companies who pay close attention to the demands and opinions of various types of stakeholders, and keep striving to include these considerations within the process of business management, they cannot guarantee continued existence in the 21st-century marketplace. It is for this reason that stakeholder dialogue has become such a useful tool for companies. It can be said that this activity is, in itself, CSR.

Figure 9. Progressive stages of development for dialogue



Source: Toyo Keizai Weekly, 2005

As illustrated above (Figure 9), the vertical axis represents added value for the whole society, and the horizontal axis is the frequency and intensity of relationship, with relationships classified in the following four categories, depending upon the degree of development: (i) information release; (ii) canvassing opinions; (iii) dialogue; and (iv) collaboration. For example, at the lowest level where the relationship is one of information release, a communication from the company to the stakeholder who has little involvement with the company is only one-way. The primary means used include publication of CSR reports, release of information on homepages, and holding periodic news-release meetings.

At the next level, with a relationship involving listening to opinions, dialogue (two-way communication) takes place to some extent, and the main method involves holding CSR report meetings, attended by a large number of unspecified people from outside the company. There is the possibility that those attending these meetings may put forward points of view that have not been put forward during in-house meetings, but there is also the risk that the discussion may have no defined focus and be of little

constructive content. At the next level up, there is true constructive dialogue, with the potential for the expanded discussion of issues that have arisen. The format may involve the companies that gather experts in a particular issue and provide a place for them to freely debate, in the hope that problematic points will be identified and verified, and approaches to resolution will be put forward. For example, a company may specify as a theme of environmental management with which it is involved, and then invite representatives from stakeholders such as governmental bodies, investors, NPOs, universities, to gather and discuss this theme in a productive manner.

The highest level is collaboration, which means that companies and stakeholders do not merely discuss issues, but are engaged in collaborative actions. For example, companies and NPOs may cooperate in environmental protection, or may collaborate in establishing groups to educate children about the importance of environmental protection. Although this collaboration is placed at the highest level, the interactions between companies and stakeholders actually involve the following two processes:

1. The company discusses the methods to be used to enable collaboration. For example, in the above case of a company and an NPO cooperatively setting up and running an environmental education group, there will be dialogue between the two parties as to the objectives of the group, and its operational procedures. This stage can be characterized as the pre-collaboration dialogue.
2. Direct dialogue from various perspectives.

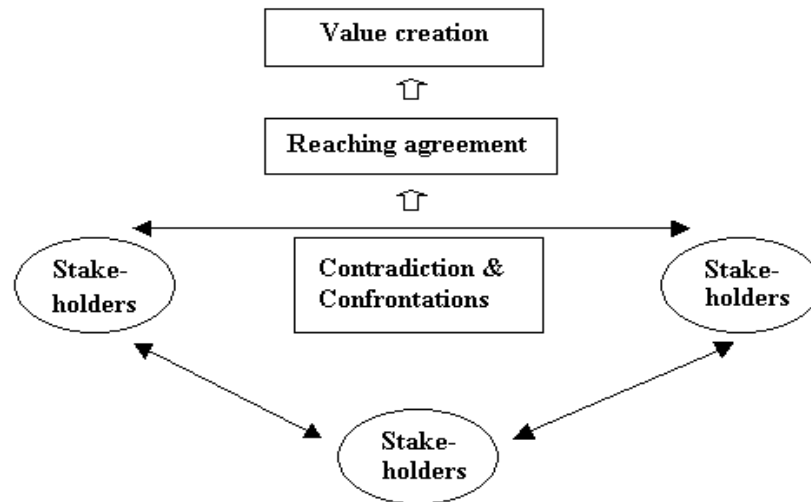
In the case of setting up an educational group, if there is disagreement between the two parties about operating methods, or if new ideas about the operation are needed, ongoing dialogues may be carried out, which may be termed as mid-collaboration dialogue. There are also cases of post-collaboration dialogues, which occur after the specified collaborative period has ended, and the results of the collaboration have been pooled. In either case, dialogue at this stage requires assessment of concrete

results, and mutual understanding between companies and stakeholders is therefore indispensable, with consistent use of terms that are understood by the two parties.

There is a strong consensus among European and American companies that it is necessary to assess as objectively as possible the value creation stemming from stakeholder dialogues. Japanese companies, on the other hand, have only recently started experimenting with stakeholder dialogue, and they contend it may be premature at this point to debate its outcome. Nevertheless, the top levels of business management are now talking about the need for stakeholder dialogue and/or CSR, but many managers are of the opinion that it will not necessarily be appropriate for Japanese companies to take the kind of approaches, involving defining procedures and stressing objectivity, that US and European companies have taken. Indeed, there is more support for the view that the formal objective approach is highly inappropriate, and that it is difficult to envisage the creation of value arising spontaneously when dialogue is carried out in such a formal manner. As theoretical support for this viewpoint, it may be useful to consider the thoughts of Ikujiro Nonaka and Takeuchi (1996), Nonaka and Konno (2003), Nonaka and Katsumi (2004) and Nonaka et al. (2004), who are globally well known as supporters of the knowledge-creation theory.

If value creation by means of stakeholder dialogue is looked at in the above thought framework, it becomes difficult to accept the US and European approach by which rules are specified for the dialogue process and indices specified for the results. If, in future, under the leadership of Europe and the USA, an international movement for the development of rules for stakeholder dialogue makes headway, it will probably require Japanese companies' compliance, but, leaving this possibility aside, it would seem necessary at present to develop a different, independent Japanese approach.

Figure 10. Value creations through dialogue with stakeholders

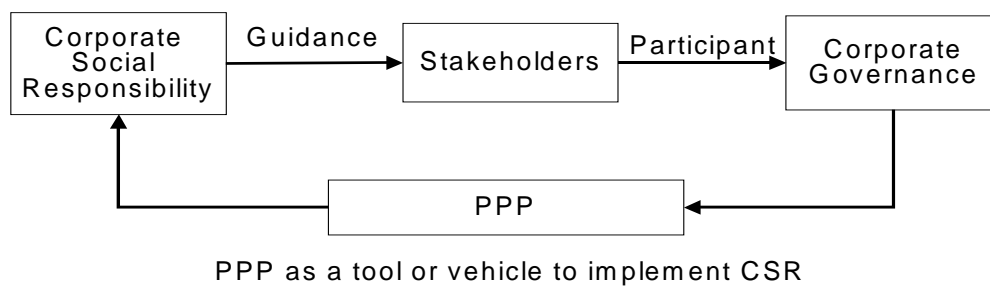


Source: Nobuyuki Tokoro (2007)

As Tokoro (2007) points out, researchers of management studies have started analyzing issues concerning the management of internal corporate organization, and this is gradually being extended to include companies' external environments. It has now come to be the case that the formation of close relationships with various kinds of stakeholders is an indispensable part of business management, and the framework for analysis of business management is thus no longer solely a matter of internal organization, nor can it be focused on a small number of specific stakeholders; it is necessary to change and widen the framework to take into account relationships with a wide range of stakeholders. In other words, there is a need for perspectives that enable companies to be viewed as parts of society, among which many constituencies and participants are contributing critical resources. Based on more than 13 years in the healthcare Public-Private Partnership practices in China, we found that PPP is a good vehicle to implement corporate social responsibilities and manage stakeholders. The PPP cases we are doing research on will provide some valuable references of CSR in China.

Based on the above summary, the relationship between the stakeholders, CSR and PPP is outlines in the following flow chart, among which the PPP serves as a vehicle or tool to implement CSR for a company to satisfy the needs of stakeholders.

Figure 11. The relationship map among stakeholder theory, corporate social responsibility and PPP



CSR gives guidance to companies to be responsible not only to their shareholders but also to the society; stakeholders participate in corporate governance because all stakeholders may influence the corporate business results. Company needs to proactively get stakeholders involved so that to guarantee the CSR. The PPP seems to be a very good vehicle or tool to implement CSR under the Chinese context.

3.4 Conclusions and Inspiration

There are many common grounds between stakeholder theories and corporate social responsibility (CSR). In 1990s, stakeholder theory and CSR appears to become more integrated translating concept into practice. Stakeholder theories and corporate social responsibility (CSR) can be taken as one coin's two sides. The stakeholder concept confirms the scope of stakeholder, defines the CSR. It supplies the theoretical support for CSR. Looking the society as a whole, stakeholder concepts help us clearly understand the role of companies through CSR. On the other hand, although the stakeholder theory has developed quickly in recent years, it lacks corresponding field studies. The stakeholder theory informs methodologies of implementing CSR as well. It conforms to the requirements of stakeholders' instrumentalism.

As described before, the first task during the period of the recent Chinese social transformation is to build and continuously improve a market economic system. On the one hand, the formation of a truly market-based economic system is very important; on the other hand, the behavior of market economy must be constrained under the universally recognized market rules. One of the functions of property rights is to restrain enterprises' damage to the natural environment, a principle that dictates the behavior of companies, employees, consumers and stakeholders. The integration of CSR and the theories of stakeholders overcome the traditional shortcomings of the isolated company-centric view and it also enlightens meanings of CSR and the division of responsibility between the government and the enterprise in the market economy. The collective management of enterprises through stakeholders has evolved as the economy continues to develop and the environmental conditions continue to change. The divisions of social responsibilities between the enterprises and other social organizations including the government

have been constantly adjusted. The stakeholder management improves the enterprise's performance, enables the enterprises to play important roles in solving unemployment and environmental protection issues and to promote formation of a harmonious society, which was generally believed to be the sole responsibility of the government in the past. In addition, we should note the difference between CSR and the theories of stakeholders. From the enterprise's perspective, the CSR refers to the influence from enterprises' actions. It cares about the relationship between enterprise and society. The theory of stakeholder focuses on the relationship of enterprise and stakeholder from enterprise's angle.

4. Research Design

In terms of case studies, Yin (2004) recommends we start with a theoretical model. Other researchers have established cooperation models (Child and Faulkner 1998), which also serve as entry points for my research. In addition, we focus on a PPP model by including many cases for mental healthcare, green the supply chain as the EHS (Environment, Health and Safety EHS) and drug post market surveillance and adverse events supervision in China. This research uses both exploratory (Yin, 1981) and descriptive (Whyte, 1943) methods to explore the processes and control mechanism for projects management. In the whole I use two case studies of Chinese partnership projects, by and through interviews and questionnaires.

Traditionally, researchers have developed management theory by combining observations from previous literature, common sense, and experience. However, the tie to actual data has often been tenuous (Perrow, 1986; Pfeffer, 1982). Yet, as Glaser and Strauss (1967) argue, it is the intimate connection with empirical reality that permits the development of a testable, relevant, and valid theory.

So in recent decades, building theories from case studies became popular. Several aspects of such processes are discussed in the literature as to building theories from the case studies. For example, Glaser and Strauss (1967) detailed a comparative method for developing grounded theory, Yin (1981, 1984) described the design of case study research, and Miles and Huberman (1984) codified a series of procedures for analyzing qualitative data.

Case studies became more and more important as a research tool (Hamel, 1992; Perry & Kraemer, 1986) and are excellent methods for theory-building. Since the field of studying relationships between business and society is relatively young and

no single widely accepted integrated framework exists, case research is especially critical (Jeffrey, 1999).

Kathleen M. Eisenhardt (1989) made two contributions: the first was to develop a roadmap for building theories from case studies. This roadmap synthesizes previous work on qualitative methods of Miles & Huberman, (1984), the design of case study research (Yin, 1981, 1984) as well as grounded theory building (Glaser & Strauss, 1967), and extends that work in areas such as a priori specification of constructs, triangulation of multiple investigators, within-case and cross-case analyses, and the role of existing literature. The result is a more complete roadmap for executing this type of research than has existed in the past. The second contribution was positioning theory building from case studies into the larger context of social science research. For example, Eisenhardt explores strengths and weaknesses of theory building from case studies, situations in which it is an attractive research approach, and Eisenhardt provided some guidelines for evaluating this type of research.

4.1 Factors Influencing PPP in China: An Empirical Study

I have designed and administered a questionnaire (Appendix I) in order to identify the main points for the case studies to understand the factors influencing the PPP in the pharmaceutical industry in China.

This questionnaire was sent to 310 persons who were hospital directors, department heads, distributor managers, association directors as well as company managers or directors who were managed the partnership projects and we received 190 effective responses. The effective response rate of questionnaires is 53.9%.

Meanwhile, I have done more than 20 individual interviews for key persons. Some of them I did together with Professor Nelson António during his staying in Xian Jiaotong University, Xian, China as a visiting professor. Those persons included representatives from MOH, SFDA, CHA, CDA and suppliers, as well as hospital directors, and managers of XJP who joined the partnership programs. We design the interview questions as shown in Appendix II. Based on the model designed (Figure 12) we asked the questions covering motivation and goals for partnership; the legal and social mechanisms for control; and the effectiveness in direct effect, knowledge sharing & innovation as well as social effects. From the collected information from these interviews, we gained better understanding for partnership under Chinese culture environment, which will be presented in the following chapters.

According to Tarun (1998), the formal contractual control may help accomplish the resource exchange in collaborations with lower cost by specifying exchange time, price and the place. Besides, by using this kind of contractual control the partners can understand and describe the contents of the exchanged resource more clearly. As a result, this avoids the potential conflicts due to the partners' misunderstanding, and this improves the efficient use of the exchanged resources. Especially at the beginning of the collaboration between certain partners, the formal contractual control always has a lower cost and a simpler form. The time needed for designing it is often very short that it helps to accomplish the resource transaction more easily, allowing the parties to achieve good results.

Baker、Gibbons and Murphy (2002) believe that “relational contract” is the informal agreement that is based on the value of future relationship, and they point out that the main characteristic of the relational contract is “self enforcement”. The relational contract between organizations helps to overcome certain disadvantages of formal contracts. For example, since the partners always observe the transaction

results afterwards, it depends on the relational contract to guarantee the on-going accomplishments.

The collaborations between the public sectors and the private ones are different from the alliances among the enterprises, the mutual benefits of cooperation are greater than competition, the collaborative effects are shown as the contribution to the society through the acquisition for the firm's resource and the improvement of the nonprofit organization's capability.

At this time, the formal contractual control alone to restrain the partner's opportunistic behavior would obviously reduce the goodwill of the CSR towards the society, because the objectives of the collaboration are charitable in nature, it is a kind of self-enforcing agreement. In economics, this is referred to as the private ordering, and in sociological literatures this is called social trust.

Hill (1995) pointed out that this kind of self-constrained agreement that is dependent upon trust is usually more effective as a control mechanism; meanwhile it is less costly to enforce. Therefore, the relational contractual control in the collaborations can constrain the opportunistic behavior and self-interest behavior, thus reduces the possibility of losing its core asset, and helps to enhance the effectiveness of the collaborations. From this standpoint, this research elaborates the following propositions:

4.2 Research Proposition

P1: Formal contractual control is positively correlated to the collaborative effects;

P2: Trust control is positively correlated to the collaborative effects;

Poppo and Zenger (2002) pointed out that learning about the partners from its prior affiliations, not only can establish the detailed contract inexpensively, but also can generate the potential reciprocity due to the mutual prior affiliations. This kind of reciprocity can reduce the threat of the uncooperative behavior. Furthermore, it can reduce the need for the formal governance. For example, before the beginning of the collaboration projects, if there has been a long-term successful cooperations, then there will be relatively less requirements for the detailed specification of the collaboration. Therefore, this research puts forward the following proposition;

P3: Prior successful affiliations are negatively correlated to the formal contractual control;

Gulati (1995) proposed that reputation should be the foundation for establishing a contract, but a relationship-based contract that is built solely on the organizational reputation could often be fragile. The intangible assets are very important in the resource-based theory because reputation, as an important element of intangible assets, can be taken as a mechanism to identify capability. Furthermore, reputation also possesses hold-up effect, and thus increases the trust level between both partners;

P4: The partner's reputation is positively correlated to the Trust control;

P5: The partner's reputation is negatively correlated to the formal contractual control;

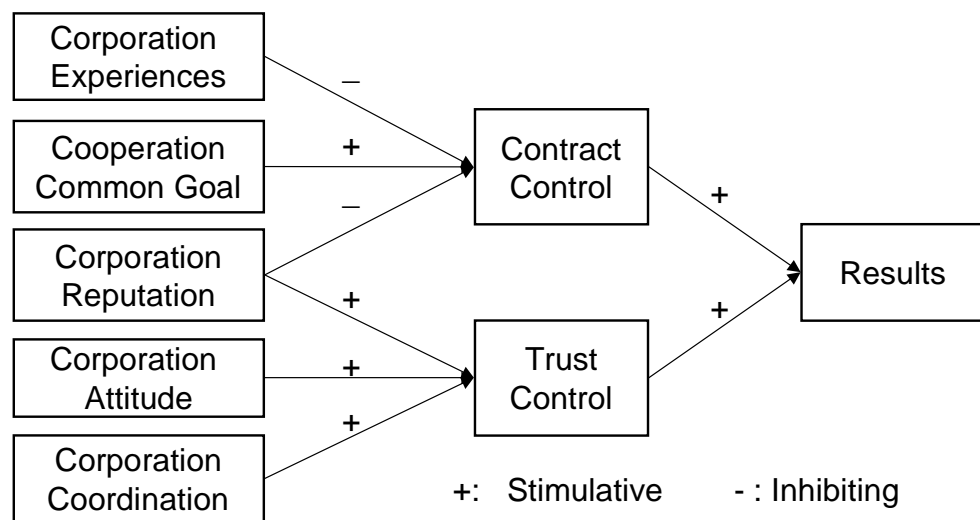
The established trust relationship during the process of performing contacts among parties can be taken as a kind of governance mechanism to promote the smooth evolvement of transactions. When the public sectors and the private ones in the cross-sector alliance have a common vision and similar long-term objectives for the cooperation, the different types of organizations would have a common understanding for the collaboration. Both parties are easy to find cooperative areas of mutual interest, and easy to reach a consensus. The more precise that the agreements are reached, the more bounded they become, and the more likelihood of successful collaboration. Similarly, when the partners show their friendly behaviors when making a major decision, two parties can take into account the common interests. When the condition changes, one partner may provide the other partner with assistance, as well as express understanding, then it would be more productive to use trust-based control, and the collaborative effects would likely be better. Niederkofler (1990) has proposed that the main causes of the inter-organizational failure is the boundary spanning during the process of cooperation. If the two partners are familiar with each other, contact and communicate to each other regularly, and discover problems and solve them in time, and promptly adjust the direction of the collaboration, then the trust-based control during the collaboration process is more likely to achieve the desirable collaborative results. Therefore, this research puts forward the additional proposition as follows;

P6: The mutual understanding of partners is positively correlated to the formal contractual control;

P7: The partner's collaborative inclination is positively correlated to the trust-based control;

P8: The collaborative communication is positively correlated to the trust-based control.

Figure 12. Proposition of Partnership Relationship



Combined with the relationships among the five aspects of collaboration characteristics and based upon the two kinds of collaboration control mechanisms and the collaboration effects, we put forward the relationships among the eight propositions as shown in Figure 12.

The empirical study is summarized in the following graphic chart:

Figure 13. Partnership Incentives

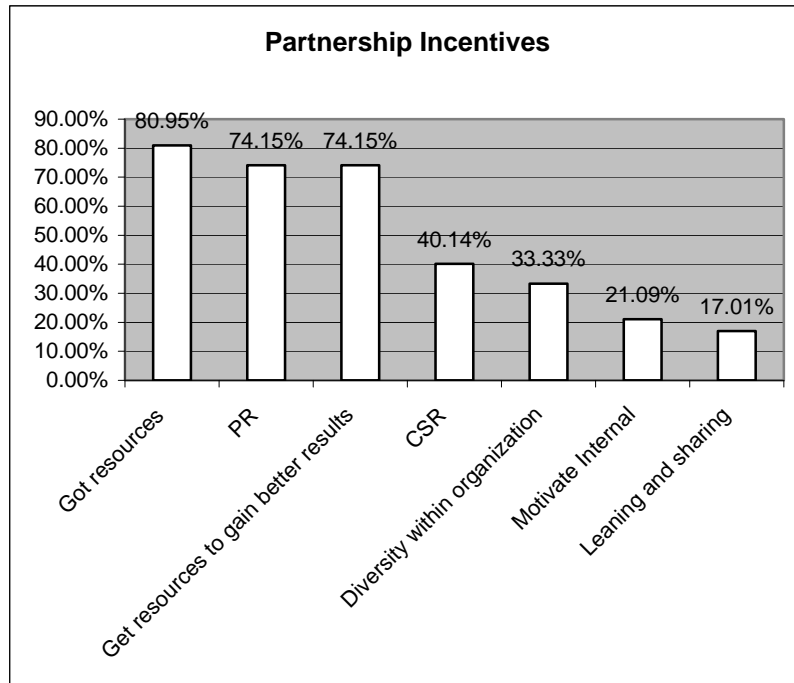


Figure 14. Critical Successful Factors for PPP

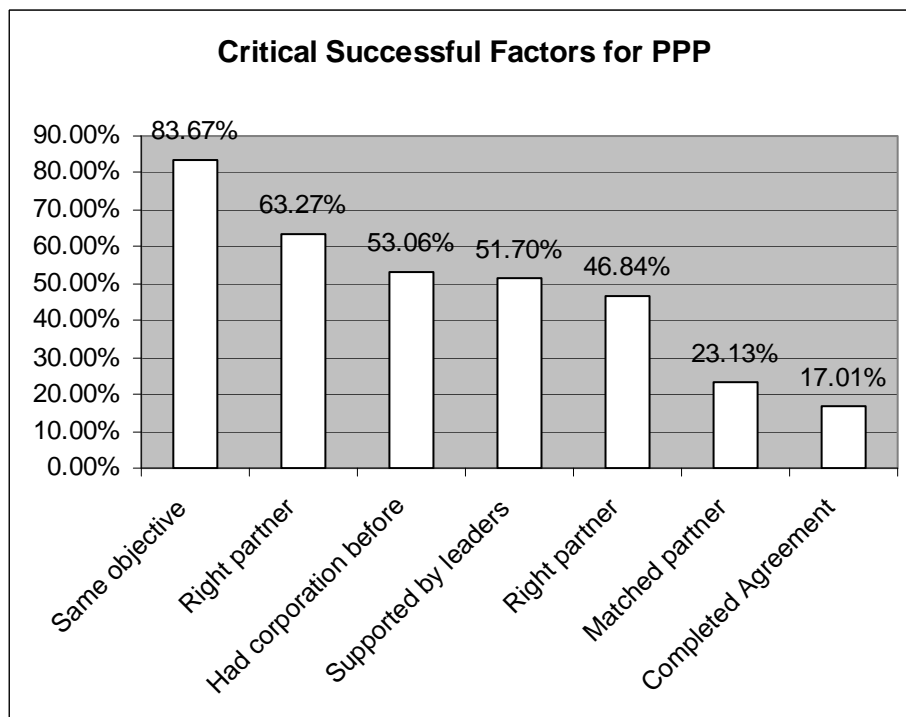


Figure 15. PPP Relationship vs. Control and Effectiveness

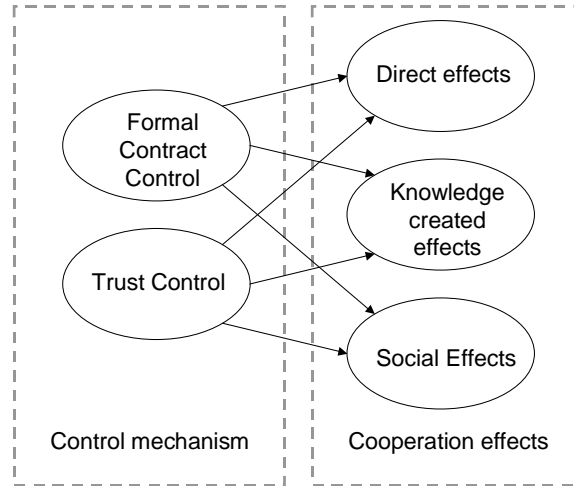


Figure 16. Statistical Results

Independent variables		dependent variables		
		Direct Effect	合作效果 Cooperation effects	Knowledge created effect
自变量		直接效果	知识创造效果	社会效果 Social effect
因变量		OLS M1	OLS M2	OLS M3
constant	常数项	0.24 (2.18) **	0.28 (2.75) ***	0.17 (1.77) *
Formal Contract Control	正式契约控制	0.13 (1.56)	0.27 (1.52)	0.31 (1.20)
Trust Control	信任控制	0.41 (5.79) ***	0.44 (6.52) ***	0.27 (4.37) ***
Sample	样本数	210	210	210
Adjustment R	调整 R ²	0.25	0.39	0.23
Heterocracity	异方差	0.83	0.02 调整	0.02 调整 Adjusted
Validation	检验			
Multilinearity	多重共线性	1.66	1.66	1.66

4.3 Conclusions

1) There is no significant correlation between formal contract control and corporate effectiveness. It showed that in China, contract control in PPP between NPOs and companies had no big impact. There were very few complete contracts that define the responsibilities and benefits, so the motivation and control system were not established.

2) But there is significant correlation between trust control and corporate effectiveness. It showed that in China, trust control in PPP between NPOs and companies had positive impact. Government (Public) played important role for the corporation by influencing the performance of the projects. But absent solid win-win situations with mutual benefits as incentives, there is no sustainable cooperative foundation for PPP.

3) the most effective PPP should be:

- Partners should have a contract or agreement, which have mutual benefits as incentives;
- Based on the win-win situations, the contract control can ensure the effectiveness of the partnership
- As the PPP goes on, partners establish trust through the corporative processes and trust control become mechanism to better ensure the corporative outcomes;
- The ideal PPP should be among private companies which are the main forces of PPP, and guided by the government agencies, based on the agreed mutual benefits to

establish long term, win-win and trustworthy cooperative relationship to gain the mutual benefits.

We use case studies as the research method to test the collaborative model. The case studies include a mental healthcare partnership and partnership programs for drugs' post market surveillance and drug adverse event monitoring. These are examples involving prevention of public health problems. Both Eisenhardt (1989) and Yin (1994) strongly advocated entering the case study process with specific research questions and deliberate case study design. Yin (1994) suggested that the kind of questions that are best addressed by case study include how and why questions. Elements of the design include selecting cases, crafting instruments and protocols, and establishing a procedure for analyzing the data (Eisenhardt, 1989). The case study methodology has been highly recognized in the management research field as it was the case, among others, of international joint ventures research (Parkhe, 1993a; Pakehe&Shin, 1991).

The research we propose to do concerns the domain of PPP that is in fact a form of collaboration. For this kind of collaboration, control is the critical issue for the successful management and performance in achieving the goals of the collaboration. It can be an extremely sensitive matter. If partners compete for control and do not arrive at mutually acceptable solution, this can jeopardize their relationship and inhibit the potential to realize complementarities and mutual learning. A subtle balance may have to be struck between the need for control and the equal need in an alliance to maintain harmonious and constructive relationship between the partners (Child & Faulkner 1998). For this research, we propose the following two possible types of control: contract control and trust control. The model we will work on is modified Bartlett's control model (1986) with our own development.

The motivation for the PPP is that of a learning relationship between the partners and skill-substitution arrangements. We studied examples of the PPP formed by organizations, including:

1. The Ministry of Health (MOH) as this government agency provides the partnership framework (the long-term mental health planning);
2. Associations like Chinese Medical Association (CMA), they provide the technical support for the cooperation. These supports include methods of how to effectively prevent mental diseases and how to correctly treat or manage patients;
3. Hospitals: they are important partners for patients' treatments and care;
4. Companies: particularly pharmaceutical companies who can provide drugs information and contribute to the programs by providing not only information, but also services covering the entire country. These organizations are at the same level to learn from each other and establish a network for mental healthcare. Since they have mutual and common interests in mental health, it is perceivable that if they cooperate together, all parties would benefit from PPP.

5. Case Studies

5.1 The Mental Health Case

The Problem:

The waiting lobby is empty without a single patient in a provincial mental hospital. Several doctors were in their clinics, some of them were reading while the others were waiting to finish the day with obvious boredom. There were only some 20 to 30 outpatient visits every day. The bed utilization rate was about 60%. There were only two computers in the whole hospital. There is no fax machine and no internet connection in the hospital.

“We do not know what to do after work, it seems there is not much we can do except watching TV or playing with the child. Have thought of changing the job, but all new positions normally ask for computers-operating knowledge as the basic standard, however, none of our doctors has a computer at home. In addition, competitions from other hospitals also take our patients away.” said one of the doctors.

While in the front gate of a mental hospital in a metropolis, the situation was totally different. There were some people lingered waiting for something. At 17:30, those people had queued already for registering appoints for next day’s specialists’ clinic. Meanwhile, the doctors began to go home in hospital shuttle bus or in their own cars. Quite a lot of doctors carried their laptops, as they had a lot of work to do at home for teaching or research. The numbers of clinic visits was stable around several hundreds to one thousand a day. The bed utilization rate reached nearly 100%, and almost all the doctors were overloaded.

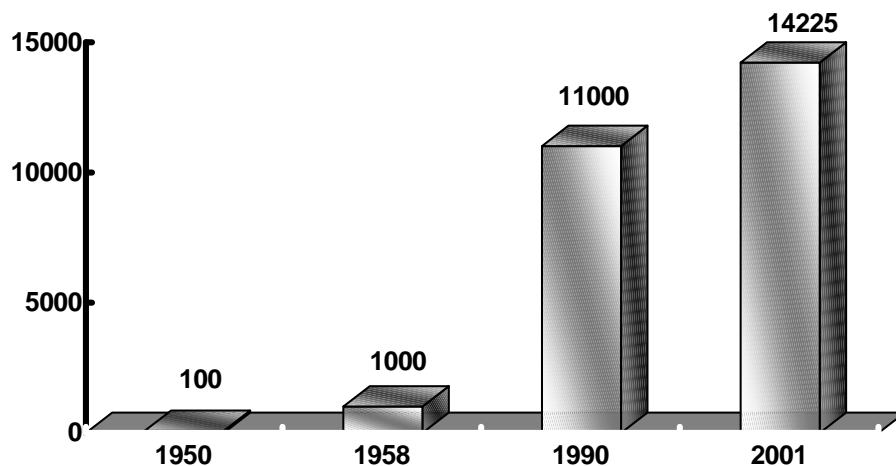
“I have 4 weeks vacation each year, but I don’t know if I will be able to have time to enjoy it. Most doctors in our hospital have to give up their vacations as too much work needs to be done; also they have to advance their careers by participating in continuous education. I do not think that my quality of life is satisfactory as I am too busy, but there is no choice. Just let work become our fun”, according to one doctor.

Table Case 1.1 Number of hospital visits of whole nation (2001)

	non-psychiatric	psychiatric
total visitors	99.96%	0.04% (7,634,675)
outpatients/ emergent visits	99.62%	0.38% (7,346,067)
inpatients	99.42%	0.58% (315,126)

This table indicated that there were only very few (0.04%) psychiatric patients in total hospital visits who came to see doctors in 2001. It is because psychiatric patients did not want to see doctors. The actual incidence rate should be as high as more than 13% of population.

Figure Case 1.1 Change of number of psychiatrists in 2001



The above figure shows that numbers of psychiatrists were increased dramatically in recent years because government invests more for educating psychiatrists. But since patients are more than 13% of the population, so the psychiatrists actually are still not enough. On another hand, the nurses were the same in 2001: too few to meet the needs of the psychiatric patients.

In 2000, the Third National Mental Health Conference was held by the Ministry of Health (MOH) in China. Several psychiatrists were invited to join the preparatory team for the workshop. With very serious tones, they discussed the problems in Chinese mental health with the government officials.

Why mental patients are less likely to see the doctors? No money? Stigma? Worry about no cure for the disease? Or cannot find the right places for treatment? How could the mental hospitals attract more patients?

China is too large and too populated, there are many different government departments that deal with the mental health matter, and the mental hospitals are under the administration or oversight of various government agencies.

In the first half of 2001, the work team conducted a series of surveys with topics including the specialist consultation, documents and literature review, field survey focused on the severity of Chinese mental health, the demands or the needs of the different population groups, and the mental health service resources

The different approaches for analyzing and interpreting the problems have been tested. Finally, the problems are identified in accordance with the natural progress of

the patient's illness, that is, problems are sorted out according to stages of the illness. Key problems are the low social awareness and high non-treatment rate.

Case One

“I had thought that our daughter was always silent because she just had some problems in her mind, did she fall in love? She said nothing but only felt that life was meaningless and no interest to live. We did not treat her words seriously until we were told that she had committed suicide and was in the hospital for rescue, and then I understood that it was all because of her special illness. I feel so regretful that I did not take her to the hospital earlier.”

Case Two

“At first, we thought that he was too lazy as he did not want to go to school. We had always blamed him for that. He told us that there was someone who bullied him. We communicated with the teachers and was told that everyone in his class treat him well, the only problem was he whispered in the class to himself often, and always thought that his classmates had changed his textbooks. None of us had ever thought that he was ill. It had not be considered as the illness until the day before yesterday, he disassembled the telephone, smashed TV set at home, we were convinced by his aunt to see the doctor. “Doctor, is he suffered from schizophrenia? Please save our son's life as he is only 18 years old, and this year he will get into an university! Can he still attend school later? What could we do in the future? Can he still get married? Will the medicine he is taking make him silly? He has never done anything wrong, why should he have such illness...”

It was all because in China, people knew very little about mental diseases. Mental patients including their family members did not want to admit that someone in their family has mental problems. They did not want to see the psychiatrist and thus missed the best treatment opportunity at the earlier stage.

The causes of the low social awareness may include:

The uniqueness of mental illnesses makes the symptoms different from that of conventional physical diseases.

The mental disorder is usually considered as something closely related to the personal character, as ethical or moral behavior. They are not the diseases that medical intervention would help.

This may be partially due to the traditional prejudice towards and discrimination against the patients with mental disorders in this society.

The psychiatric and psychological education in medical colleges is weak and does not arouse enough interests among medical students.

- The treatment rate (the percentage of the patients who received treatment) of mental disorders in China in 1990 was:
 - About 30% for schizophrenias
 - Less than 10% of depression and alcohol/drug abusing disorders
 - Very low effective intervention rate on suicide

The following is the result of limited surveys conducted by Chinese scholars and WHO:

- The schizophrenia treatment rate was less than 50% while the maintenance treatment rate was only 10% in a county of Sichuan province during the mid-1990s.
- No single depressed patient had received anti-depressant treatment when patient were seeking the medical treatment in general hospitals in Shanghai during the mid 1990s, a collaborated research project with WHO revealed.
- The interviews with some top Chinese psychiatrists revealed that:

For delirium patients:

- It was estimated that the rate of the patients who received reasonable treatments did not exceed 25%;
- The clinic remission rate for the patients who have received treatment was about 50%.

For depression disorders:

- The rate of the patients who received reasonable treatments was less than 25%;
- The relapse rate within two year was 40%;
- The psychological treatment rate of the victims after the big disaster would not be more than 1%.

Why don't patients go to see the doctors when they fall ill?

Fathers said:

“I did not know this is a disease!”

“I believe it is only a problem of thinking, I should talk to him and he may be cured after changing his environment.”

“I do not dare to take him to the mental hospital, I am afraid that our neighbors may know that and discrimination may ensue, even fear he will lost his future once he is diagnosed as having mental disorders.”

“Do not know where his disease could be treated.”

“We have visited a hospital but the doctor said he was fine, the only advice was to ask him to become more open-minded.”

“All the money in the home has been spent for his disease. He cannot earn any money now; his wife is looking after him. Now the whole family lives on our salaries.”

Mothers said:

“We have visited several local hospitals, but received different answers from the doctors. We have to take her to the capital city now.”

“It is so difficult to find a doctor to treat her.”

“So many patients live together, how can my child take a good rest there? I will not allow her to stay in the mental hospital”

“Yes our kid has recovered while continuously taking medicine, but he still cannot find a job, what could he do tomorrow?”

Patients said:

“I want a job, I want a family. I do not want to live on my parents for my whole life. I want a normal life. It is not my fault to have mental disease.”

Table Case 1.2 Summary of Current Problems in Mental Health Care

Problems	Causes
Understanding	<ul style="list-style-type: none"> - It is not a disease - It is not a disease that needs to go to the hospital - Do not want to spend money on treatment - Social discrimination
Lack of information	<ul style="list-style-type: none"> - Do not know where to seek treatments - Do not have enough information after the hospital visit
Financial	<ul style="list-style-type: none"> - No money for treating the disease - Long-term treatment has incurred expenditures that made many family stopped the treatments, some of them even locked the patients up - The social prejudice makes the reemployment of the patients very difficult, which drives the patients and their family into poverty
The software aspects of the special mental hospitals	<ul style="list-style-type: none"> - Patients do not receive proper treatment advices in mental hospital - the poor qualifications of mental health workers make the patients less likely to trust the mental hospitals and hence not go to seek the treatments - No multi-disciplinary team of mental health workers and the resources in mental health resources is not reasonably allocated Only 150 child psychiatrists in entire China, Only small number of clinic psychologists are available, Almost no mental health social workers, - Almost no occupational/physical therapists for mental patients.
The hardware aspects of the special mental hospitals	<ul style="list-style-type: none"> - The general social image of mental health institutes is not good - Not easy access, poor facilities make the patients feel humiliated - Some hospitals are lacking basic living spaces for patients - Living condition is much worse than that in the general hospitals - Living amenities is poorer than general hospitals
Insufficient community rehabilitation means after reasonable treatments	<ul style="list-style-type: none"> - Current focus of mental hospitals are on treatment, it is relative weak for prevention and rehabilitation - The management of the mental disorders are mainly focused on the control of harmful behaviors in most urban communities - Lack of mental health and mental disease treatment and prevention functions in rural basic health care networks
Not possible to return to the society after recovery	<ul style="list-style-type: none"> - Relapse under stress

Conclusions: The government and specialists should collectively communicate the findings of low social awareness of mental diseases and high non-treatment rate to the society:

The mental disorders, if not diagnosed and treated timely, may result in the following consequences:

- The minor problems become major problems, severity of the disease increases, and most severe diseases cause permanent disability.
- The economic condition of the patient families worsens because of the diseases
- The total social burden is increased
- The loss of work force or work capability
- The decrease of work productivity
- The losses from accidents associated with mental disorders will increase.

The efforts and costs must be increases in order to maintain social stability. Therefore, the Chinese government together with the specialists has initiated the National Mental Health Project of China: 2002-2010. The hallmark slogan of this project may be captured as: “Raise the awareness, Lower the non-treatment rate”.

The basic information about mental health:

There are 10 chief reasons worldwide that cause deformity, among which 5 are mental diseases. Despite that WHO has pointed out that the under performance of mental health care is a main reason that the burden of mental diseases become overloaded, it is nevertheless still always ignored. Accordingly, mental health is currently the emphasis of WHO’s work agenda.

It is reported that about 450,000,000 people are suffering from mental diseases worldwide. It accounts for 11% of global burden of diseases. More than 45,000,000 adults above 18-year-old are suffering Schizophrenia. The spot check in 1993 showed that in China, the prevalence rate of severe mental disorder is 13.47‰(not including neurosis), about 16,000,000 total sufferers. Old aged sufferers increase year after year. And there are about 6,000,000 epileptics. Nervous and mental diseases rank the top in China's general burden of diseases, about 20%. Besides, there are about 30,000,000 children and teenagers who are suffering from emotional and behavior disorders. Furthermore, women, old aged people and people hit by natural calamity should not be ignored. According to WHO's estimates, every year in US, about 14% adults experience mood disorders, such as cancer patients... among 9-17 years old children and 5% of all teenagers are found to suffer from depressive neurosis. And about 60% suicides were caused by schizophrenia. In China, the burden of nervous and mental diseases will account for 25% of general burden of disease in 2020. At present, there are about 11,000,000 Alzheimer's disease sufferers. The number will double in 2025. Both international and domestic researches show that emotional and behavior disorder will keep increasing in the foreseeable future.

People have reached general agreement that mental health is an important public health issue and prominent social problem. The sufferers should be helped and taken care of. Community should offer the most convenient services and care. It is the mutual responsibility between government and private enterprise to “mobilize whole society, make effort to build suitable atmosphere for mental disorder sufferers.” Therefore, it is urgent and has deep implications to extend Public-Private Partnership (PPP) in China.

The trial ran of PPP in China

Because the information and knowledge about mental health was not widely available in the Chinese society, and people were not fully aware of the symptoms, consequences and treatments for various mental diseases, they were not able to make informed decisions. As consequence, more and more people suffer from mental diseases. Worse, sufferers and their relatives were subject to great discrimination.

Chinese MOH calls on the tasks of raising awareness of the public to pay attention and care for mental patients; recommending to the society at large that once someone has depression or related symptoms, he/she should go to hospital to see the doctor as soon as possible. Patients should be treated in the systematic and caring ways. The whole society and people should help and accept the recovering patients to get back to work. But there is enormous work to be done. No one organization or the government itself can solve such a big issue in this 1.3 billion-population country.

As China started its open policies, many of the top 500 multi-national companies came to China and Johnson & Johnson (J&J) was one of them. Xian Janssen Pharmaceutical Ltd. (XJP) is one of the affiliates of J&J and it established a Good Manufacture Practice (GMP) plant in a Northwestern city of China. It produced drugs that treat mental patients who had either delirium or depression. The company not only introduced the new drugs but also introduced advanced management practices, as it did in the US and European countries. It was discovered that many of the issues in China such as awareness of mental health, lack of treatment guidelines as well as the lack of educational material for patients and their family members were just the same as in the USA and European countries years ago. Those issues became obstacles for

patients to return to the society. As a socially responsible company, XJP realized that these were the areas they should focus on to work together with government, professional associations, institutions as well as mental health opinion leaders. So the PPP was initiated and formulated.

In 1995, initiated by XJP President Mr. Jerry Norskog, China MOH and J&J's 6 subsidiaries in China including XJP formulated the first 5-year strategic partnership programs. At that time, Chinese MOH would like to conduct education programs for women, children and peasants in the countryside but lacked financial support. The MOH wanted the companies who have good reputation and social responsibility to join them. J&J companies have both high ethical standards and very good businesses in China. XJP was selected as one of the top 10 foreign invested companies in China to join the MOH program. The MOH gave guidance and instructed its International Exchange and Corporation Center to work with J&J companies to start the partnership programs, the following are some highlights:

- The educational materials for the peasants were distributed by Chinese center for Disease Control and Prevention (CDC) to all countryside of China;
- Training for nurses to help deliver children and prevent from new babies from birth-related asphyxiation has brought happiness for thousands of families;
- Inviting medical experts from western countries to give training courses or seminars to domestic doctors. J&J established 2 training centers, in Beijing and Shanghai respectively, to train the surgeons. In the past, student interns practiced on patients. Now they could practice with simulated plastic "persons". This practice has improved the safety and quality of operation for the patients;

- Through the partnership programs, hospital directors (presidents) were sent to Singapore National University to study Mini-MBA for hospital management since most Chinese hospital directors were promoted from specialist doctors with no business or operational experience or background. After the short term training, the hospital executives acquired the much needed management knowledge and skills.

The PPP between MOH and J&J was established with J&J investing USD \$10M for 5 years, \$2M each year, which was really helpful for Chinese MOH to plan longer term programs in resolving public health issues. The programs were extensively discussed among the parties and the goals, benefits and interests aligned by both parties. But meanwhile, the MOH also had encountered challenges internally and externally on how to manage the program to establish model for sustainable long-term win-win relationship? Not just benefiting the company who invested the money.

The first negotiation meeting held by both parties was focused on how to achieve agreement on selecting programs. The representatives from Chinese MOH wanted the financial sponsorship from J&J, meanwhile, they also requested that all programs must accord and be beneficial to the public health objectives of the MOH instead of promoting any products or companies. Actually, J&J also has strict internal financial control systems in place that regulate the use of company funds. XJP 6th president Mr. Chong Siong Hin had finance background and he knew the international practice with cooperation programs. He instructed that all corporate projects with government must be transparent with a signed contract and clear accountability and responsibility. All monies of the financial sponsorship must be paid directly to the service suppliers such as printing companies or hotels, or be reimbursed against travel tickets, not to be paid to the government. Although the

original contract could not be specified with all the details but the principles must be clear. It was the first time for the International Exchange Center of the Chinese MOH to do so but they felt comfortable with it.

In order to ensure that the projects will be implemented properly, the parties held review meetings twice a year to evaluate the program progresses, effectiveness and to identify areas for improvement, including the budget-spending of the projects. The presenters in the meetings should be those who participated in the projects so the materials would be of first-hand and information more concrete. Although sometimes it appeared that the budget was not enough, most projects eventually achieved the program targets and both parties were satisfied. The data and feedbacks from those who really enjoyed the benefits were the best evidence. For example, from 1995 to 1999, the death rate for new born babies decreased from 0.15% to 0.01% after the nurses received training in how to help delivering babies. These evident achievements greatly motivated the nurses and those who managed the projects. They learned a lot and obtained great job satisfaction. The processes and SOP for managing the project afforded the participants new insights in project management.

Flying Hope

October 10, 2000 was the Ninth “World Mental Health Day”. This was the date chosen by the World Psychiatric Association to promote mental health. It was very well-known in western countries but it was brand new to China. Since XJP had the mental health drugs with knowledge of the relevant markets. The company realized that the public awareness and understanding on mental issues were very important. It planned a series of special activities on the worldwide mental health day to promote the concepts that mental diseases like other diseases were not frightening.

The patients should be treated as early as possible and the public should help the recovered patients to get back to the society. The company introduced the flying kites, on which patients wrote and made drawings and let them fly in the sky of large cities all over the country. This World Mental Health Day was celebrated with special events.

The idea was marvelous but the practice was not simple. When XJP asked for the help from the municipal administration departments of Beijing and Shanghai to support the projects, they rejected the requests. They could not imagine what would happen if the patients had problem in Beijing's Great Wall or in Shanghai's People's Square. And they need comments and approval from the health bureau of each city. It would be a huge administrative job to conduct activities like this, they contended. With so many areas of misunderstanding, the communication became very difficult. So XJP went to the MOH and asked for their help. XJP expected MOH to issue a document to the related cities to support their activities.

The vice president of XJP with a number of colleagues went to the MOH and gave them a detailed report, detailing the reasons why the company developed this idea and how they were going to do it. At the beginning, the head of the MOH diseases control department were moved by the initiative but also had some concern. If the activities would be held in all big cities simultaneously, what if the mental patients develop problems? XJP showed it previous successful projects, including a project it did last year for helping poor mothers, which deeply impressed MOH officials. XJP also showed its media plan which includes support from CCTV and more than 100 newspapers as well as local media. Finally, the representatives from XJP gained the trust from the officials. They gave XJP strong support with the understanding of its impact on the mental health, an important area of MOH's administrative mandate.

After reviewing all the detailed plans made by XJP, MOH issued a document with the official governmental letterhead and everything went well in the part of administrative approval and support. The heads of city health bureaus, the directors from local mental hospitals and recovered patients as well as their family members together with XJP employees could now join the Flying Hope in big cities.

On the World Mental Health Day, with the collaborations among the MOH, mental hospitals and XJP, large-scale publicity events for the benefits of the mental patients were simultaneously held in more than 10 cities in China, including Beijing, Shanghai, Guangzhou, Xi'an, Qingdao, Dalian, Wuhan, Chengdu, Hangzhou and Nanjing. The slogan of the day was: "Healthy Physique + Healthy Psychology = Happy Life". The activities were designed uniquely: the events commenced with a magnificent ceremony for collection of sacred flame on the Nyainqêntanglha Mountains. Mr. Yang Xiabin, Editorial Director of the Chinese Journal of Psychiatry, was a specially invited guest to obtain the sacred flame, which was then conveyed to the Badaling Great Wall in Beijing, where more than 100 kites of various patterns and forms were then flying on both sides of the Great Wall. The MOH instructed the local health bureaus to help organize the "Flying Hope" Kite Festival for schizophrenic patients and their relatives.

At the same time, thousands of kites were dancing with the clouds on the shore of the Yellow Sea, on the banks of the Yangtze River, at the upper and lower reaches of the Yellow River, in the Nature's storehouse (Sichuan), by the Xizi Lake of Hangzhou, and in the Goat City and on the Pearl River. Many of the flying kites were specially designed and made by the in-patients at special psychiatric hospitals. They described their hopes on the kites. Some drew suns and green leaves, and

others wrote down their innermost longings and gratitude to doctors and nurses. One patient from Beijing wrote on his kite: “I will sturdily live on for my kinsfolk who love me so much!” Many foreigners were present on the Great Wall in Beijing. They were indescribably amazed to see mental health was promoted in such an innovative and dynamic way in China.

It was a sunny day in almost everywhere in China. A standard backdrop with FLYING HOPE theme: “Healthy Physique + Healthy Psychology = Happy Life”, was nicely placed in the most thriving and prosperous area of the top 16 cities for this event. Doctors and nurses of various mental hospitals with recovered patients made thousands of kites wrote their hope and wishes on the kites, holding the kites in the event venue to fly their hope and wishes. Like most ceremony for mental patients, the leaders of city health bureaus made public speeches, informing people that the MOH and local health bureaus had a framework plan to help the mental patients and enhanced the public education; representatives of psychiatrists delivered speeches announcing that with developing economy and open policy, China had more and more effective drugs to treat mental patients with much less side effects. In Beijing at the Great Wall, some recovered patients showed their happier life by their beautiful paintings and calligraphy. Thousands of people were moved and joined the Flying Hope and donated their caring fund to the mental hospitals and patients who needed help. Psychiatrists conducted free clinics on site to answer the questions by the public; recovered patients talked about their respective stories contrasting miserable experiences and happy life after recovering; and more people received the strong message with great impression that mental patients should not be discriminated... CCTV and more than 140 media reported the events. Millions of people participated in the promotion of the theme.

During these activities, the special psychiatric hospitals in all major cities also launched large-scale education on patient's relatives, and organized experts to perform compulsory diagnosis, stimulating more doctors and patients' relatives to correct their wrong perception and take care of the patients with love. At the same time, Xian-Janssen held a charity sale on the site, with all income donated for the cause of developing mental health care affairs.

“The Flying Hope” activities made unbelievable impact to the public. Tens of thousands of people joined and donated money to the mental hospitals. More importantly, the awareness and public support greatly motivated doctors and nurses of mental health care institutions. Government officials also realized that without public participation, it would not be possible to get these kinds of effects. With the media support, the Chinese mental health progresses much faster than it was ever possible before. XJP leaders and employees were delighted too. They implemented their corporate credo of being responsible to their customers, employees, community and shareholders. Through this practice, the company received government's support and direct participation in these activities; media committed to care more for the mental patients and the general public improved their awareness toward mental health care. It was really great achievements and win-win outcomes for all who participated.

But changing people's mentality could not be achieved through a one-time event. Challenges continue. How to sustain and continuously improve the mental health situation in China? How could the MOH lead the stakeholders to participate and get involved in broader and deeper movements? Gestation of a strategic PPP started with the serious participation of governmental officials from the MOH, psychiatrists, professional associations, mental health hospital directors as well as mental drug discoverers...

XJP provided a detailed summary for all the cities participated in the Flying Hope events, including videos, pictures, newspapers articles, which, collectively, were very compelling evidences of success. It was indeed a breakthrough in Chinese mental health history. Psychiatrists saw the hope since government paid attention on mental health; the companies not only sponsored the events financially but also provided creative ideas and participated in the implementation. The cooperation between public and private sectors demonstrated significant advantages to improve the mental health situation in China.

With the trust built from the strategic collaboration through the 5-Year program between Chinese MOH and J&J companies in China including XJP (XJP is a subsidiary of J&J) since 1995, when XJP proposed that the company would like to get involved in long-term collaboration with government and associations, including the organization of huge event of “Flying Hope”, XJP’s proposal was well received and immediately endorsed by the respective departments and officials. At the beginning of 21st century, hot discussions about the future PPP was held in the meeting room of Chinese MOH. The officials of MOH’s International Corporation Center (MOH_ICC) invited representatives of Chinese Association of Psychiatrists, pharmaceutical companies and psychiatry opinion leaders to join the discussions. Based on the China’s mental health framework task for the next 10 years, (MOH_ICC) organized the brainstorm sessions to solicit ideas how China should catch up to solve the various major issues such as patients awareness, doctors and patients training as well as how to help patients recover and come back to the society. The ideas were diverse from various perspectives and very constructive taken as a whole. One of the preeminent psychiatric academic Dr. Shen Yuchun, for example, commented that based on her 50 years of teaching, research and clinic experience, she believed the upgrade of teaching materials for medical university should be the first priority. She said that when she heard teachers were still using the

old teaching materials and old methods for the new psychiatrist interns, she worried a lot. She found that even CCTV was sending mis-leading information to the public on psychiatric issues which must be changes as soon as possible. Dr. Ma Hong was working in a county mental health hospital before and now she is a professor in the Peking University Medical School. She worried about doctors in the middle and small city hospitals. She said that it would be the urgent needs for upgrading the doctor's post-graduate continuing education materials. The CME (Continuing Medical Education) program should provide updated and relevant information that has immediate impact to patients' treatments. While the pharmaceutical company vice president commented that in the overseas countries, the management and service mentality and attitudes of the hospital administrators were so different from most of mental health hospitals in China in that most of the hospital directors in China were promoted from clinical doctors without systematic management training, so it would be very meaningful to provide management training to the hospital directors. The officials from CDC department of Chinese MOH were more concerned about the education of patients and their family members...

The discussions were fruitful and it seemed that all suggestions bore merits. But the major question was how to finance all those programs? It was apparent that no one organization could sponsor or perform them all. It was suggested that some pilot tests should be conducted to obtain initial proof and such initial results would provide a valid case to approach the government or international non-profit organization for support. At the conclusion of the meeting, representatives of XJP agreed to take the ideas back to the corporate decision-making committee and try to support it via the J&J 5-Year strategic partnership program.

During the same period, Harvard Business School and Tsinghua University organized a seminar in Beijing on how to prevent HIV/Aids. Harvard Business

School Professor Diana Barrett delivered a lecture on Public-Private Partnership (PPP) and shared the best practices in Thailand regarding how they effectively controlled HIV/Aids infections in their country. It was enlightening for the MOH officials and those from the enterprises, who thought that they should learn from the PPP and considered PPP an important model to help improve mental health situations by collaboration between the public and private sectors in China.

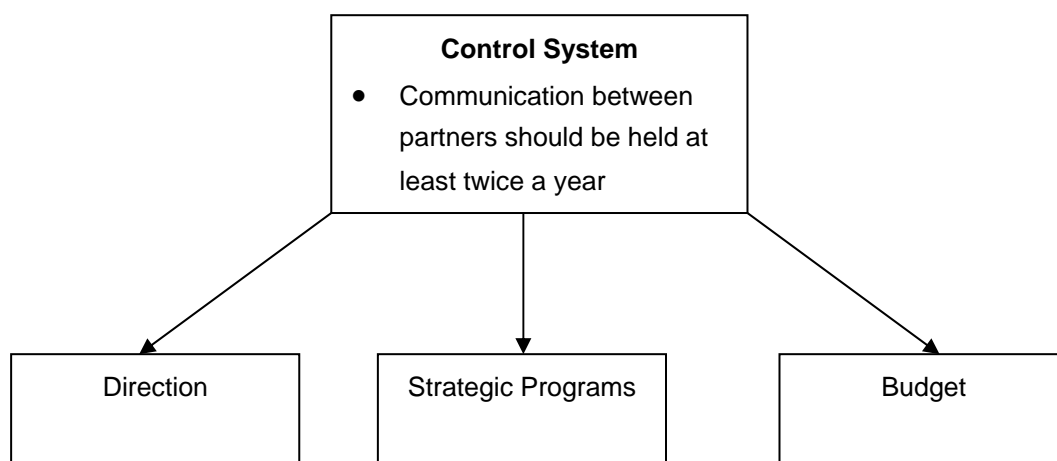
XJP received support from its corporate headquarters in the U.S. and would like to set up a 5-years partnership to help resolve mental health problems in China by providing millions of US dollars as financial support, with the condition that the funding cannot be paid to any governmental accounts or to any hospitals or individuals directly. Based on the stipulations agreed upon by the joint committee, XJP will provide financial support to sponsor expense items such as the translation of teaching and training materials, printing fees, expenses for meetings and reimburse necessary costs of transportations.

In China, signing a contract with all the details may not be the most important factor for success. Trust is the most important element to decide the longevity of the cooperation. With trust the duration and substance of cooperation would not change even if related people who signed the original contract changes. Today, none of the leaders and participants involved in the initial contract negotiations could remember the details of there agreement.

Anyway, once the contract was signed and the financial support from XJP was committed, projects would become much easier to design. The experienced psychiatrists worked days and nights to prepare the proposals. Some of them were trained in WHO or other countries overseas. They developed the whole plan in terms

of how to systematically solve the Chinese mental health problems. After serious discussions, a series of plans were developed as follows:

Figure Case 1.2 The PPP Strategy



Year1:	Awareness Patients & Public	Flying hope (More than 16 large cities More than 146 news Papers & TV MOH, city HB, VIP, firm and people)	1M (RMB)
Year 2:	Teachers books updating & “Train the Trainers”		1M
Year 3:	Doctors training	Clinical guidance & skills	0.2M + 1.5M
Year 4:	Hospital director’s Training	Change management, Cultural services	
Year 5:	Patients	Standard training materials Train the trainers (100 hospital)	1.5M
Year 6:	Community (Help patients back to Society)	Community doctors & Nurses training	1M + 1M

Objectives:

- 1) Speeding up the legislation processes for Chinese Mental health care;
- 2) Working from the grass root level, teachers in the medical universities must be equipped with modern knowledge to teach the new doctors;
- 3) Establishing 4 training centres in China to systematically update the doctors knowledge base, specifically:
 - a. Guidelines for clinical treatments;
 - b. Guidelines for Early intervention and formal treatments;
 - c. Clinical guidelines for managing HACS (Hyperactive Child Syndrome);
 - d. Applying funding from WHO and/or MOH to training doctors with limited financial means in western part of China;
- 4) For those hospital directors who were promoted from positions of clinical experts, they should receive systematic training in management and acquire relevant skills;
- 5) Programs should be developed to train patients with standard training materials:
 - a. Patient compliance - to achieve best treatment results patients should continue taking medication without interruptions;
 - b. Promoting cultural change in the communities to assure that the public would accept recovered patients to be back to the society.

Psychiatric Education and Training

To promote the awareness of the public to take care of the mental patients was important. But more imperative from the patients' perspective was to have

treatments by the qualified psychiatrists and nurses. But what was wrong with Chinese psychiatric education?

In May 2002, Peking University Institute of Mental Health started its first psychiatry curriculum for postgraduates. Meanwhile, a Ph.D. candidate was reviewing curriculum of psychiatry for students at Peking University Medical School, because one of her college schoolmates ask her a question: “Is psychiatry useful to medical students?” and he really wanted her to find out answers to this question. After a glance at the curriculum at Peking University, she was surprised to find out that the academically famous Peking University just provides 50 hours of psychiatry teaching to the medical students: “the same as my university!”

The data is very telling: the total amount of psychiatry education and clinical practice for medical students is about 50 hours in China, compared with that of 150 hours in developed countries. And direct contact with patients is rarely more than 20 hours.

In a psychiatric practice exam in Nov. 2002, it was required to give comments on one hypothetical situation “If you practice at Department of Tumor and see a patient with carcinoma who is extremely desperate, how can you deal with it?” Most of answers were disappointing, for example, “Almost all patients with cancer are very depressed, so we should comfort him;” “Tell his family members to accompany him;” “Report to the attending physician, and prevent him from committing suicide in the hospital so as to avoid disputes.” Only a few students gave answers such as “We should first ask how he is feeling and reasons for his desperation, then try to help him with professional approaches.”

Analysis: It is apparent that the teaching contents don't meet the needs of clinical requirements. In general hospitals, mental disorders are commonly seen but poorly diagnosed and managed. In educating medical students, however, the contents are basically concerned with those mental disorders commonly seen at psychiatric hospitals, which result in the lack of knowledge and skills to identify and treat mental disorders by doctors at general hospitals. In Nov. 2002, Beijing Union Hospital, a very famous general hospital in Beijing, invited a teacher of Peking University to give lectures on "clinical communication skills" to their clinicians, because "many medical disputes are caused by poor communication between doctors and patients."

Analysis: It may sound surprising that Chinese medical education does not involve in teaching clinical communication skills that should be an essential part of clinical training. For example, medical students even don't know how to pass on bad news to patients and their family members.

With these shortcomings in medical education, it is not difficult to imagine all the terrible outcomes of mental health care in China. In all, medical students' mental health knowledge and structure of their skill sets cannot meet the needs of clinical work after graduation, and the bio-psycho-social model of holistic health care is non-existent at clinical practice. The following summarize some common problems in clinical training:

1. A blind man trying to size up the elephant: Tang, who has worked in a very famous psychiatric hospital in Beijing for 15 years, commented his postgraduate clinical training as “just like a blind man trying to size up the elephant.”

Before going to work as a psychiatrist, the total amount of time he had actual contacts with patients was just 3 days. In the first week of his career life, he was responsible for five in-patients who had come to the hospital before his arrival, but nobody told him how to exam nor treat the patients. In the next week, a new patient came. After taking notes of what symptoms the attending doctor had found in the interview, he tried to write his first case report according to the textbook. He was lucky enough to have his report checked and corrected by the attending doctor. After that, he had been working without a systemic, standardized training on clinical interviews. He had to teach himself, and then grasped every chance to learn from those experienced or well-known psychiatrists in his hospital.

Now, Tang is also called an expert, but he dares not to do psychotherapy, for he has not taught himself this domain yet, and he thinks he is just good at diagnosis of schizophrenia.

The Tang’s story was not unique: most psychiatrists acquired their clinical skills through self-learning. In China, the standardized training system for residents begun in 1992 and up to now has not been popularized in the whole country. We have not had a standardized training system yet in the country-wide scope, and even in a few very advanced medical colleges or teaching hospitals standardized teaching outlines and evaluation criteria are lacking.

Currently, there are a total of 15,000 psychiatrists in the whole country in China, among whom 3,000-4,000 possess college education. If a graduate wants to become a qualified psychiatrist, he must be very diligent and good at self-learning and thinking, then he must work at a hospital with high levels of clinical measures, his attending doctor must be experienced and knows how to train and educate well. Unfortunately, in fact, only a few hospitals meet these criteria.

2. Seeing the world

In November 2002, a National Workshop on Clinical Skills for Psychiatrists was held in Beijing. On the first day of this workshop, several participants complained that they were not accustomed to the videos, and they preferred traditional lectures. Just a mere few days later, they reflected, “It’s such a good opportunity to learn so many new things in such a short time.”

Facts: In China, training qualified psychiatrists is a hard task. The 5th objective in the National Mental Health Project of China (2002-2010) is to strengthen mental health workforce and to improve professional service competence and quality. The plan requires that we must retrain 50% of the current mental health professionals by the end of 2005, and 80% by the end of 2010.

3. Present work

Advanced Workshop on Clinical Teaching Skills for Psychiatric teachers began in 2001, with the objective to train the core trainers who would in turn engage in psychiatric education and training to the program must train 200 trainers in 2001, and by the end of 2002, 100 trainers. All of participants were psychiatrists or

lecturers working in psychiatric hospitals or medical colleges. Some of them were teaching in other workshops at the time as well.

National Workshop on Clinical Skills for Psychiatrists is a two-stage long-term project. The first stage has three objectives:

- (1) Training 500 attending psychiatrists and residents with 4-5 years of working experience;
- (2) Establishing a psychiatrist's training system in China, including standardized teaching materials and criteria for assessments;
- (3) Developing an efficient and qualified teaching team.

The second stage will last for three to five years with the objective to train psychiatrists in grass-root psychiatric hospitals.

In April 2002, an Organizing Committee was established. Then it (A) authorized Peking University Institute of Mental Health, Shanghai Mental Health Center, Institute of Mental Health of Central South University, and Center of Mental Health in Huaxi Hospital, Sichuan University as the training centers of this project; (B) identified same standard, uniform teaching materials, simultaneous preparation, identical monitoring and collaborative training as training methods; (C) established Advisory Committee for the training courses; (D) started to compile training proposal and teaching materials, and convert to video tapes.

The 1st group lesson preparation was held in July 2002. The department of the MOH responsible for mental health care with XJP finalized the curriculum, audited

the training videos, proposal and criteria, then practiced trial lecturing. Then the training extended to 4 centers in Shanghai, Sichuan and Hunan provinces respectively, covering almost all the Chinese psychiatrists that can be trained. This program was built on the belief that it was fundamental for patients of mental disorders to have access to qualified doctors.

Every year, more than 200 psychiatrists attended this training project, and 85% of them had previously worked in mental health field for more than 4 years. Among the evaluations for this project, 92% of the participants rated the program as “excellent” and “good”.

Dr. Kong is a young M.D. who lectured in the first training course in Beijing. One year prior to her own teaching assignment, in attending a training workshop mainly lectured by Ms. Linda Gask and Mr. Goldberg, she realized the existence of great differences between Chinese and Western training styles. She commented: “I haven’t got such kind of well organized advance training even in my Ph.D. program.”

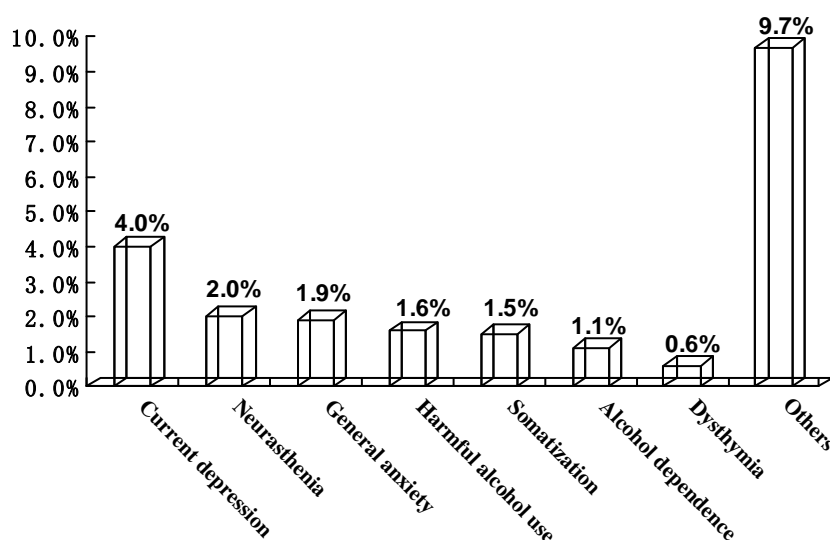
IV Training the doctors in primary care:

“Somebody jumped from the building!” shouted the doorkeeper. This type of suicidal tragedy, the second case over the last 5 years, occurred in a general hospital early morning someday in 2000. The victim was a 32-year-old university teacher, mother of a 5-year-old child. She had been admitted to the general hospital with a diagnosis of Lupus Erythematosus two weeks ago. Her husband recalled that she had been sleepless and crying a lot for the past weeks. A doctor found a note under her pillow on the bed, writing, “I love you, my husband and daughter, but I have to

go. Sorry!” What a shame, this is indeed a tragedy not only for the patient and her family, but also for the medical profession!

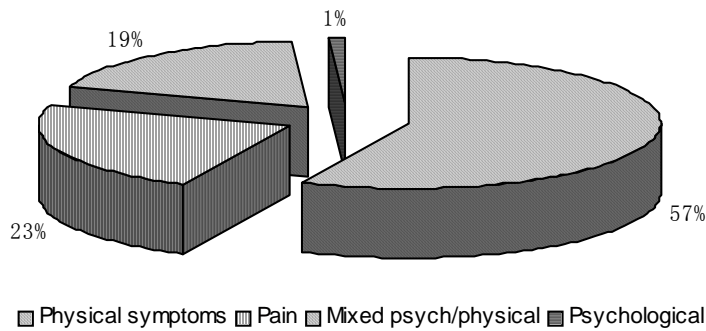
Mental disorders, especially depression, are very common among patients in primary care settings. Studies show that 20-70% of hospitalized patients in general hospitals has mental disorders. According to a survey in Shanghai, 22.4% outpatients in general hospitals have mental illness (Figure 4)

Figure Case 1.3 Percentage of out-patient with a mental illness diagnosis



Because of the somatic complaints, most of the outpatient visiting hospitals do not go to the department of psychiatry first, but to other departments, such as internal medicine, neurology, traditional Chinese medicine. Almost all (99.0%) of the outpatients who have mental illnesses visit non-psychiatric doctors first for their physical symptoms (Figure 5), another reason for low rate of diagnosis of mental illnesses is the ability of the doctor to recognize the diseases.

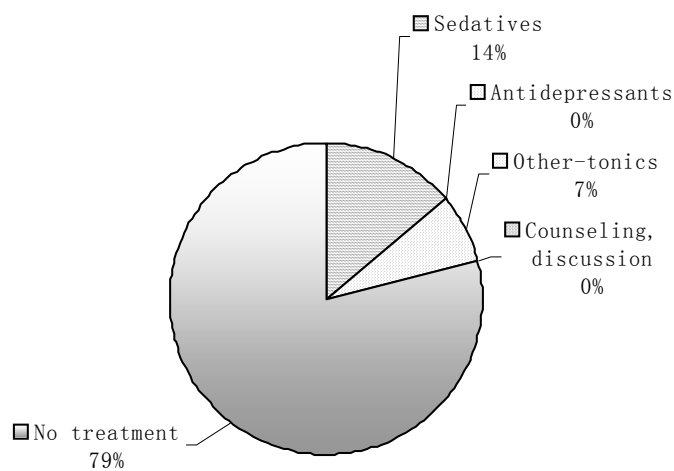
Figure Case 1.4 Reason for hospital visits of those diagnosed with mental illnesses in Shanghai:



Physicians in Shanghai recognized only 21.0% of depression cases in primary care settings and the recognition rate of any mental disorders was 16.0%, much lower than that of worldwide average (48.9%)

Because of the low recognition rate, we can easily see the low treatment rate. Even for those patients recognized by doctors of depression, only 3% received treatment (Figure 5).

Figure Case 1.5 Treatment of recognized cases of depression:



A 1998 GBD analysis revealed that bipolar disorders represent an enormous burden on society and are collectively ranked as the first leading causes of burden among all neuropsychiatry diseases in China, accounting for 5.9% of the total DALYs. While these estimates clearly demonstrate the currently very high level of burden that are resulted from depression, the outlook for the future is even grimmer. By the year 2020, if current trends for demographic and epidemiological transition continue, the burden of depression will increase to 7.3% of the total burden of disease in China, becoming the second leading cause of lost DALYs. Worldwide, it will be second only to is chemic heart diseases for lost DALYs. The disease burden of depression-related problems including depression, bipolar disorder and suicide/self injury, accounts for 12.0% of the total burden of disease.

One of the typical tragedies of depressive disorders is suicide. Around 15 –20% of depressive patients end their lives by committing suicide. Suicide remains one of the most common, but avoidable outcomes of depression.

To summarize, depression is a common mental disorder, causing a very high level of disease burden, and is expected to show a rising trend during the coming 20 years. Therefore it is critically important to train the doctors and to improve the mental health services in medical care system. Shanghai Mental Health Regulation, the first local law on mental health in mainland China, effective on April 7, 2002, requires that all medium-size general hospitals and community medical care centers should set up outpatient department of psychiatric or psychological counseling. National Mental Health Project (2002-2010) sets a goal of training 50% of the mental health professionals in general hospitals and primary care settings by 2005, and 80% by 2010.

With the support of the partnership program, the national training program was initiated in 2001. The first “train the trainers” training course was held in Beijing in December 2001. Senior teachers, Professor David Goldberg and Dr. Linda Gask from UK, and WHO Officer Norman Sartorius presided the whole training. Videotaping and role-playing methods were introduced in the training.

In the first half of 2002 in Beijing, the first national training course of mental health in primary care was held with 50 participants from localities across the whole China. As already scheduled, this kind of training would be held once a year in 4 training centers over the country. After the programmed training sessions, the doctor’s knowledge and skills are expected to improve dramatically and some of them shared their experiences in WHO seminars. In 2007, Chinese MOH received a major funding amounting to RMB1.5 million from the state government to sponsor this program. It was really a great case of, as the Chinese saying goes, “A Single Spark Can Start a Prairie Fire”.

Hospital management is another critical area to assure high quality care for patients with mental disorders. In the past, most mental health hospitals were in very poor physical conditions. Patients were locked if they were manic. After delegations of mental hospital doctors reported their findings after visiting mental hospitals in Australia, Belgium, Singapore and Thailand 10 years ago, the Chinese hospital directors was shocked of the drastic difference. Changes were subsequently initiated to provide patient-centric care in an effort to treat mental patients the same as other patients. Some hospital doctors even share the same canteen with patients. The mental hospitals began to encourage patients to play piano, to write, to draw, to make arts and handcraft, to learn dance and to try to live as groups. A systematic management training program was not only targeting at hospital directors, but also

middle managers in the large hospitals. These managers learn as a team about management concepts and then make strategic changes. These hospitals engaged training for community doctors and nurses on how to take care of patients in the long run and try to help patients to get back to the society. They also learned how to communicate with patients and other stakeholders of the hospitals, how to manage their organizations to become more competitive by providing innovative patient care programs, how to manage crises in the hospital settings and how to build partnerships with suppliers and related organizations.

Education for patients and their family members is another important element for helping patients recover faster. It is a common place that some patients, after certain period of treatment, believed that they had recovered and stopped taking medications, then the disorders relapse again. The patient compliance problems make complete recovery even more challenging. So educating patients and their family members to cope with the disease on a long-term basis is one of the critical steps to help patients to overcome the diseases. A series of patients training materials were developed and an ABC Co helped to print and distribute to hospitals. A one-week seminar for patients and their families was organized in more than 100 mental hospitals and it was very helpful to the total treatment program. The program was called “Love’s Half-Way House” – a rehabilitation and recovery project for mental patients and their relatives. Experts compiled and standardized a set of teaching materials, which served as “best practice” guidance to the psychiatric hospitals all over China on how to help the mentally ill and their caregivers cope with their conditions.

Even a patient with very serious disease should not stay in hospital for his/her whole life. Some patients needed life-long care. So by combining resources of community

clinic with the specialty mental hospitals, together with home-based family care, provide the best rehabilitation model for the mental patients. In Belgium, in a town called Geer, many families are willing to accept mental patients to stay at their homes and help to take care of them for years. In Australia, the systematic treatment closely linked community clinic and mental hospital. Patients could recover much sooner and find it easier to go back to work.

Professor Shen Yucun, a famous Chinese academic in psychiatry commented: “Before 1950s, due to the shortage of effective medicines, most patients were either locked up in lunatic asylums or left homeless very miserably. Now the discovery and clinical application of the systematic treatment and use of new drugs created a new epoch for therapy of psychosis, enabling many patients to recover and return to the society.”

In Dr. Shen’s view, discrimination against the mentally ill stemmed from outdated concepts that the mental patients are not curable, which represented a big barrier for patients seeking to return to the society. Additionally, the ice-cold wards, locked windows with iron grating, prison-like management models in some mental hospitals and commanding tones of the family members discouraged sufferers from coming out from the shadows. Dr. Shen advocated emotionally that it is imperative to change the minds of those mostly close to the mental patients, telling them to treat the sufferers in the same way as they treat normal people and give them all treatments enjoyed by general patients in all aspects of life rather than regard them as dangerous people. The mental patients need the same lifestyles and communications available to normal people, not to be locked up like prisoners.

Professors Zhang Jizhi, Jiang Zuoning, Shu Liang and Yu Xin, Chinese experts in psychiatry, talked about how to help patients recover and return to society as soon as possible. Professor Ma Hong with Beijing Psychosis Research Institute recalled: “I think starting from the discovery of Risperdal, Dr. Paul Janssen began to popularize

the concept of non-tranquilization. This was a great change to the psychiatric concept. Earlier, psychiatrists held that psychosis in wards should be kept quiet under control. At 8PM in the evening, patients should go to bed, otherwise the nurses on duty may be blamed for any disturbances. But now people's point of view was new and fresh after training: while accepting treatment, mental patients should enjoy the rights to maintain their habits and customs. This changed the traditional concept and changed the practices. After the systemic training and intensified debates, Chinese psychiatrists and the health care managers gradually accepted the concept that mental patients should live in the same way as normal people. This was a great leap in conceptual evolution, and the MOH has spent many years to promote it. In addition, MOH tried every means to mobilize the general public to practice it and carry it forward. As mental health problems cannot be solved in such short period of time and more PPP are needed to utilize the resources and gain the knowledge of all participants.

Miss Yan Jun, the leader of Diseases Control Department of Chinese MOH said emotionally: "Since we did not have enough investment from the government, we tried to test the effectiveness of the PPP and obtained surprisingly positive results. It was not just financial support, but also the creativity and passion from people who participated in the projects. Through the systematic programs, we dramatically improved public awareness on mental health. The multinational companies like J&J brought a lot of initiatives for training and many projects were thus organized. Patients, teachers as well as doctors received great benefits from the PPP. It works like a snow ball, it becomes bigger and bigger, more and more people participated in it and it would play great roles to speed up improvements of Chinese mental health care!"

Conclusion

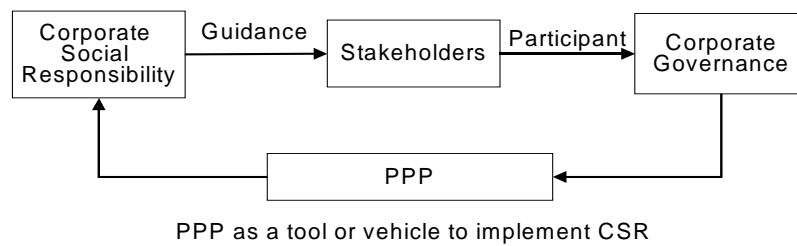
In the recent 10 years or so, mental health care in China improved significantly. It was partially due to the economic improvement in China but it also benefited from the PPP between MOH and J&J. XJP, through the PPP, help implemented Austin's (2000) seven C. The purpose of PPP was to help mental patients. The partners have the shared vision that they must do something together and collaboratively for the mental patients. Value was created for all partners by and through connecting resources of all stakeholders, including government, hospitals, doctors, companies and public. During the process of project implementation, the stakeholders communicated formally and informally to build trust and solve problems on an ongoing basis. They learn from each other and continue to improve. From this case study it was apparent that all partners have become increasingly committed for the cause of providing optimal care for mental patients.

- Charity
- Congruency
- Creation
- Connection
- Communication
- Continual
- Commitment

Finally, the outcome of PPP was very persuasive. Government used the companies' resources both in financial support and knowledge-sharing, plus all the efforts contributed by other stakeholders such as doctors and associations to achieve MOH's 10-year framework plan for mental health care. Professional associations joined the PPP, organized doctors for training and practical implementations, helped

developing treatment guidelines as well as participated in training for patients and their family members. The partners worked together to train public not to look down the mental patients but instead should help them to recover and go back to the society. For the companies like J&J and XJP, they gained the trust and reputation from public through the PPP projects, especially from their key stakeholders. They used PPP as a vehicle and tool to implement their CSR like the model showed below. It is a very good practice in China to improve mental health through PPP.

Figure Case 1.6 The relationship map among stakeholder theory, corporate social responsibility and PPP



5.2 A Case Study of Public-Private Partnership for Drug Post Market Surveillance Monitoring (PMS) in China

Foreword

The world-shaking Thalidomide incidence took place in early 1960s. In the Federal Republic of Germany and other countries, thousands of phocomelia bodies with very short or absent long bones and flipper-like appearance of hands and feet, were born because their mothers took the medicine of thalidomide during pregnancy. Therefore, International Drug Monitoring Program, consisting of 10 countries, was organized by the World Health Organization (WHO) in 1968. At the same time, the WHO Cooperative Group was established in Alexandria, Virginia, USA, responsible for collecting and exchanging the Adverse Drug Reaction (ADR) reports which include forms, terms, pharmaceutical catalogs and development of computer report management system. The term ADR primarily refers to the adverse reactions under normal usage of medicines during the period of prevention, diagnosis and treatment of diseases. The World Health Assembly in 1970 considered the program to be very successful and decided to establish a permanent organization - the WHO Drug Monitoring Center in Geneva. The Center began to work fully in 1971 and moved to Uppsala city of East Sweden and was renamed as WHO Collaborating Center for International Drug Monitoring. In 1997, WHO Collaborating Center for International Drug Monitoring was again renamed as Uppsala Monitoring Center (UMC).

On May 3, 2006, Guangdong Food and Drug Administration of China reported that some patients who used an Armillarisinum Injection produced in Qiqihar No. 2 Pharmaceutical Co., Ltd. of Heilongjiang Province had experienced serious Adverse Drug Event (ADE). The term ADE refers to the adverse drug reaction produced by counterfeit or substandard medicines or wrong dosages. On May 11, the State Food and Drug Administration of China (SFDA) issued an urgent notice on closing down

the entire pharmaceutical production in Qiqihar No. 2 Pharmaceutical Co., Ltd. of Helongjiang Province in China. It was discovered that 13 patients lost their lives by using the medicine because the plant violated material quality control requirements by using the counterfeited propylene glycol as supplementary materials, which can lead to deadly acute renal failure to the patients who used the drug. Later, news came out on May 18 from Chongqing Food and Drug Inspection Team that 1200 pieces of Armillarisinum Injection produced in Qiqihar No. 2 Pharmaceutical Co., Ltd. were found, among which 770 pieces of Armillarisinum Injection flowed to Weiyuan City of Sichuan Province and the rest 400 injections were confiscated and the other 30 pieces were destroyed. Meanwhile, in order to protect the safety of citizens, the municipal branch of Food and Drug Administration started a reporting system and immediately closed down the distribution of all drugs produced by Qiqihar No. 2 Pharmaceutical Co., Ltd. The ADR Center of the whole country immediately started the prescribed early-warning mechanism and all the products produced in this plant were placed on recall and the enterprise eventually went bankrupt under the strong supervision of the SFDA.

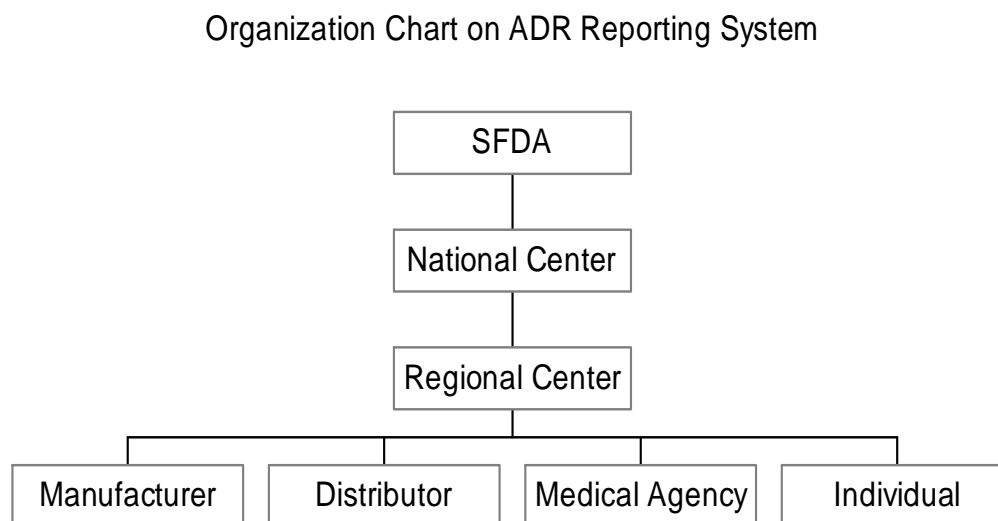
On August 15, 2006, the State Food and Drug Administration (SFDA) held a news conference, and reported the results of ADR investigation arising from clindamycin phosphate glucose injection (Xinfu) produced by Anhui Huayuan Biological Pharmaceutical Co., Ltd. The report revealed that the Anhui Huayuan Biological Pharmaceutical Co., Ltd. has failed to produce Xinfu according to regulations, and sterilization failure has caused tragedies to patients who used the drug. At least 11 persons had been dead in nearly 10 Provinces as a result. Huayuan's incident has once again signaled alarming administrative deficiency in drug monitoring. All drugs produced by Huayuan have been sealed, suspended and recalled, and all operations of the company were closed. More than 2,000 staff members had become unemployed, and the general manager committed suicide. However, all of these

cannot make up for the grief of families of all patients who died of the adverse reactions to the drug.

Facing all of these shocking incidences, all members of the pharmaceutical industry realize the importance to set up China's ADR Monitoring System and early-warning mechanism!

A famous ancient Chinese doctor has warned a long time ago: "No drug without toxicity!" Even if there are no problems in quality of drug production, ADRs may still occur. According to some incomplete statistics, almost one hundred thousand of people die in China each year just because of drug-induced adverse reactions. Drugs are special commodities, with dual characteristics. On the one hand, they may help treat diseases, and on another hand, they may produce diseases. Due to inherent limitations of laboratory researches on animals and various clinical trials on human subjects, adverse reactions to a particular drug with low probability of causing significant harms to human can only be found during extensive clinical applications. Therefore, it is necessary to monitor the ADR after a drug is approved for marketing. In the developed countries, there is a complete set of ADR monitoring system for drugs. Under this monitoring system, in the event of adverse reactions, doctors, pharmacists and patients will be timely informed and cautions taken. The drug label may be timely modified and drugs may be withdrawn from the market under certain circumstances. If it is a quality problem in the manufacturing, the government has a strict monitoring system requiring enterprises to set up proper procedures to ensure the compliance of quality standards in manufacturing drugs.

Figure Case 2.1 Organization and Duties of China's ADR Monitoring Center



Source: SFDA ADR presentation, 2006

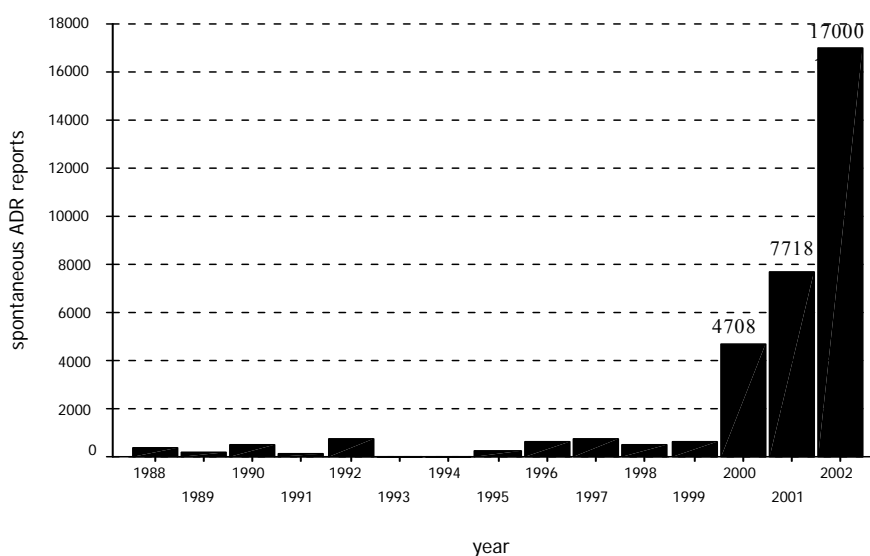
China ADR Monitoring Center mainly undertakes the following duties: collection of national ADR reports, assessment of such incidences or reports, provision of feedback directives and generation of reports; provision of technical guidance of provincial-level adverse reaction centers; construction and maintenance of national ADR database and monitoring network; organizing ADR publicity, education, training, ADR Information publication editing and publishing; participation in international exchanges on ADR monitoring; and organizing the study on ADR monitoring methods. In order to fulfill these duties, Chinese ADR Monitoring Center engages efforts to set up an effective nationwide ADR Monitoring Network, improving ADR monitoring techniques, maximizing the coverage scope, obtaining real-time information, and constructing emergency access channels and mechanisms. On the whole, the ADR Center must enhance the overall capability of timely discovering, reporting, assessing and controlling ADRs, thus afford the feasibility of timely dealing with sudden or sporadic adverse events, minimizing the occurrence

rate of drug-induced diseases or serious adverse reactions, in order to protect the health and interests of the public, and promote the healthy development of drugs for Chinese market. In the implementation process, the ADR Center encountered the following problems:

Main issues of ADR in China

According to WHO's requirements, the number of reports per million populations shall be 300 copies on average, whereas in China, the number was only 36,852 copies in 2003 or an average of 27 copies per million populations. It was lower previously as shown in Table I. Compared with the advanced countries we may see that the gap was big. China has a population of 1.3 billion and in 2003, the number of reports was 36,852 copies, whereas in the United States with only 300 million populations, this figure was as high as 320,000 copies.

Figure Case 2.2 Number of China ADRs (1988-2002)



There were also big differences among various geographical regions in terms of ADR reports. For example, in 2002, the number of reported ADRs was 4346 copies in Beijing whereas only 45 copies in Tianjin, the gap was hundredfold; and in Xinjiang Uygur Autonomous Region, there was zero ADR reports. It was also observed that there was much less reports by medical institutions. Take Shanghai (rated good performance in monitoring ADR) as an example, in 2001, 19 Level-III comprehensive general hospitals among a total of 31 such hospitals filed “zero” reports.

According to results of "ADR Awareness Survey on Medical Staff" conducted in Shanxi Province and Wuhan City of Hubei Province, the low rate of ADR reporting in medical institutions was largely because of short of basic information among medical personnel about the ADR requirements and processes, and of misunderstanding of the function of the voluntary ADR reporting system. Meanwhile, there still existed deficiencies in building the overall ADR reporting mechanisms and related infrastructures. The following represents a brief summation of the situations:

- In terms of quantity, of the reasons why pharmaceutical manufactures proportionally underreported ADR incidences: As for pharmaceutical enterprises, although China has implemented the mandatory ADR reporting system, the proportion of businesses who did report only account for 15% of total Chinese pharmaceutical companies whereas such figure is above 90% in the United States. The problems appear in the process of policy implementation, particularly in areas of proactive compliance on the part of pharmaceutical enterprise.
- Possible reasons for under reporting of new and serious ADRs: Among the ADR reports received by National ADR Monitoring Center, 99% were

already known, but the number of new and serious ADRs with real proactive monitoring value only accounted for 1%, far below the minimum requirements of risk management for an effective monitoring system.

- Potential influencing factors embedded in the system design of the reporting system: First, there existed inherent shortcomings in the design of the voluntary reporting system. China had relied mainly upon voluntary reporting system to collect ADRs, which has been universally adopted method of ADR reporting. But such a system is one involving economical stakes and covering a very wide geographical scope, which would translate into risk-avoidance behaviors that in turn induce high rate of omissions and impossibility compiling credible statistics of ADR incidences. How to promote and facilitate the reporting is always a challenge.
- In addition, the quality and training of reporters and monitors, organizational architecture, effectiveness of legal enforcement, as well as socio-economic conditions and incentives, the overall regulatory environment, new drugs and other institutional factors collective affected the construction and operation of the ADR reporting system.

Solution

Globally, people's awareness of ADRs has been rising gradually along with in-depth research and extensive application of modern research on new chemicals. But for a long time, China had closed its relationships with most foreign countries since the founding of the People's Republic. A modern and effective ADR monitoring system and reporting system cannot be established overnight. Further, the ADR Monitoring System is not a task that can be achieved by an organization or a governmental agency alone. This is a systematic undertaking involving complex and extensive participation of many actors. First of all, ADRs may be firstly discovered by doctors, pharmacists, nurses, patients or manufacturers and then they would make initial

reports and a preliminary declaration, professional and technical departments of the governmental agency would process the information and conduct detailed technical analysis according to actual conditions, then timely feedback to doctors, pharmacists, patients or manufacturers through appropriate channels and mechanisms reminding relevant personnel to take relevant precautions so as to avoid further spread of ADRs. There are many factors influencing ADEs, however, and in most cases, the cases are more complicated. For instance, the ADEs may involve errors in clinical prescription or administration of medications, defects in product quality, improper combinatorial usage of drugs, unexpected side effects for special population, and counterfeit & substandard drugs, all of the above may cause adverse clinical consequences. Among these potential causes, known and expected adverse reactions (such as ADR related to dosage), contradictory drug interactions, medication errors, as well as product quality defects are all preventable adverse events. If there is a set of scientific management methods in place, the ADEs may be controlled effectively. It becomes clear that we must rely on scientific knowledge of modern drugs and standardized monitoring and management measures and mechanisms to minimize the potential injures patients may suffer from adverse drug effects

Along the course of China's opening up to the world and China's various reform initiatives, multinational pharmaceutical companies have entered China, and new drugs have been gradually introduced to the Chinese market. This situation helped shape up the foundation of establishing and operationalizing China's post-market drug monitoring and management. Comparatively, the multinational pharmaceutical corporations have taken better self-regulation measures toward risk management of their products. In the context of increasing level of globalization of the pharmaceutical market, the developmental trend of ADR monitoring is also gradually moving toward global integration. The International Cooperation and Exchange Center and China ADR Center of SFDA have timely captured this opportunity to call for multinational pharmaceutical enterprises to participate in

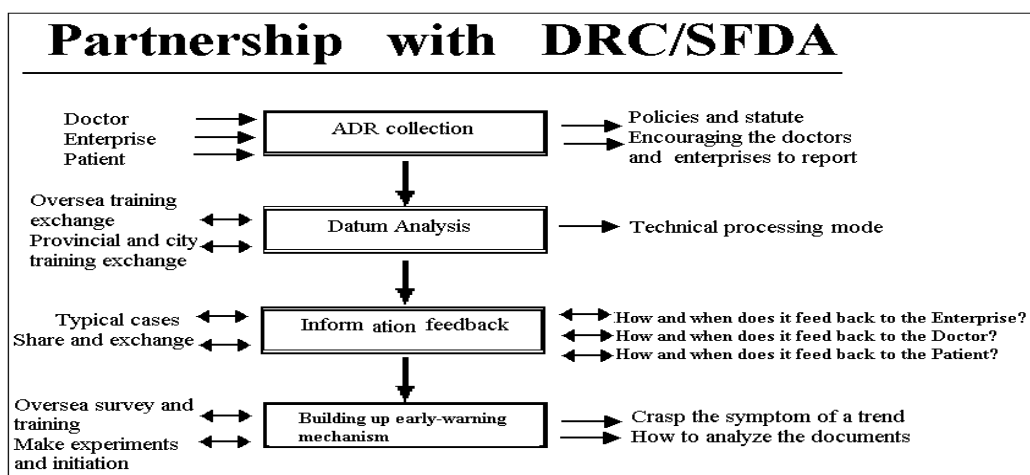
China's ADR monitoring. As the pioneer of the transnational corporations, XJP responded very positively to this calling, and initiated steps to set up a long-term strategic cooperation project for jointly enhance and building up the Chinese ADR Monitoring System.

In the year 2000, J&J, one of the top 500 global companies, signed the second 5-year partnership contract with the MOH and State Food and Drug Administration (SFDA) of China. J&J promised to provide US\$ 2 Million each to MOH and SFDA separately and signed respective joint agreements for these projects. The contracts specify that all the projects must be set for the purpose of improving public health and/or health care education. The operation of all the projects should be open and transparent. No products promotions were allowed for the partnership projects. XJP took the partnership projects very seriously since it is one of the affiliates of J&J and all its actions must conform the principles of its corporate Credo, which says: Be responsible to patients; be responsible for employees; be responsible to society and be responsible for shareholders. The Chairwoman of the board, accompanied by a vice president of the company, visited Mr. Bai Huiliang, the head of Safety Assurance Department of SFDA to explore the areas of needs for the collaboration. Mr. Bai frankly expressed the urgent needs for help with the Post Market Surveillance (PMS) Monitoring system because China is too large and is lack of relevant experiences. If the regulations were not properly set up it would cause huge problems and public panic in case of major drug adverse reactions. Ms. Li Shaoli, the head of Drug Reevaluation Center, and Ms. Yan Min, the section head of PMS talked about their specific needs in more detail: They would like XJP and J&J to employ their international networks to obtain the PMS and drug Surveillance Monitoring related regulations and technical knowledge, as well as sharing their experiences implementing different regulations from the U.S., the Europe countries, Australia as well as Japan. In this way, China could establish proper regulations based on the best practices and lessons learned by J&J in the past. These sharing

would be greatly beneficial to a large country like China, and these types of partnership would be beneficial for both for patients and the public. At the conclusion of these meetings, J&J and XJP agreed to sponsor this great project.

At the very beginning, both parties realized that the scope of collaboration spans across many very broad areas: from formulating the policies for encouraging the reporting of adverse reactions, to technologies for processing collected information; from PMS and ADR monitoring, to release of network-based drug sales and drug safety information; from interpreting signals of ADRs to establishment of a early-warning system; from studies of safety of certain drugs using epidemiological methods, to close cooperation with international ADR monitoring organizations, just to name a few. All of these indicated that establishing an effective ADR monitoring system in China was facing with many opportunities and challenges. In order to comply with development trend of global integration of international ADR monitoring, and strengthen the exchanges of worldwide PMS and ADR monitoring information, the government and multinational companies have launched strategic cooperation, it involves utilizing resources from various partners, sharing information and learn together.

Figure Case 2.3 Public-Private ADR Strategic Cooperation Framework



Under the business and regulatory environment where no well functioning ADR monitoring system exists, it was potentially very risky for enterprises to join such a strategic partner program. For example, considerable number of pharmaceutical enterprises received ADR complaints from doctors, pharmacists or patients but decided not to report. On the one hand, relevant laws and regulations were not complete especially the functions of effective monitoring and legal sanctions were both inadequate. On the other hand, since many domestic pharmaceutical enterprises had no relevant experience and past practices of reporting, and they customarily consider such ADRs were normal phenomena and part of the game. As a consequence, they fail to recognize that if they adapt to a scheme involving systematic collection, processing and feedbacks for ADRs, the risks of adverse reactions and injuries to the patients may be significantly reduced, thereby the risks to the enterprises will also be lowered. Under these circumstances, if enterprises were to report more adverse reactions as they occur, the media may disclose more, patients may take these opportunities to make claims to enterprises, and business competitors may take such opportunities to attack...which, collectively, would cause honest enterprises suffer from great losses. How to deal with such contradictions like the "chicken versus egg" paradox when situations cultivate moral hazards to avoid risks?

Leaders of three parties engaged in-depth discussions about ways to conduct such cooperation. First, Mr. Zhao Yajun, Director of International Cooperation and Exchange Center of SFDA, expressed whole-hearted support on behalf of the governmental agency and recognized such government-enterprise strategic cooperative projects to be of great value. In his view, learning experience from foreign countries in building adverse reactions system saves time, it is the most valuable avenue for such cooperation; Ms. Cao Liya, Director of ADR Center, showed great enthusiasm. As early as in the early 1990s, Ms. Cao visited several countries in Europe to study the registration and management of drugs, as part of the

studies she learned that there was a complete set of drug management and monitoring system in Europe, a system include a full range of drug managements such as registration and approval, clinical trials, post-market re-assessments, and early-warning mechanisms. Although the present Chinese domestic registration system was relatively sound, but post-market re-assessments was weak. She reasoned that if we could adopt the proposed public-private strategic cooperation project to further improve domestic system, the speed of improvements would be greatly accelerated, and efficiency and effectiveness greatly enhanced. But the big question mark was how to resolve the concerns of pharmaceutical enterprises? This was a problem not only for one particular enterprise, but also for many other enterprises, including hospitals. In the economic theory, there was a major problem involving "collective actions". If the health care administration does not change the hospitals accreditation system and criteria to reward the initiatives of timely reporting adverse reactions, but instead treat the rate of ADR reporting as one of the criteria that disqualify their rating for outstanding hospitals and their presidents, such situation will never be changed. If we find the root cause of the problems, the solutions would appear naturally. Whether to introduce an "Incentive-based" or "punishment-based" policy is fundamental to resolving the concerns of enterprises. The quantity and time of initial declaration of adverse reactions (ADE should be declared within 24 hours after the incidents occur) should be regarded as one of the conditions for enterprises awards. As the supreme body of national pharmaceutical administration, SDFA has the full authority to influence the appraisal of many domestic agencies. XJP has been one of the top 10 outstanding Foreign Invested Enterprises (FIEs) in China since 1992, and has repeatedly won the rewards! The brand recognition instantly gave XJP's credibility and popularity and strengthened the partners as well as societal confidence toward XJP. Till now, XJP has taken the lead both in product quality and adverse reaction reporting. Over the past years, XJP has initially reported adverse reactions in Shaanxi Province and to the National ADR

Center, its normalized reporting and active participation have helped the Provincial and National ADR centers to gradually improve the system. Overall, the successful cooperative projects have promoted the continued maturation of China's adverse reaction monitoring and management system, in the past and going forward.

PPP – Utilizing international experience

The main tasks of Chinese National ADR Monitoring Center include employing the state-of-the-art technology and proper organizations to establish and perfect the ADR reporting system, assessment system and service system based on mandates of current laws and regulations. Taking the production as an analogy, the reporting system is the collection of raw materials, the assessment system is the processing of raw materials, and the service system is ultimately to provide products to the government and the whole society. These three systems are closely linked and interacted, affecting, facilitating or promoting each other. In particular, the reporting system is the foundation of assessment system and service system, the assessment system is the reference of service system and also the link between reporting system and service system. The service system ultimately reflects the results of the whole adverse reaction monitoring. Through result evaluations the problems and shortcomings may be identified, and thus foster further promotion and improvement of three systems. By clearly defining the tasks, the goal of proposed cooperation would be clear to the parties. In such cooperation, multinational corporations are to use their international experience and connections to help China establish a set of adverse reactions monitoring system in line with international standards, thus make contributions to drug safety. This is corporate social responsibility, and a mission of pharmaceutical companies. The multinational pharmaceutical companies were acutely aware that companies with irresponsible behaviors will not last long in China.

According to international experience, the construction and development of ADR monitoring system generally undergo three stages: In the initial stage, emphasis is laid upon the construction and improvement of reporting system; in the development stage, emphasis is laid upon enriching and strengthening the assessment system; in the mature stage, emphasis is laid upon ensuring good service system, and truly serving for the whole society with monitoring results, especially for patients. Given that China's ADR monitoring was still at the initial stage, the primary task of the cooperation project was to learn from foreign experience that are adaptable to the current Chinese laws and regulations, and learn how to facilitate the construction and improvement of the reporting system that is comparable with that of the developed countries.

The one most important objective for the PPP cooperation was to utilize J&J's worldwide resources as a major transnational corporation to collect PMS and ADR information, including laws and regulations, legislative process, problems occurred in the implementation of regulations, methods and best practices, and particularly those lessons learn in other foreign countries. This was indeed critical for a large country with a population of 1.3 billion, aggressive and diligent learning would minimize risks to the public and would translate into thousands lives saved. Further, under the context of globalization, there are no national boundaries on responsibilities and obligations to human health. Enterprise's active participation in formulating laws and regulations relating to adverse reactions monitoring give rise to the possibility that any problems occurred in the policy implementations coupled with the feedbacks from hospitals, doctors and pharmacists, would be timely incorporated into such policies and procedures, thereby an effective system will develop more responsively.

According to strategic cooperation plan between SDFA and J&J, the XJP firstly needed to help gather overseas policies, particularly the policies of the advanced countries:

- Through 100 years of development, the legalized science-based ADR monitoring system in the United States has gradually become open and transparent;
- EU has implemented EMEA drug alert and risk-benefit management. In November 2005, the EU began new drug monitoring and management practices and provided information support system to its member states. "European Union's risk management of new drugs" includes basis of laws and regulations for drug enforcement departments, model of re-assessment management, experience and follow-up work, all of which would be very useful for China;
- The UK has rich experience in drug management. In 1986, the UK established a "Green Card" system - prescription event monitoring system, which has been undertaken by the British Institute of Drug Safety (formerly attached to the University of Southampton, and now affiliated to Prime Mautz University). Since its establishment, it has monitored 86 prescription drugs, and it has regularly provided information to MCA, its findings have been returned to the related enterprises for research, or directly released on its open publications (four publications altogether). It has played significant roles for the government to make decisions;
- Before establishing the new "Drug re-assessment system" in 1988, Japan carried out large-scale re-assessments of drugs in 1967 and 1979 respectively, involving 18,920 kinds of drugs, accounting for 98.2% of all drugs, and withdrawing 5.7% (1,079 kinds). Spain also has tried such model of large-scale re-assessment, and in 1990, Spain issued research guide to new drugs. Through discussions and

exchanges, the partners have learned background and experience of these two countries in large-scale re-assessments, as well as their legislative experience. "Review and Prospect of Japanese Drug Re-assessment System", including overview of laws and regulations in drug re-assessment, mode of technical management, large-scale re-assessment background and experience, and future direction of re-assessment management, all of which have enlightened Chinese experts.

Through various channels of this strategic cooperation, the participants collected more than 100 domestic and international articles, in which there were abundant management experience and technical information about a large number of new drugs, including laws and regulations, guidelines and technical specifications in Japan, South Korea, the United States, the UK, Germany, Spain, Australia, EU and other regions respectively.

According to the strategic partnership agreement, Chinese experts, assisted by XJP, had visited drug administrations in the European Union, the United Kingdom, and Belgium respectively. The purpose of these visits was to learn from these foreign drug agencies on management experience, which has expanded the visitors' knowledge horizons and enlightened innovative ideas. Through mutual understanding and exchanges, the experts in charge of adverse reactions monitoring and management had significantly increased their confidence level for risk management of drugs, and meanwhile, the issuance of "Re-assessment Management Practices" had played positive roles in enhancing the learning process.

Post-Market Surveillance (PMS) is a complicated and systematic project, so the cooperation project initially focused mainly on investigations and pilot studies. It

was an urgent task to fully grasp the core concept of drug re-assessment, and explore workable models for re-assessment and technical management suitable for Chinese national conditions.

On the basis of investigations, the strategic cooperation projects were extended to include re-assessment of Chinese national conditions, management models, and technical methodologies. Furthermore, the pilot re-assessment has been launched on some drugs. Pilot re-assessment covers different units with different purposes and methods, and different monitoring links. There were 14 pilot studies conducted in the first group.

Asimizuo, a famous brand of drug produced by XJP, has been listed as one of them. Given that Asimizuo had been widely accepted in China, there were few adverse reactions, but in some foreign reports, the combinatorial usage of Asimizuo with other drugs has shown to produce more serious cardiac side effects. With quality assurance both for clients and patients, XJP has accepted such pilot studies and actively coordinated the test: First of all, XJP revised the instructions, reduced the dose, increased the warnings for heart diseases, and added black frame on warranty languages on the packaging box, so users may be directed to look at them more closely. Although there has been no serious adverse reactions reported in the SDFA's monitoring system, XJP had withdrawn Asimizuo from Chinese market according to the requirements of the corporate headquarters in the United States. Such move has won XJP great reputation from the government, pharmacists and the general public. Such cooperation has greatly enhanced the credibility between both parties.

Key factors - Organization and talent training

The construction of an organizational system (namely, national administrative regulatory system and technical supervision system) is the institutional assurance of successful launching the adverse reactions monitoring system in an all-round fashion. Boosted by PPP project, the governments at all levels have vigorously supported ADR monitoring. At present, there are 32 ADR Monitoring Centers in 31 provinces and autonomous regions. And 19 provinces have also established monitoring agencies below the provincial level.

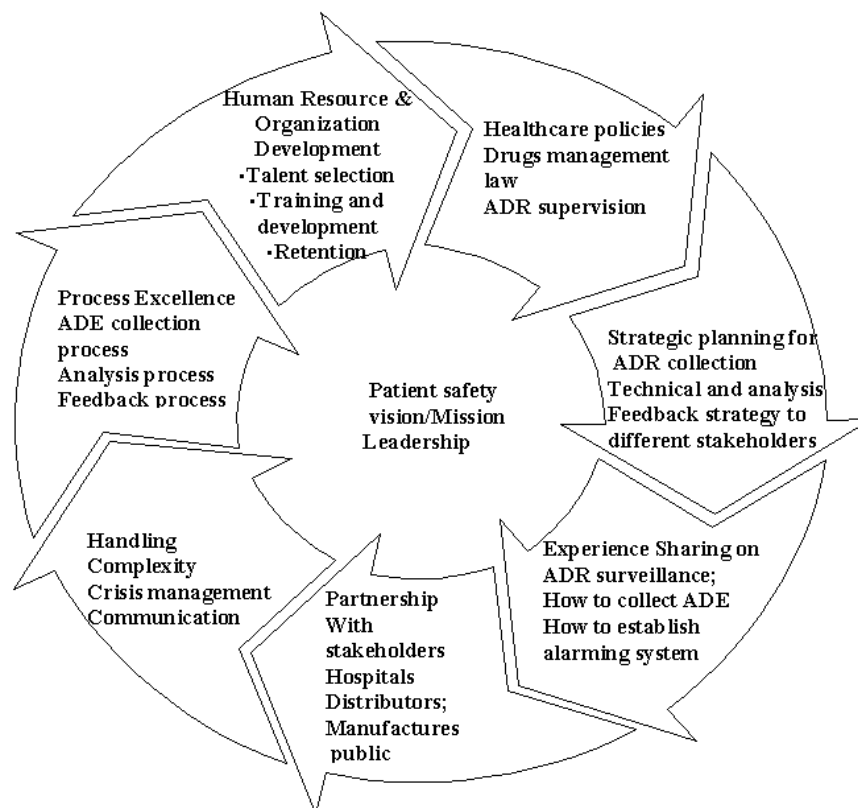
To warrant the significance and long-term success of the ADR monitoring system, in addition to the organizational assurance, the training of professional technologists should be strengthened, so various educations and trainings were planned or conducted. In terms of personnel or technology training, the multi-international companies do have great advantages. For example, XJP, as one of J&J affiliates, has enjoyed superior reputation on personnel development and training in the pharmaceutical industry. So it was nicknamed as the “Huangpu Military Academy (The most famous army school in Chinese history during the 20 century war period)”. The company was not only good at training on the products knowledge, but also on systematical management training such as communication skills, process excellence customers-focused services, leading change and team building, corporate culture and business ethics, as well as its special expertise in handling customer complaints. With regard to the ADR management system such as recall system in case drug has quality issues, an area that was very useful for the Chinese PMS and ADR system, the XJP had both good training materials as well as top quality speakers. So with all three partnership programs with SFDA, XJP had successfully run many training projects that went extremely well.

Ms. Cao Liya, the director of the national drug reevaluation center, asked the partnership organizer to help for training on media management. It frequently happened in the past when there was an ADR, even when it was a normal case since because everyone may react to a certain drug differently, a situation that was totally different from an ADE which may hurt many patients, (ADR mainly means the irrelevant or accidental adverse reactions under normal usage of medicines during the period of prevention, diagnosis and treatment of diseases while ADE refers to the Counterfeit & substandard medicines or dosage related issues; drugs reciprocity; misusing the drugs and quality defects of the drugs which harmful to the patients.) the media reports had misled the public and cause unnecessary panic to patients, hospitals or drug manufactures. So the education and training to the key persons in then influential media is also very important because they need to know the proper terminology and provide the right messages to the public. This kind of training produced great outcome. The right messages from the mainstream media prevented many rumors and helped the government and public, as well as hospitals and manufactures to handle the crises during reported ADE cases.

In order to rapidly meet the standards of International Adverse Reaction Center, the public-private strategic cooperative partnership decided to send one responsible person from each Province, organized in two groups, to visit WHO Uppsala Monitoring Center. This plan had produced unexpectedly good results. Experts of China Adverse Reaction Monitoring Center had not only learned much knowledge about the systems, processes and transmission of WHO drug monitoring program information, but also acquired specific knowledge on ADR monitoring technologies and working patterns including methodology of how to generate early-warning reports through adverse reactions "signals". What is more important was that through such team training sessions, these Chinese experts had the opportunities to discuss the vision and mission of Chinese ADR monitoring and management,

cultivated culture of team learning and sharing. Collectively, these practices allowed the shortest time for Chinese ADR monitoring to learn the established best practices and catch up with international standards in ADR monitoring and management. Additionally, the intrinsic inspirational and motivational forces unleashed from these cooperative efforts had proactively speeded up the process of developing a modern China ADR monitoring and management. In order to provide systematic trainings for domestic talents, PPP project managers developed the following training modules:

Figure Case 2.4 Mode of Talent Training



- Core courses: management knowledge and management skills;
- Invited lectures: domestic and international ADR experts deliver lectures to expand the trainees' basic knowledge horizon;

- Forums and seminars: Discussion sessions conducted irregularly but as needed on hot issues about current ADR management, trainees are encouraged to freely express their opinions and explore innovative ideas;
- Visits: in addition to topical researches, trainees participate in international visits during which they learned from and discussed with foreign policy makers about their experience in establishment and implementation of policies;
- Group discussions: discussion and simulated negotiations on specific issues.

Next cooperative training scheme:

Given that National ADR Center received about one million copies of ADR reports every year, data standardization and automatic data analysis are important part of adverse reactions monitoring, which would help continuously monitor dangerous signals of any given drugs. Furthermore, this computer-based data mining and data analysis system may help discover new ADR, contradicted drug interactions, medication cautions and warnings, and drug-related injuries. XJP and J&J headquarters had proposed to cooperate with National ADR Center to help set up the ADR data analysis system. The project was to be conducted in two stages.

1. Stage I: Organizing 20-30 professional technologists and management personnel to attend a 3-day training in data analysis system;
2. Stage II: Selecting 2-4 professional technologists from the above group to participate in 2-week advanced study overseas.

Meanwhile, XJP was charged to help set up expert database and organize an advisory committee, help motivate the enthusiasm of experts and scholars in all relevant fields to make full use of their tremendous potential of the innovative brain

power. The cooperative project had identified the main problem was that there were too few domestic experts who engaged in research and practiced of drug epidemiology, drug monitoring and drug re-assessment, it was imperative to carry out relevant trainings.

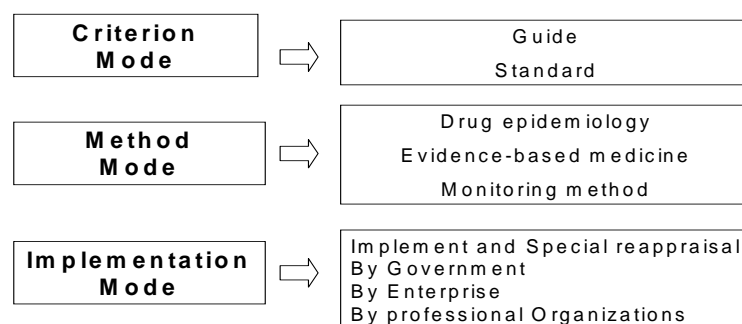
Summary of Achievements

After five years of implementation of strategic projects, China has made great progress in developing its ADR Monitoring System:

- The government had attached great policy emphasis on building an effective ADR Monitoring System and increased the investment correspondingly, and a technological system framework for the national ADR monitoring had been shaped: by the end of 2002, all 31 Provinces had set up their respective provincial-level ADR Monitoring Centers, other institutional infrastructure, personnel development and geographical coverage scope had all been improved significantly;
- The number of ADR reports has been increasing in a sustained and rapid way: sufficient number of ADR reports is the foundation information for carrying out ADR monitoring work. In 2000, National ADR Center received only 4,708 copies of ADR case reports. Since 2001, the number of reported cases has been increasing yearly. From 2003 an onward, the number of ADR reports increased drastically and doubled each year. In 2007, it reached the number of almost one million;
- ADR reports have become routine practices and standards normalized: the quality of case reports is the basic information from which analysis and assessment of drug ADRs may be made. In early 2003, China ADR Center established "Grading Standards for ADR Case Report Specifications", and subsequently incorporated such grading specifications into the systems in the

National ADR Information Network Software Center, thus achieving the normalized grading and statistical classifications. Through statistical treatments, ADR Case Reports have become more and more normalized in 2003, and in 2007 about 90% of the case reports are in conformity to the specified requirements, four times as many as previous years. This percentage was only about 20% prior to 2003.

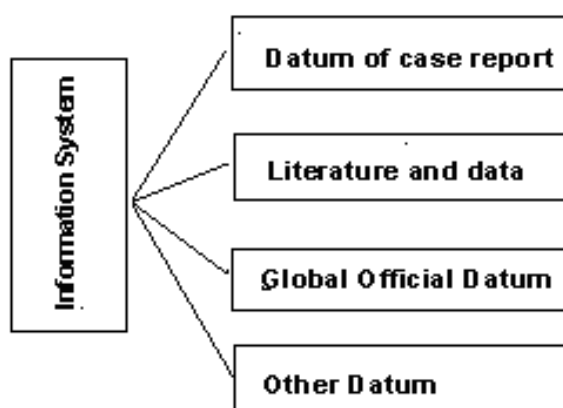
Figure Case 2.5 The Technical Appraisal System



- With the accelerated enabling of remote information network of ADR reports, along with the development of ADR monitoring, the number of reported ADR cases has increased year after year. The original manual information collection was outdated and has not been able to meet the development needs. Therefore, the use of the advanced IT tools to facilitate the ADR monitoring became the necessary means for China to catch up with the standards of other developed countries with the advanced ADR monitoring system. In 2001, the Chinese National ADR Center launched the project to contract an ADR information network. In November 2003, Stage-II network was put into trail operation. It could connect up to 350,000 grass-roots users together through the Internet, and through it each Provincial ADR center had basically achieved the capability of instant online entry for instantaneous ADR

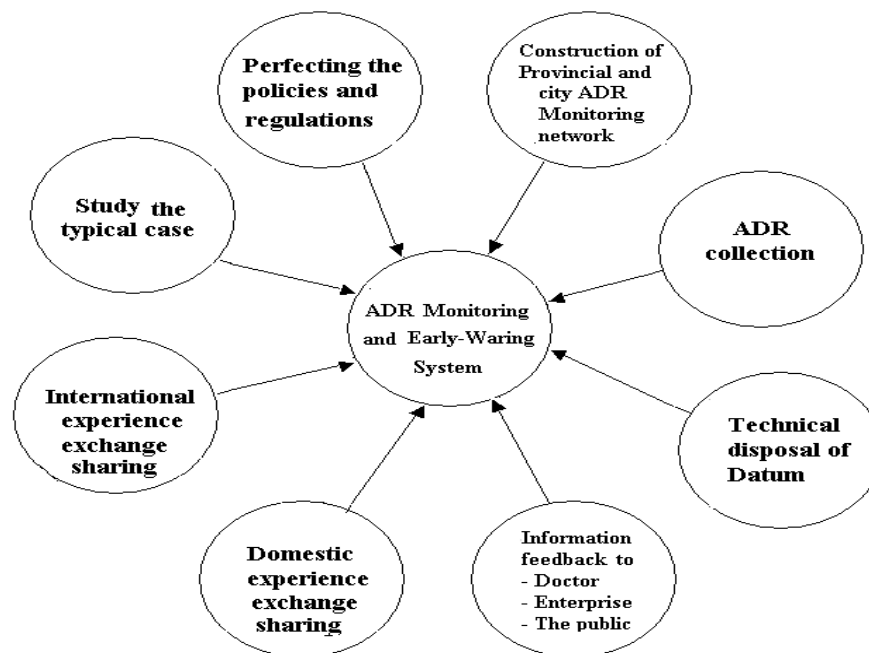
reporting. Thus the collection of information became more timely and accurate, and the timeliness of ADR data collection further facilitated the tasks of data analysis at the ADR centers.

Figure Case 2.6 The Information System



With the use of public-private partnership to sponsor strategic projects, Chinese National ADR Center has boosted the establishment of China PMS. And now the preliminary ADR monitoring and early-warning systems, as shown in the following figure, have been set up.

Figure Case 2.7 ADR Monitoring and Early-Warning System Mode



- Construction of technological platform: with the advantages of existing technological capability, infrastructure and gained experience, special research platforms have been constructed, for instance, the liver and kidney toxicity clinical research base, allergic research base, drug epidemiological research base, and ADR monitoring and management base, etc.
- In-depth study on assessment methods: As for the assessment methods, China is still in its initial stage and lack of utilization of modern scientific assessment methods, which requires bold attempts and in-depth exploration. Under such circumstances, plans are being made to strengthen the study, information and technology exchanges as well as cooperation that fully integrate various forces and resources going forward.

Chinese PMS and ADR was noticed by WHO International Drug Monitoring Center

Since the occurrence of Thalidomide Incident, the western developed countries have successfully set up "ADR Monitoring Systems". In 1968, upon requests made by member states, WHO started implementation of the "International ADR Monitoring Cooperation Program". During 1968-2002, 76 countries (see Table below) participated in WHO International Drug Monitoring Cooperation Program, including 70 formal member nations and 6 informal ones. Since 1998, China has become the formal member of such program. UMC has received more than 2 million copies of ADR reports from these 70 formal member nations. These reports have become one of the important bases for understanding and assessment of drug safety in a worldwide scope. In recent years, the international drug monitoring team is growing steadily, a number of pharmaceutical companies and pharmaceutical researchers have also participated in ADR monitoring. They have made in-depth analysis and evaluation of ADR signals through experimental research and drug epidemiology. The ADR monitoring has been expanded to include monitoring of the safety of traditional herbal medicines, drug toxicology, and long-term observation of drug safety.

Table Case 2.1 Membership Countries under the WHO International Drug Monitoring

Cooperation Program and Their Year of Entry

Official Member Countries					
1968	澳大利亚	Australia	1993	葡萄牙	Portugal
	加拿大	Canada		新加坡	Singapore
	丹麦	Denmark		斯洛伐克	Slovakia
	德国	Germany		坦桑尼亚	Tanzania
	爱尔兰	Ireland		突尼斯	Tunisia
	荷兰	Netherlands	1994	阿根廷	Argentina
	新西兰	New Zealand		古巴	Cuba
	瑞典	Sweden	1995	阿曼	Oman
	英国	United kingdom		菲律宾	Philippines
	美国	U.S.A		委内瑞拉	Venezuela
1971	挪威	Norway	1996	智利	Chile
1972	日本	Japan	1998	中国	China
	波兰	Poland		爱沙尼亚	Estoria
1973	以色列	Israel		印度	India
1974	芬兰	Finland		伊朗	Iran
1975	保加利亚	Bulgaria		俄罗斯	Russia
	意大利	Italy		津巴布韦	Zimbabwe
1976	罗马尼亚	Romania	1999	斐济	Fiji
1977	比利时	Belgium		墨西哥	Mexico
1984	西班牙	Spain		越南	Vietnam
	泰国	Thailand	2000	塞浦路斯	Cyprus
1986	法国	France		马其顿	Macedonia
1987	土耳其	Turkey		斯里兰卡	Sri Lanka
1990	希腊	Greece		南斯拉夫	Yugoslavia
	匈牙利	Hungary	2001	亚美尼亚	Armenia
	冰岛	Iceland		巴西	Brazil
	印度尼西亚	Indonesia		埃及	Egypt

	马来西亚	Malaysia		加纳	Ghana
1991	奥地利	Austria		乌拉圭	Uruguay
	哥斯达黎加	Costa Rica	2002	危地马拉	Guatemala
	瑞士	Switzerland		约旦	Jordan
1992	克罗地亚	Croatia		拉脱维亚	Latvia
	捷克	Czech Republic		秘鲁	Peru
	韩国	Korea Rep of		乌克兰	Ukraine
	摩洛哥	Morocco			
	南非	South Africa			

Table Case 2.2 Unofficial Member Countries

巴林	Bahrain	白俄罗斯	Belarus
吉尔吉斯斯坦	Kyrgyzstan	摩尔多瓦	Moldova
荷属安的列斯群岛	Netherlands Antilles	巴基斯坦	Pakistan

The National ADR Monitoring Training Course, which was hosted by the Department of Drug Safety and Inspection of the Chinese SFDA, was held in Beijing from August 28-30, 2007. This training course was one of the programs of the Strategic Partnership between China Center for Pharmaceutical International Exchange and J&J for the year 2007. More than 160 participants who are engaged in ADR monitoring activities in 31 provinces, autonomous regions, municipalities as well as the representatives from Xinjiang Production and Construction Corps of China, attended the training course. Mr. Sten Olsson from WHO's ADR Monitoring Center, and Ms. Heather Sutcliffe, Director of Marketed Health Products Safety and Effectiveness Information Bureau, Health Products and Food Branch, Health Canada and a number of other renowned domestic experts were invited to give lectures for the trainees.

During the training period, Mr. Sten Olsson from WHO ADR Monitoring Center accepted an interview of China Pharmaceutical Newsletter. He said that he was proud of having the opportunity to join the National ADR Monitoring Training Course in Beijing and enjoyed the candid communications with leaders and colleagues from State Food and Drug Administration and the National ADR Monitoring Center concerning broad scope of issues including the pharmaco vigilance, the scope and importance of ADR monitoring system and etc. He was very pleased to see that Chinese ADR monitoring has developed rapidly, the pharmaco vigilance system and the quantity and quality of ADR reports were being improved continuously and it has become the world's largest database. As the representative of the World Health Organization, Mr. Sten Olsson discussed with Chinese government over the issues of data communication links and exchanges, especially the automatic translation system between Chinese and English versions for the ADR monitoring database, as well as some other technical issues such as new ways to share the WHO's global databases and how China could expediently transmit its ADR reports to WHO. He also pointed out that he highly appreciated the opportunity during this trip to exchange ideas directly with the leaders of the National ADR Monitoring Center, realizing that through the innovative cooperative programs a highly promising ADR monitoring system was eventually established in China. At the same time, he believed that it's extremely important to train ADR monitoring staff. WHO was also assisting in training related Chinese professionals in the food and drug administration departments, including sending WHO experts to China and inviting relevant Chinese government officials to the WHO ADR Monitoring Center to receive training. The education and skill training, both domestically and internationally, must be continued. Only in this way can we establish an effective international pharmaco vigilance system and create a good environment for safe use of drugs and protect the health of the public.

Now Chinese ADR reports was noticed and collected by the WHO drug supervision center after data processing. It was shared and combined to be used for worldwide drug information and supervision. It represents a affirmative contribution by Chinese ADR Center to the WHO Drug Supervision Center. As summarized by Mr. Zhang Chengxu, the vice director of Chinese ADR Center: “How to improve the quality of the reports? We do need companies, hospitals, doctors, pharmacists to work with the government together as partners to achieve the ultimate goal for patients’ safety through the PMS and ADR supervision, the PPP is the way to go and we still have a long way to go!”

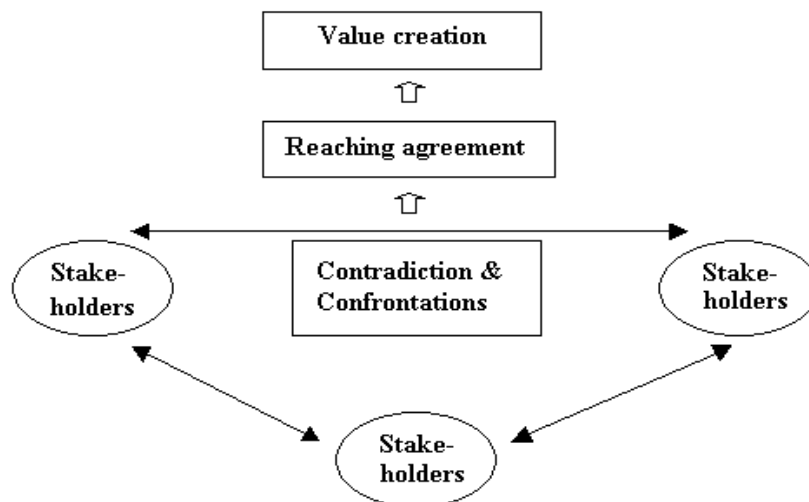
Conclusion

ADR monitoring and management is a system project. There are various drug and there are also many links and causes for ADRs, from production, to circulation and to the final clinical use. It is possible that problems occurring at every step along the way may create serious adverse drug recreation, the problems may also occur during the use in hospital, during the sale and distribution, during the use in rural cooperative medical service stations and in community hospitals. It would be an impossible task to depend on government agency overseeing the adverse drug reactions to completely solve the problems alone. It requires that all parties concerned, including the government departments, hospitals, pharmaceutical companies and the ADR Centers and professional experts to make efforts together. Leaders from the Center for Pharmaceutical International Exchange and the Center for ADR Monitoring and Management of the Chinese State Food and Drug Administration grasped the opportunities and effectively used the resources of multinational companies and made good examples in promoting the process of ADR Monitoring and management for protecting public’s safety in drug usage through public-private partnerships.

In order to achieve the PPP's objectives, both parties cooperated closely. They effectively utilized the foreign experiences and historical lessons and the success was dependent upon collective operation of three systems: the legal system, the talent system and technological system. At present, a complete set of ADR Monitoring laws have been promulgated after several years of relentless efforts by the PPP partners. The Pharmaceutical Administration Law of The People's Republic of China, Drug Control Law of the People's Republic of China and Measures and Regulations for the Report and Monitor of Adverse Drug Reaction provide the basic legal framework for ADR monitoring from three layers of laws, regulations and statutes. The properly constructed organizational system can guarantee that ADR monitoring may be carried out smoothly through both the administrative monitoring system and technological monitoring system. Administrative supervising system is a kind of administrative monitoring procedure which consists of safety assessment facilities and personnel from the Chinese State Food and Drug Administration, the Pharmaceutical Supervision Bureaus at the provincial (as well as municipal and county) levels. The technological Monitoring system is a technological procedure consisting of the State Center for ADR Monitoring, Provincial Center for ADR Monitoring and other ADR Monitoring Centers. These two operational systems depend on each other, mutually affect and facilitate each other. And altogether they form the ADR Monitoring Platform. The technological system refers to the technologies related to the ADR monitoring. The technological system that was formed by the professionals and professional organizations with expertise in these technologies provides scientific measures and human resources for ADR monitoring. Therefore, it becomes a compelling case of PPP, which is based on the combination of the legal system, training of professional talents and the technological system, a synergistic advantage of both government and the enterprises, to provide a solid working platform for effectuating the tasks of ADR monitoring

From this case study one may see clearly that the stakeholders created value through collaborative interactions resolving contradictions. The pharmaceutical companies produce drugs and hospitals/doctors use the drugs for patients. Government needs to perform the PMS and control in order to protect the public from the injuries of ADEs and ADRs. They are all stakeholders. Government would like hospitals and manufactures to report ADEs or ADRs but sometimes the related regulations were not available or complete. Hospitals and manufactures have issues and concerns that prevent them from reporting adverse reactions. At this part, they have contradictions and interest collisions. In China, under the open policy, the multi-national companies worked with DRC and hospitals to establish PPPs and through which their value proposition became aligned. Learning together and continuing to improve the processes for PMS establish trust and reputation and at the end the government successfully implemented better system for PMS in China.

Figure 10. Value creations through dialogue with stakeholders



Source: Nobuyuki Tokoro (2007)

It also proves that it is necessary to expand the framework for analyzing business management. As has been pointed out in the literature review section of this thesis,

researchers in management studies have made a start on analyzing issues concerning the management of internal corporate organization, and this proposition has been gradually extended to include companies' external environments. It has now come to be the case that the formation of close relationships with various kinds of stakeholders is an indispensable part of business management, and the framework for analysis of business management is thus no longer solely a matter of working within the internal organization, nor can it be focused on a small number of specific stakeholders; it is necessary to widen the framework to take into account relationships with a wide range of stakeholders. In other words, there must be a strong perspective that enable companies to be viewed as parts of the society.

It also proves that there is a need for qualitative assessment in stakeholders. Even if a company envisages a scenario in which stakeholder corporation and communication will enable it to create new value, and thus to establish long-term competitive superiority, a precondition for this to happen is the existence of one or more high-quality stakeholders with sufficient perception, discernment and expertise. If no such stakeholders exist, it will be difficult to use them to create new value. In other words, in order to move towards a situation in which there is not just communication, but value-creating dialogue, high quality stakeholders are essential.

During this PPP cooperative project, the hospitals gradually participate in it with increasing involvement. The government, hospital and enterprises collectively hold at least three seminars each year to study the issues of ADR and resolve problems in management or implementation. The Chinese Hospital Association also actively participated in the project and led to expand the scope for such cooperation. Meanwhile, new challenges kept coming: How to promote the participation from the state-owned enterprises? How to inspire individual pharmacist to report the ADRs without fear? How does PPP help translate ideas into actions for the broader societal constituencies? All are awaiting for future research.

5.3 Data Collection

In order to find out the critical success factors for PPP in Chinese healthcare with the help of stakeholders theories and CSR theories, this thesis discusses and identifies the processes and approaches for PPP given the Chinese authoritarian system and cultural differences by using empirical studies to develop a PPP model as supplement to help resolve the public healthcare issues in China. We conducted the studies not only by analyzing the cases but also through the use of questionnaires and interviews.

This research began in January 2007, and 310 questionnaires were issued. 190 questionnaires were returned by the end of 2007. Among these 190 returned questionnaires, 23 were invalid because of incomplete information. Finally, there were 167 valid questionnaires; the overall effective rate of questionnaires is 53.9%. The Survey results indicate that this research involves institutions including not only hospitals, research institutes, medical and health offices in all cities, associations and foundations such as these public sectors, but also the joint-venture enterprises and private enterprises. These private sectors basically include all types of organizations under the background of China's PPP collaboration in medical and health field.

5.4 Data Analyses

This research has uses STATA (8.0 version) as the statistical analysis software. Firstly, the research tests, the reliability and validity of the questionnaires, the statistical results are shown below:

Table 1 the validity and reliability analysis of the questionnaires

Variables	Measure index	Confirmatory factor analysis	Cronbach α
Control Mechanism	Formal contract control	pass	0.839
	Trust control	pass	0.779
Collaboration characteristics	Prior affiliation	pass	0.773
	Mutual understanding	pass	0.869
	Collaboration inclination	pass	0.961
	Partner's reputation	Pass	0.977
	Collaboration communication	Pass	0.815
Collaboration Effects	Direct effects	pass	0.826
	Knowledge created effects	pass	0.924
	Social effects	pass	0.843

This research uses the confirmatory factor analysis and calculates the Cronbach α to test the validity and reliability respectively. From the Figure 1 as shown, all the measurement indicators pass the confirmatory factor analysis, and the Cronbach α coefficients are all larger than 0.7, the minimums is 0.773. This shows that all the items of the scales are acceptable, and the scales are of high reliability and validity.

Considering the special relationships among the variables shown in Figure 1, in order to combine all the effects into a united analysis framework, such as five aspects of collaboration characteristics including prior affiliations, mutual understanding among the partners, collaborative inclinations, partner's reputation and collaborative , as well as two types of control mechanisms, namely the formal contractual control and trust-based control, to perform the empirical study, here, we use three-stage least squares (3SLS) statistical test. There are many methods of the structural parameters for estimating the simultaneous equations model. However, the most commonly used ones are either the two-stage least squares (2SLS), three-stage least squares (3SLS). The differences between 2SLS and 3SLS are that 3SLS estimates all the structural equations while the 2SLS only estimates the parameters

in a single equation. Furthermore, the estimated parameters using 3SLS method is more sensitive than using 2SLS. This research has used the 3SLS in econometrics software STATA (8.0 versions), through establishing simultaneous equations to perform the empirical studies. The established simultaneous equations are shown below:

$$\left\{ \begin{array}{l} \text{formal contract control} = \alpha_1 + \beta_{11}\text{prior affiliation} + \beta_{12}\text{mutual understanding} + \\ \beta_{13}\text{collaboration inclination} + \beta_{14}\text{partner's reputation} + \\ \beta_{15}\text{collaboration communication} + \beta_{16}\text{organization life} + \\ \beta_{17}\text{organization size} \\ \text{relational contract control} = \alpha_1 + \beta_{21}\text{prior affiliation} + \beta_{22}\text{mutual understanding} + \\ \beta_{23}\text{collaboration inclination} + \beta_{24}\text{partner's reputation} + \\ \beta_{25}\text{collaboration communication} + \beta_{26}\text{organization life} + \\ \beta_{27}\text{organization size} \\ \text{direct effect} = \alpha_3 + \beta_{31}\text{formal contract control} + \beta_{32}\text{relational contract control} + \\ \beta_{33}\text{organization life} + \beta_{34}\text{organization size} \end{array} \right.$$

The collaborative effects, formal contractual control, and the trust-based control in the hypotheses are endogenous variables of the simultaneous equations, and the prior affiliations, mutual understanding, collaborative inclination, partner's reputation and collaborative communications are of the exogenous variables.

Table 2.1 3SLS Model 1 analysis results

Model	Endogenous variables	Con cepts	Exogenous variables							R-sq
Model 1	Direct effects of collaboration	Con	Formal contract control	Trust control				*org life	*org size	
		0.39	-0.27	0.72***				1.32	-0.45	0.15
	Formal contract control	Con	Prior affiliation	Mutual understanding	Collaboration inclination	Partner's reputation	Collaboration Communication	* org life	* org size	
		3.34	-0.35***	0.47***	0.28	-0.57**	-0.06	-2.12	-3.15	0.72
	Trust control	Con	Prior affiliation	Mutual understanding	Collaboration inclination	Partner's reputation	Collaboration Communication	* org life	* org size	
		-0.21	0.10	0.06	0.78***	0.27*	0.23*	0.25	0.62	0.87

Notes: *, **, and *** represent the significant level of 0.10, 0.05 and 0.01 respectively;

*org life and *org size are both control variables.

Table 2.2 3SLS Model 2 analysis results

Model	Endogenous variables	Concept	Exogenous variables							R-sq
Model 2	Knowledge created effects	Con	Formal contract control	Relational Contract control				*org life	*org size	
		0.12	-0.12	0.76***				-0.26	-0.07	0.55
	Formal contract control	Con	Prior affiliation	Mutual understanding	Collaboration inclination	Partner's reputation	Collaboration Communication	*org life	*org size	
		3.68	-0.27*	0.42**	0.10	-0.31*	-0.30	-4.12	-4.01	0.74
	Trust control	Con	Prior affiliation	Mutual understanding	Collaboration inclination	Partner's reputation	Collaboration Communication	*org life	*org size	
	-0.42	0.14	0.10	0.73***	0.24*	0.27*	0.25	0.47	0.87	

Notes: *, **, and *** represent the significant level of 0.10, 0.05 and 0.01 respectively;

*org life and *org size are both control variables.

Table 2.3 3SLS Model 3 Analysis Results

Model	Endogenous variables	Concept	Exogenous variables							R-sq
Model 3	Social effects	Con	Formal contract control	Trust control				*org life	*org size	
		-0.32	-0.02	0.70***				0.56	0.27	0.43
	Formal contract control	Con	Prior affiliation	Mutual understanding	Collaboration inclination	Partner's reputation	Collaboration Communication	*Org life	*org size	
		3.48	-0.27**	0.46***	0.09	-0.26*	-0.27	-3.63	-4.19	0.73
	Trust control	Con	Prior affiliation	Mutual understanding	Collaboration inclination	Partner's reputation	Collaboration Communication	*org life	*org size	
	-0.51	0.12	0.12	0.77***	0.31*	0.33**	0.14	0.60	0.87	

Notes: *, **, and *** represent the significant level of 0.10, 0.05 and 0.01 respectively;

*org life and *org size are both control variables.

According to the analysis above, we can reach the following conclusions:

(1) There is no significant correlation between the formal contractual control and the collaborative effects. This shows that there is no formal contractual control between the enterprises and NPOs under the background of China's PPPs in medical and health fields. Furthermore, there are no formal contracts to specify the responsibility, rights and interest for the partners, and correspondingly no incentive and control mechanisms exist;

(2) There is a significantly positive correlation between the trust-based control and collaborative effects. This indicates that China's PPPs in medical and health fields mainly depend on the government guidance, and are maintained through the influence of the government and the government's relationship network. Due to lacking of the collaborative foundation firmly built on the common-interests and the incentive mechanism of mutual compatibility, this kind of relationship is kept on by the outside enforcement and thus is vulnerable that it is difficult to achieve the sustainable collaborative effects;

(3) There is a significantly negative correlation between the partner's reputation and the formal contractual control. This indicates that the better the partner's reputation, the fewer specific requirements that the formal contracts should include. This accords with the theoretical hypotheses, namely the better the partner's reputation, the less rigid clauses that formal contract should includes, and the collaboration is therefore more flexible;

(4) There is a significant negative correlation between the prior affiliations and the formal contractual control. This suggests that if both partners always cooperate with each other in the past and particularly if the prior collaborative experience was so

pleasant, then some additional mutual collaborative contents may be added, correspondingly, it requires lower requirements of formal contracts;

(5) There is a significantly positive correlation between the mutual understanding and the formal contractual control. This indicates that if both partners have the common blueprint for the cooperation and they find common points of collaboration, then both parties will likely make more specific clauses and therefore impose more requirements for the formal contractual control;

(6) There is a significant positive correlation between the partner's collaborative inclinations, this suggests if the partners consider the common interests during decision-making process, when the condition changes later, the one side is likely to provide assistance to the other side, as well as understanding for the unavoidable behavior of the other side. The requires trust-based control mechanism;

(7) There is a significantly positive correlation between the partner's reputation and the trust-based control. This is consistent to the hypothesis that the better the partner's reputation, the stronger control effects that the relationship contract will hold. If the partner's reputation is excellent, then both sides are inclined to enter into a loose form of contract, and both sides trust each other to the extent that they would negotiate and communicate with each other throughout the relationships, and the better collaboration effects may be reached;

(8) There is a significant positive correlation between the partner's reputation and the trust-based control. It confirms the proposition that the better the partner's reputation, the stronger control effects that the relationship contract will hold. If the partner's reputation is excellent, then the both sides are inclined to enter into a loose form of contract, and the both sides would trust each other so much that they

negotiate and communicate with each other by the relationships, and the better collaboration effects are reached.

This study emphasizes the contractual nature of the PPPs and points out that a new idea of research on the collaborations among the different types of organizations from the perspective of combining formal contractual control and the trust-based control, and for the first time that placing all the collaboration characteristics, control mechanisms and collaborative effects into a unitary conceptual model to perform the empirical study of the relationships among the collaboration characteristics, control mechanisms and the collaboration effects under the background of China's PPPs in medical and health fields.

Through establishing a kind of effective formal contractual control among the partners, it encourages the partners to invest more actively. Meanwhile based on this kind of formal contractual control with mutual benefits, it helps to form the trust-based control mechanism with mutual trust among partners. Specifically, the PPPs between the enterprises and NPOs should be such that the enterprises pass information unto the government or related departments of the government under the guidance of the government, and forms the self-enforced cooperative behavioral model based on the common self-interest between enterprises and NPOs, gradually establishes a kind of long-term, stable, continual collaboration mechanism with mutual-benefits and mutual-trust.

However, there are some limitations in this research. Firstly, this research is only the empirical study of the China's PPPs in medical and health fields, the research results are more or less influenced by the industry-specific characteristics; secondly, although the researcher has used different kinds of methods to foster the collection of questionnaires, but eventually only 167 effective samples collected. Although this

number is over the baseline of the empirical study required (100), but there is a large difference with the expected 190 samples. And this will have a negative influence to the research conclusions to some degree.

5.5 Data Coding

Data from different sources was coded using typical content analysis procedures (Diesing, 1972; Lincoln & Guba, 1985; Strauss, 1987; Taylor & Bogdan, 1984). First, I coded data into a number of categories according to the proposed theoretical model (Yin, 1989). These categories are:

1. PPP context factors;
2. Strategic objectives of the partners for participating in the PPP;
3. Initial contributions of each partner to the PPP;
4. PPP arrangement structure when it was formed;
5. Changes that occurred during the PPP operation in each of the above areas;
6. And the extent to which each partner achieved its objectives.

Secondly I created subcategories by using classifications adopted in previous research when appropriate, for example, partner contributions in projects, special funding and equipment, patients guidelines; or know-how (grouped into "technology").

Thirdly, within each subcategory, data collected from different sources is inconsistent; these differences were reconciled with the sources of the interview data.

6. Research Contribution

In this thesis, I investigated critical success factors of PPP in China by applying stakeholder and CSR theories through a combination of case studies, interviews and questionnaire surveys.

I have discussed and identified processes and approaches for PPP cooperation under the existing Chinese authoritarian system and unique cultural environment with related people.

Then I built a PPP model as a supplement to help resolving public healthcare issues in China through empirical studies. This thesis research is the first attempt to investigate the factors that influence outcomes of PPP in Chinese healthcare environment.

6.1 My Research Findings

1. If stakeholders have the common interests of public healthcare issues, for instance, mental healthcare in terms of vision/mission/value/culture and goals (by alignment or by establishing contracts), they can cooperate by having a public-private partnership contract. The direct effects, innovation effects and social effects would have a positive impact in their overall cooperative performance;
2. When stakeholders have incentives, when they have achieved their objectives on the contractual terms, they would likely continue the partnership going forward. Legal relationship may help secure the result;
3. A mutual trust among stakeholders, the direct effects, innovation effects and social effects would have a positive impact on their overall cooperative performance;

4. If stakeholders only have the collaboration contract, but interests are embedded or not cultures are unfit, trust will likely to lose, and the direct effects, innovation effects and social effects would have negative impacts on their cooperative performance;

5. Organization learning and skill substitution will be an important motivation for the cooperative partners. In recognizing their partnership performance (partners could obtain blended motivations), trust will be increased, the partnership will likely continue and when stakeholders, according to stakeholder theory, bestow altruism, social responsibility and citizenship, they will likely continue the partnership relations;

6. Value creation from the partnership communications is key to the success of the corporations. Two case studies illustrated the processes and key elements for value creation;

7. The critical successful factors for the partnership in China include: same objectives; right partners; the partners who had cooperation before with cooperative experiences; supported by their organization leaders and performed right partner selection based on the survey results;

8. The partnership incentives for cooperation in Chinese environment may include: acquire resources; public relationship for the partnership organizations; obtain resources necessary to gain better business results as well as performing CSR for the partnership organizations.

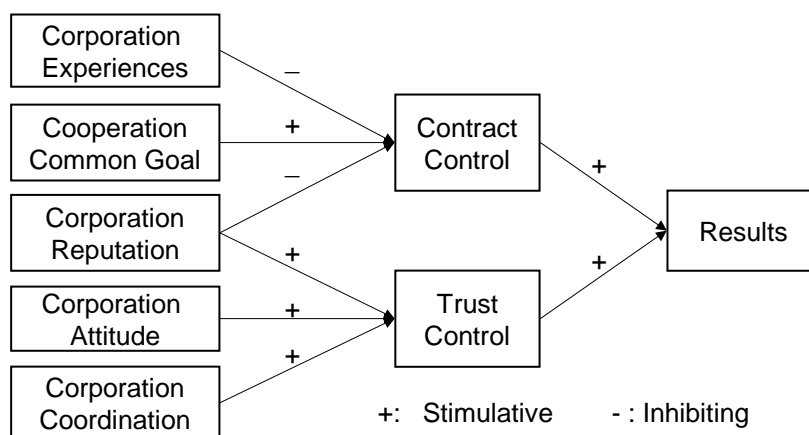
Through analyzing strategic theory, stakeholder theory, control theory, trust theory and organization learning theory of inter-organizational collaborations, this research is aiming at the particularities of cross-sectors collaborations among stakeholders.

This thesis attempts to construct a collaboration model with configured relationships among collaboration control modes and collaboration performances based on attributes of legal relationship and trust relationship which are important influential factors of cross-sectors collaboration.

This research has studied the direct positively correlated relationships between trust control and the performance of strategy, knowledge creation and social effects. It validated the theoretic view of Child and Faulkner (1998), and, at the same time, promoted trust control to realize the objectives of PPP collaboration in China.

Based on the above studies, this research developed a structural model to justify the relationship among collaborations, taking into considerations of partnership's control models, collaboration environment and collaboration performance. Using data collected from managers of stakeholders in different organizations, the model is validated.

Figure 12. Proposition of Partnership Relationship



Proposition of Partnership Relationship

6.2 Conclusions

- P1: Formal contractual control is positively correlated to the collaborative effects, but through surveys, we found that this proposition was not confirmed since in the Chinese environment, a contract between partners was not directly influenced by the cooperative effects. Trust-based control is more important than contractual control. So we provided valuable suggestions for project managers;
- P2: Trust-based control is positively correlated to the collaborative effects;
- P3: Prior affiliations are negatively correlated to the formal contractual control;
- P4: The partner's reputation is positively correlated to the trust-based control;
- P5: The partner's reputation is negatively correlated to the formal contractual control;
- P6: The mutual understanding of partners is positively correlated to the formal contract control;
- P7: The partner's collaborative inclination is positively correlated to the trust-based control;
- P8: The collaboration communication is positively correlated to the trust-based control.

6.3 Suggestions for Future Research

Firstly, this research is only an empirical study of the China's PPPs in medical and health fields, the research results are influenced by the industry-specific characteristics; secondly, although the researcher has used different kinds of methods to facilitate the return of questionnaires, eventually 167 effective samples were collected. Although this number is over the base line of the empirical study required (100), but there is a large gap between the expected 310 samples (53%

effective rate). And this will have a negative influence to the research conclusion to some degree.

Based on Professor Ann Tsui's suggestion the survey should be done by projects: 120 projects, each one has at least 2 partners with 2 responders to ensure the quality of the feedbacks. It would therefore require 480 responders. We tried to do it but failed because in the current Chinese economic environment, people change their jobs too frequently. It was very difficult to find 120 partnership projects with right people to do so the surveys. So we had to change to group of responders e.g. those from hospitals; distributors; professional associations; government agencies and enterprises. Since those people participated in different partnership projects ranging from half year to more than 10 years, their understandings for the value creation, control mechanisms could be very different. We used statistics to minimize the impact but in the future, if researchers in China could perform research in the ways as Professor Ann Tsui instructed, it may develop more valuable theory and practice methods under Chinese cultural environment.

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Annexes I

The Questionnaires

尊敬的先生/女士:

Honorific Gentlemen/Lady,

您好!

How do you do!

本研究旨在探讨我国公共部门与私人部门之间合作关系(Public-Private Partnership---PPP)建立的动因、合作成功的关键因素以及合作效果评价等方面问题。PPP 也可指政府与民间的合作关系。素仰贵单位对于学术研究的热心支持, 恳请贵单位熟悉该合作的先生/女士拨冗协助填写本问卷, 先行感谢您对“公私部门合作”学术研究的支持与信赖!

This research aims at discussing the partnership between the public department and the private department (Public-Private Partnership---PPP), and the driving factors of cooperation establishment, key successful factors, and cooperation effect appraisal as well. PPP also may refer to the cooperation relationship between the government and the folk. We have long been hearing that your unit has made warm-hearted support regarding the scholarly research all along, hereon, we earnestly request the gentleman or lady who are familiar with this cooperation to assist to fill in the questionnaire, thank for your support and faith to " the scholarly research of public and private department partnership" in advance!

本研所得资料仅供学术研究分析之用, 绝不单独对外发表。故请放心据实填答, 请您根据真实情况, 填写或选定最符合贵单位参与公私部门项目合作的相关信息情况的数字或选项, 并将其字体变红(电子问卷), 或打勾(纸面问卷)。若贵单位需要参考本研究成果, 待本研究完成之后, 将奉寄研究结论摘要, 以表谢忱。您的合作与意见是本研究成功与否的关键, 在此衷心地期盼您的协助, 并将问卷填后尽快回传。最后, 再次感谢您的协助与支持!!!

The material and information obtained from this research is only for scholarly research analysis, not for outsidess publish. Therefore please feel relieved to fill in the form according to the facts, and please according to the real situation to fill in or fix the number or the options, which are most conforms to your unit that ever participated in the public and private partnership, and please mark your answer in RED (E- questionnaire), or make a “√” (Paper- questionnaire).

If your unit needs to know the research results, we will mail you the conclusion abstract when the research complete, and express our sincerely thanks to you.

Your cooperation and precious opinion will determine the success or failure of the research, and hereon we heartfelt hoping for your kind assistance, and please feedback us as soon as possible. Finally, thank your assistance and support once more!!!

顺祝: 工作顺心, 天天开心!

Wish your work satisfactory and happy everyday!

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填写问卷前，烦请先阅读下述说明：

Please read following explanation carefully before starting the questionnaire:

PPP，即公共部门与私人部门共同参与合作并提供公共物品和服务而建立起来的各种协议和长期合作关系。其中公共部门指的是具有公共服务性质的政府组织，也包括学会和协会；而私人部门则特指企业。这里稍有扩展，还包括了社会部门即非营利组织，往往是政府支持，在中国这种合作关系往往是政府支持，其中至少有一家社会部门（医院，协会，学会，基金会）和一家企业参与的合作。

PPP, namely each kind of agreement and long-term cooperation relations established in the process of public department working together with the private department to provide public goods and the service. Hereinto, public department refers to the official organization also includes the academic society and association which has the public service function, but the private department refers to the enterprise in particular, here the definition expands slightly, private department also includes the social department, their purpose are not seeking for the profit but providing support to the government. In china, the government often supports this partnership, and at least one social department (hospital, association, academic society, and foundation) and one enterprise participate in the cooperation.

请您先对所参与的合作项目进行回忆，将“印象最为深刻”的一个项目作为该问卷填写的目标。此问卷中的“合作感受”均指对“该合作项目”的合作感受，对“合作方的感受”也特指在“该合作项目”中，您对“最主要的一个”合作方的感受。

And please recall all the activities in which you have ever participated, and take "the most impression project" as your questionnaire reference.

"The cooperation feeling" of the questionnaire refers to the feeling about "the cooperation project", and "the feeling to the partner" also refers to "the most important partner" in "this cooperation project"

第一部分 基本信息

1st Part Basic Information

(一) 贵单位

Your unit

1、设立年度：_____年

Instauration time: Year _____

2、人数：_____人

Head Count: _____

3、组织类别

Organization type

a. 政府部门 b. 非营利组织 c. 中外合资企业 d. 国内企业 e. 其他_____

a. Government b. Non profitable organization c. Sino-foreign joint venture enterprise

d. Domestic enterprise e. Other

4、您在贵单位的职位是：

Your position in the organization

a. 基层职工 b. 处级/中级管理人员 c. 处级以上/高级管理人员 d. 其他_____

a. Gross roots b. Office level or junior management staff c. Office level above or senior management staff d. Other

5、您的工作性质

Your working property

a. 一般管理 b. 合作项目协调、管理 c. 业务、营销 d. 人事 e. 财务 f. 其他_____

a. General management b. Cooperation project coordination, management c. Service, marketing d. HR e. Finance f. Other

(二) 与贵单位建立合作伙伴关系的组织（如果有多家合作组织，则请选择对在与贵单位合作中最为重要的一家）

The organization which establishing the partnership with your unit (if there are many cooperative organization, please choose one which is most important in the cooperation)

6、组织类别

Organization Type

a. 政府部门 b. 非营利组织 c. 中外合资企业 d. 国内企业 e. 其他_____

a. Government b. Non profitable organization c. Sino-foreign joint venture enterprise

d. Domestic enterprise e. Other

7、所在国家（地区）

Country (Region)

a. 中国大陆 b. 港澳台地区 c. 美国 d. 欧洲 e. 日本 f. 其他_____

a. China Mainland b. Hong Kong, Macao, Taiwan c. USA d. Europe e. Japan f. Other

(三) 关于合作时间与经历的基本信息

Cooperation time and experience information

8、此项合作中的参与方数目为_____;

Participant count in this cooperation is _____;

9、除了此项合作之外，目前贵单位与该合作伙伴还有_____项正在进行的其他合作项目;

Except this cooperation, at present, there are_____ cooperation projects cooperating with this partner;

10、在此项合作之前，贵单位与该合作伙伴已经合作了_____年;

Before this cooperation, your department already cooperated with this partner for _____ year.

11、在此项目合作之前，贵单位与该合作伙伴有过_____次前期合作;

Before this cooperation, your department already cooperated with this partner for _____ times.

12、除了该合作伙伴，当前贵单位还与_____个组织有合作关系;

Except this partner, your department also has the cooperation relations with _____ organizations

13、过去三年中，贵单位曾经与_____个组织建立了合作伙伴关系（包括该合作伙伴）;

In past three years, your unit once established the partnership with _____ organizations (including this partner);

14、过去三年中，贵单位共与其他合作方建立合作项目数大约_____项;

In past three years, your department together with other cooperation sides established approximately _____ cooperation projects;

(四) 关于合作成果的情况

Cooperation Achievement

15、有多少人可以享受到合作所产出的产品（服务）;

How many people can enjoy the product or service generated from the cooperation

a.10人以内

b.100人以内

c.1000人以内

d.万人以内

e.十万人以内

f.百万人以内

g. 百万人以上

h 千万人以上

a. Within 10 person

b. Within 100 person

- | | |
|--------------------------|-------------------------------|
| c. Within 1000 person | d. Within Ten thousand person |
| e. Within 100,000 person | f. Within million person |
| g. Above million people | h. Above ten million person |

16、多大范围内的人可以享用到合作所产出的产品（服务）；

How wide range of person may enjoy the products that come from the cooperation (service)

- | | |
|------------------------|-----------------|
| a. 很小范围内 | b. 社区以内 |
| c. 城区以内 | d. 市以内 |
| e. 省以内 | f. 国内 |
| g. 全世界 | |
| a. In very small scope | b. In community |
| c. In town | d. In city |
| e. In province | f. Domestic |
| g. Worldwide | |

根据下列有关表述，选择最为符合您认识的答案，在相应的数字处打“√”，采用7级评分即1~7计分法，其中“1”表示极不同意、“2”表示很不同意、“3”表示稍不同意、“4”表示中立、“5”表示稍同意、“6”表示很同意、“7”表示极同意7个级别。

According to following related expression, select the choice that most conforms to your recognizant, and make a "√" under the corresponding number, by using 7 levels grade, namely 1 ~ 7 scoring, "1" represent extremely disagree, "2" represent disagree very much, "3" represent slightly disagree, "4" represent neutrality, "5" represent slightly agree, "6" represent agree very much, "7" represent extremely agree.

第二部分 项目合作详细信息

2nd Part Detailed information of Coopération Project

1. 对合作动因的认识

Recognizing to Cooperation driving factors

采用7级评分即1~7计分法，其中“1”表示极不同意、“2”表示很不同意、“3”表示稍不同意、“4”表示中立、“5”表示稍同意、“6”表示很同意、“7”表示极同意7个级别。

Adopting 7 levels grade, namely 1 ~ 7 scoring, "1" represent extremely disagree, "2" represent disagree very much, "3" represent slightly disagree, "4" represent neutrality, "5" represent slightly agree, "6" represent agree very much, "7" represent extremely agree.

1.1 多渠道地获取有用资源; Gain the useful resources by multi-channel;	1	2	3	4	5	6	7
1.2 建立和扩大公共关系; Establish and expand public relationship;	1	2	3	4	5	6	7
1.3 构建组织文化; Construct the organization culture;	1	2	3	4	5	6	7
1.4 学习和知识转移; Study and knowledge transfer;	1	2	3	4	5	6	7
1.5 结合双方资源，实现协同效应; Unify the bilateral resources, and realizing the coordination impact;	1	2	3	4	5	6	7
1.6 激励组织内部成员; Inspire interior member within the organization;	1	2	3	4	5	6	7
1.7 提高组织绩效; Enhance organization achievements;	1	2	3	4	5	6	7
1.8 承担社会责任; Undertake the social responsibility;	1	2	3	4	5	6	7
1.9 组织战略多样化的一部份 As a part of organizational strategic diversification;	1	2	3	4	5	6	7
1.10 学习合作伙伴的核心技术或管理能力; Study partner's core technology or management ability;	1	2	3	4	5	6	7

2. 对项目合作协议的完备性的认识

Recognizing to project cooperation agreement integrality

采用7级评分即1~7计分法，其中“1”表示极不同意、“2”表示很不同意、“3”表示稍不同意、“4”表示中立、“5”表示稍同意、“6”表示很同意、“7”表示极同意7个级别。

Adopting 7 levels grade, namely 1 ~ 7 scoring, "1" represent extremely disagree, "2" represent disagree very much, "3" represent slightly disagree, "4" represent neutrality, "5" represent slightly agree, "6" represent agree very much, "7" represent extremely agree.

2.1 付出了很多时间与精力，仔细斟酌过其中的各项条款; Has paid much time and energy, considered each provision carefully;	1	2	3	4	5	6	7
2.2 在合同中订了详细的规则以规范彼此行为; Has subscribed the detailed rule in contract in order to standardize each other's behavior;	1	2	3	4	5	6	7

- 2.3 特地聘请了律师等专业人士对合同进行了审定； 1 2 3 4 5 6 7
Has invited the professional lawyer to examine and approve the contract especially;
- 2.4 已经尽可能地考虑到了未来可能出现的各种情况，并在合同中作出了详尽的说明； 1 2 3 4 5 6 7
Has already considered the possibilities that may occur in the future as far as possible, and has made an exhaustive explanation in the contract;
- 2.5 合同（协议）较为简单，没有考虑过多的未来可能发生的情况； 1 2 3 4 5 6 7
Contract (agreement) is simple, doesn't take the possibilities that may occur in the future into consideration;
- 2.6 在合作过程中，我方对于合作者的行为进行了监督； 1 2 3 4 5 6 7
In the cooperation process, your unit has monitored collaborator's behavior;
- 2.7 只有当所有的合作细节都通过合同规定了以后，双方才可以顺利的合作； 1 2 3 4 5 6 7
Works after all cooperation details has past through the contract provision;
- 2.8 合作中已经建立了明确的解决双方争议与冲突的制度和办法； 1 2 3 4 5 6 7
Cooperation has already established the explicit system and method to solve the dispute and conflict between each sides

3. 对项目合作正式过程的认识

Recognizing to project cooperation formal process

采用7级评分即1~7计分法，其中“1”表示极不同意、“2”表示很不同意、“3”表示稍不同意、“4”表示中立、“5”表示稍同意、“6”表示很同意、“7”表示极同意7个级别。

Adopting 7 levels grade, namely 1 ~ 7 scoring, "1" represent extremely disagree, "2" represent disagree very much, "3" represent slightly disagree, "4" represent neutrality, "5" represent slightly agree, "6" represent agree very much, "7" represent extremely agree.

- 3.1 具有正式的沟通渠道（如正式公文之类的往来形式） 1 2 3 4 5 6 7
Has formal communication channel (for example official archives and so on);
- 3.2 建立了公平、公正、公开的沟通与协调机制； 1 2 3 4 5 6 7
Has established justice, fair, and open communication mechanism;
- 3.3 建立了争端或冲突的解决机制； 1 2 3 4 5 6 7
Has established the mechanism to solve the issue or conflict;

3.4 组织间的文化没有冲突; Organizations culture have not conflict;	1	2	3	4	5	6	7
3.5 具有成员间的明确的协调分工机制; Has explicit division of labor mechanism among members;	1	2	3	4	5	6	7
3.6 合作方都指派了专门的人员负责协调沟通; Collaborators have appointed person to be responsible for communication and coordination;	1	2	3	4	5	6	7
3.7 具有正式的定期效果评价制度; Has formal effect appraisal system;	1	2	3	4	5	6	7
3.8 必须通过彼此意见的交换与共识的达成才能决定合作组织的重大决策; The significant decision-making in the cooperative organization must be made by exchanging each other's opinion and mutual recognition;	1	2	3	4	5	6	7
3.9 双方高层之间定期见面, 了解合作进展, 现场共同解决合作中的问题; High level in both sides should meet regularly, knowing the cooperation progresses, and solving the problem occurred in the cooperation together;	1	2	3	4	5	6	7
3.10 建立了一个独立的监督机构, 以保证合作过程中的公平、公正性; Established an independent monitor agency, guaranteed the cooperation process is justice and fair;	1	2	3	4	5	6	7
3.11 定期进行合作过程(即进展、步骤有没有按照预期进行)的评估, 并会及时调整; Regularly make the cooperation process (namely progress, and steps carries on according to the schedule) appraisal, and adjust in time;	1	2	3	4	5	6	7
3.12 定期进行合作绩效(即合作效果)的评估, 发现问题并及时解决; Regularly make the cooperation achievements (namely cooperation effect) appraisal, finding out the problem and solving the problem promptly;	1	2	3	4	5	6	7
3.13 定期检讨合作过程中的行为, 能够坦诚地指出各方行为上的不足; Self-criticize behaviors in cooperation process regularly, can honestly point out the insufficient behavior in all quarters;	1	2	3	4	5	6	7
3.14 制定了清晰的工作计划, 能够责权分明的加以落实 Has made out a plain work plan, and can carry it out with clear responsibility;	1	2	3	4	5	6	7

3.15 之间共有的知识产权归属清晰明确; The ownership of intellectual property is clearly defined;	1	2	3	4	5	6	7
3.16 之间的机密情况受到严密、完善的保护 The confidential files can be protected strictly;	1	2	3	4	5	6	7
3.17 从高层管理人员到各级人员都参与合作; All participates in the cooperation from the management to all levels;	1	2	3	4	5	6	7
3.18 双方项目参与人员经常接触; Bilateral participants contact frequently;	1	2	3	4	5	6	7
3.19 双方积极参与在管理该产品或服务上的决策; Both sides positively participate in decision-making management to the product or service related;	1	2	3	4	5	6	7
3.20 双方能从长期合作的角度来考虑合作中面临的问题; Both sides can consider the question be in front of cooperation from the long-term point of view;	1	2	3	4	5	6	7
3.21 合作决策的结果常常会影响其他组织; Cooperation decisions result can affect other organization frequently;	1	2	3	4	5	6	7
3.22 合作过程经常涉及与其他第三方组织的信息交流与共享; Cooperation process involve other third party organizations frequently, including information exchanges and sharing;	1	2	3	4	5	6	7

4. 对项目合作非正式社会交往行为的认识

Recognizing to the unofficial social association in projects cooperation

采用7级评分即1~7计分法，其中“1”表示极不同意、“2”表示很不同意、“3”表示稍不同意、“4”表示中立、“5”表示稍同意、“6”表示很同意、“7”表示极同意7个级别。

Adopting 7 levels grade, namely 1 ~ 7 scoring, "1" represent extremely disagree, "2" represent disagree very much, "3" represent slightly disagree, "4" represent neutrality, "5" represent slightly agree, "6" represent agree very much, "7" represent extremely agree.

4.1 下班后，合作各方的工作人员经常聚会、交流; After working time, the projects staff from both sides	1	2	3	4	5	6	7
4.2 合作参与各方的工作人员在节日能够主动相互问候; In the holiday, the projects staff from both sides can initiatively greet each other;	1	2	3	4	5	6	7
4.3 合作参与方的工作人员作结束后彼此很少有私下的交往; After working time, the projects staff from both sides seldom take private contact;	1	2	3	4	5	6	7

4.4 双方会相互通报可能对伙伴有影响的事件与变化; Both sides can mutually notify each other about possible influence and change to the partner;	1	2	3	4	5	6	7
4.5 双方都致力于对合作有益的改进,而不只关心单方面的利益; Both sides devote to the beneficial improvement to the cooperation, but not only care about their own benefit;	1	2	3	4	5	6	7
4.6 组织在合作中提出的建议经常得到合作伙伴的支持; Organization's suggestion which proposed in the cooperation frequently obtain partner's support;	1	2	3	4	5	6	7
4.7 您认为合作方: 诚实可靠, 可以依赖; You think your partner is honest and reliant;	1	2	3	4	5	6	7
4.8 您认为合作方: 总是会遵守合作之间的协议与承诺; You think your partner always can observe the agreement and the pledge in the cooperation;	1	2	3	4	5	6	7
4.9 您认为合作方: 在重大决策时, 也能够顾及共同的利益; You think your partner can take the common benefit into consideration when making a significant decision;	1	2	3	4	5	6	7
4.10 您认为合作方: 道德品质高尚, 言行如一; You think your partner's moral character is noble, and practice what he preach;	1	2	3	4	5	6	7
4.11 您认为合作方: 在情况变化时, 也会给我方最大协助; You think your partner can give you assistance at full steam when the situation changing;	1	2	3	4	5	6	7
4.12 您认为合作方: 在情况变化时, 会对我方不得已的行为表示理解; You think your partner can understand your unit's unavoidable behavior when the situation changing;	1	2	3	4	5	6	7
4.13 您认为合作方: 能够按照合作协议行事; You think your partner conduct the issue defer to the cooperation agreement;	1	2	3	4	5	6	7
4.14 您认为合作方: 有足够的的能力保证我们合作的顺利执行; You think your partner has the enough ability to guarantee the cooperation can execute smoothly;	1	2	3	4	5	6	7
4.15 您认为合作方: 言行不一, 表现出很强的投机行为; You think your partner can not practice what he preached and display a very strong opportunistic behavior;	1	2	3	4	5	6	7

5. 对合作时间和经历的认识

Recognizing to cooperation time and experience

采用7级评分即1~7计分法，其中“1”表示极不同意、“2”表示很不同意、“3”表示稍不同意、“4”表示中立、“5”表示稍同意、“6”表示很同意、“7”表示极同意7个级别。

Adopting 7 levels grade, namely 1 ~ 7 scoring, "1" represent extremely disagree, "2" represent disagree very much, "3" represent slightly disagree, "4" represent neutrality, "5" represent slightly agree, "6" represent agree very much, "7" represent extremely agree.

5.1 在此项合作之前，贵单位与该合作伙伴经常有前期合作关系； 1 2 3 4 5 6 7

Before this cooperation, your unit has cooperated with this partner in earlier period frequently;

5.2 贵单位与该合作伙伴的合作经历很愉快； 1 2 3 4 5 6 7
Your cooperation experience is very happy;

5.3 贵单位对该合作伙伴以往的合作经历很了解； 1 2 3 4 5 6 7
Your unit understand this partner's former cooperation experience very much;

6. 对项目合作效果的认识

Recognizing to cooperation effect

采用7级评分即1~7计分法，其中“1”表示极不同意、“2”表示很不同意、“3”表示稍不同意、“4”表示中立、“5”表示稍同意、“6”表示很同意、“7”表示极同意7个级别。

Adopting 7 levels grade, namely 1 ~ 7 scoring, "1" represent extremely disagree, "2" represent disagree very much, "3" represent slightly disagree, "4" represent neutrality, "5" represent slightly agree, "6" represent agree very much, "7" represent extremely agree.

6.1 您对伙伴关系合作的整体运作很满意； 1 2 3 4 5 6 7
You are very satisfied to the whole operation of partnership cooperation;

6.2 伙伴关系合作对贵单位的贡献很满意； 1 2 3 4 5 6 7
You are very satisfied to the contribution to your unit generated from the cooperation;

6.3 贵单位对伙伴关系合作完成预期目标很满意； 1 2 3 4 5 6 7
You are very satisfied to the partnership achievement which reached the anticipated target;

6.4 与合作之前相比，合作规模发生了巨大的变化； 1 2 3 4 5 6 7
Compare with before, the cooperation scale has had a huge change;

6.5 与合作之前相比，合作范围发生了巨大的变化； 1 2 3 4 5 6 7
Compare with before, the cooperation range has had a huge change;

- 6.6 通过合作，贵单位从合作伙伴方获得了相关技能；
Through the cooperation, your unit has obtained related skill from the partner side; 1 2 3 4 5 6 7
- 6.7 通过合作，贵单位从合作伙伴方得到了新的和重要的信息；
Through the cooperation, your unit has obtained new and important information from the partner side; 1 2 3 4 5 6 7
- 6.8 通过合作，贵单位从合作伙伴方学习到新的管理能力；
Through the cooperation, your unit has obtained related management skill from the partner side; 1 2 3 4 5 6 7
- 6.9 通过合作，贵单位实现了管理方面的创新（管理更好）；
Through the cooperation, your unit has realized the management innovation (better management method); 1 2 3 4 5 6 7
- 6.10 通过合作，贵单位实现了服务方面的创新（服务效果更好）；
Through the cooperation, your unit has realized the service related innovation (better service effect); 1 2 3 4 5 6 7
- 6.11 通过合作，有更多新的伙伴加入进来从事该项目合作；
Through the cooperation, more new partners has joined in and engaged this project cooperation; 1 2 3 4 5 6 7
- 6.12 通过合作，贵单位在业内取得了更大的影响力；
Through the cooperation, your unit has obtained more tremendous influence in the trade; 1 2 3 4 5 6 7
- 6.13 通过合作，该合作项目得到了更多的其他组织关注和支持；
Through the cooperation, the cooperation has obtained more care and support from other organization; 1 2 3 4 5 6 7
- 6.14 该合作关系在业内取得了极大的认同和赞扬；
This cooperation has obtained enormous approval and praise in the trade; 1 2 3 4 5 6 7

7. 对产品的公共化程度的认识

Recognizing to product commonalizing degree

采用7级评分即1~7计分法，其中“1”表示极不同意、“2”表示很不同意、“3”表示稍不同意、“4”表示中立、“5”表示稍同意、“6”表示很同意、“7”表示极同意7个级别。

Adopting 7 levels grade, namely 1 ~ 7 scoring, "1" represent extremely disagree, "2" represent disagree very much, "3" represent slightly disagree, "4" represent neutrality, "5" represent slightly agree, "6" represent agree very much, "7" represent extremely agree.

7.1 在一部份人享用合作所产出的产品（服务）时不会影响到其他人的享用； 1 2 3 4 5 6 7

A partial person enjoy the product (service) that generated from the cooperation and will not affect other people's enjoying;

7.2 享用合作所产出的产品（服务）的是特定的某类人（如有钱人，病人等）； 1 2 3 4 5 6 7

The person who enjoyed the product (service) that generated from the cooperation is specific some kind of person (for example rich man, the patient and soon);

7.3 所有人都可以受到该产品（服务）带来的好处； 1 2 3 4 5 6 7
Everyone can enjoy the product (service) generated from the cooperation;

8. 对产品价值的可度量程度的认识

Recognizing to product measurable degree

采用7级评分即1~7计分法，其中“1”表示极不同意、“2”表示很不同意、“3”表示稍不同意、“4”表示中立、“5”表示稍同意、“6”表示很同意、“7”表示极同意7个级别。

Adopting 7 levels grade, namely 1 ~ 7 scoring, "1" represent extremely disagree, "2" represent disagree very much, "3" represent slightly disagree, "4" represent neutrality, "5" represent slightly agree, "6" represent agree very much, "7" represent extremely agree.

8.1 合作所产出的产品（服务）的价值能被合作各方来定性评价； 1 2 3 4 5 6 7

The qualitative evaluation of product (service) can be determined and appraised by all sides of cooperation;

8.2 合作所产出的产品（服务）的价值能被合作各方来定量评价； 1 2 3 4 5 6 7

The quantitative evaluation of product (service) can be determined and appraised by all sides of cooperation;

8.3 合作所产出的产品（服务）的价值能在协议中被明确规定； 1 2 3 4 5 6 7

The value of product (service) can be explicitly stipulated in the agreement;

8.4 合作所产出的产品（服务）的价值能在协议中被大概限定在某一个范围内； 1 2 3 4 5 6 7

The value of product (service) can be probably defined in some scope in the agreement;

8.5 合作所产出的产品（服务）是有形的； 1 2 3 4 5 6 7
The product (service) is visible;

8.6 合作所产出的产品（服务）是无形的； 1 2 3 4 5 6 7
The product (service) is invisible;

9. 对投入资源重要性的认识

Recognizing to the importance of resources invested

采用7级评分即1~7计分法，其中“1”表示极不同意、“2”表示很不同意、“3”表示稍不同意、“4”表示中立、“5”表示稍同意、“6”表示很同意、“7”表示极同意7个级别。

Adopting 7 levels grade, namely 1 ~ 7 scoring, "1" represent extremely disagree, "2" represent disagree very much, "3" represent slightly disagree, "4" represent neutrality, "5" represent slightly agree, "6" represent agree very much, "7" represent extremely agree.

9.1 贵单位对合作所产出的产品（服务）的投入是合作成功的关键因素； 1 2 3 4 5 6 7
Your unit's devotion to the product (service) is successful key in cooperation;

9.2 贵单位的投入是产出的产品（服务）不可或缺的因素； 1 2 3 4 5 6 7
Your unit's devotion to the product (service) is indispensable factor;

9.3 如果贵单位中止合作，将不能产出产品（服务）； 1 2 3 4 5 6 7
If your unit stops cooperating, will not be able to deliver the product (service);

9.4 贵单位只有在与其他伙伴的合作中才能产出产品（服务）； 1 2 3 4 5 6 7
Your unit can deliver the product (service) only when cooperate with other partners;

9.5 如果贵单位中止合作，其他伙伴仍旧可以找到其他合作方产出产品（服务）； 1 2 3 4 5 6 7
If your unit stops cooperating, other partners still can find other partner to deliver the product (service);

10 双方对产品（服务）价值评价的认识

Recognizing to the value of production (service) from both sides

采用7级评分即1~7计分法，其中“1”表示极不同意、“2”表示很不同意、“3”表示稍不同意、“4”表示中立、“5”表示稍同意、“6”表示很同意、“7”表示极同意7个级别。

Adopting 7 levels grade, namely 1 ~ 7 scoring, "1" represent extremely disagree, "2" represent disagree very much, "3" represent slightly disagree, "4" represent neutrality, "5" represent slightly agree, "6" represent agree very much, "7" represent extremely agree.

10.1 产出产品（服务）对贵单位的生存和发展有重要作用和价值； 1 2 3 4 5 6 7
The product (service) has vital role and value to your unit's survival and development;

- 10.2 产出产品（服务）对合作各方的生存和发展均有重要的意义和价值；
The product (service) has vital role and value to both sides' survival and development; 1 2 3 4 5 6 7
- 10.3 产出产品（服务）不会对贵单位的生存发展产生重要影响，但是会给贵单位带来一定的好处（好影响）；
The product (service) can not play a vital role to your unit's survival and development, but can benefit your unit somewhat (good influence); 1 2 3 4 5 6 7
- 10.4 产出产品（服务）不会对合作各方的生存发展产生重要影响，也不会给合作各方带来坏处；
The product (service) can not play a vital role to both sides' survival and development, and will not bring the disadvantage to both sides as well; 1 2 3 4 5 6 7
- 10.5 产出产品（服务）会给社会大众带来不可估量的福利；
The product (service) can bring the inestimable welfare to the society; 1 2 3 4 5 6 7
- 10.6 产出产品（服务）对贵单位的价值大于对项目合作方的价值；
The product (service) benefits your unit bigger than the partner; 1 2 3 4 5 6 7

11 对控制权配置的认识

Recognizing to assignment of controlling authority

采用7级评分即1~7计分法，其中“1”表示极不同意、“2”表示很不同意、“3”表示稍不同意、“4”表示中立、“5”表示稍同意、“6”表示很同意、“7”表示极同意7个级别。

Adopting 7 levels grade, namely 1 ~ 7 scoring, "1" represent extremely disagree, "2" represent disagree very much, "3" represent slightly disagree, "4" represent neutrality, "5" represent slightly agree, "6" represent agree very much, "7" represent extremely agree.

- 11.1 在合作过程中通常是由贵单位掌握唯一决策权和控制权；
Your unit usually grasps the only policy-making power and domination in the cooperation process; 1 2 3 4 5 6 7
- 11.2 在合作过程中通常是由其他合作方掌握唯一决策权和控制权；
The partner usually grasps the only policy-making power and domination in the cooperation process; 1 2 3 4 5 6 7

11.3 在合作过程中通常是由各方共同掌握决策权和控制权，但是遇到较大的争议时，往往由贵单位说了算；

Both sides grasp the policy-making power and domination in the cooperation process, but when meeting greater dispute, your unit usually leading the decision;

1 2 3 4 5 6 7

11.4 在合作过程中通常是由各方共同掌握决策权和控制权，但是遇到较大的争议时，往往由其他合作方说了算；

Both sides grasp the policy-making power and domination in the cooperation process, but when meeting greater dispute, the partner usually leading the decision;

1 2 3 4 5 6 7

11.5 您觉得最好应该由贵单位掌握唯一控制权；
You think it's better for your unit to grasp the only policy-making power;

1 2 3 4 5 6 7

11.6 您觉得最好应该由双方共同掌握控制权，但是遇到较大的争议时，往往由贵单位说了算；

You think it's better for both sides to grasp the policy-making power, but when meeting greater dispute, your unit leading the decision;

1 2 3 4 5 6 7

11.7 您觉得最好应该由各方共同掌握决策权和控制权，但是遇到较大的争议时，往往由合作伙伴说了算；

You think it's better for both sides to grasp the policy-making power, but when meeting greater dispute, the partner leading the decision;

1 2 3 4 5 6 7

11.8 您觉得最好应该由第三方（贵单位和合作伙伴以外）掌握唯一控制权；

You think it's better for the third party to grasp the only policy-making power;

1 2 3 4 5 6 7

12 对合作的资产专用性与不确定性的认识

Recognizing to cooperation property customization and indefinity

采用7级评分即1~7计分法，其中“1”表示极不同意、“2”表示很不同意、“3”表示稍不同意、“4”表示中立、“5”表示稍同意、“6”表示很同意、“7”表示极同意7个级别。

Adopting 7 levels grade, namely 1 ~ 7 scoring, "1" represent extremely disagree, "2" represent disagree very much, "3" represent slightly disagree, "4" represent neutrality, "5" represent slightly agree, "6" represent agree very much, "7" represent extremely agree.

12.1 在建立合作关系过程中，您认为：贵单位需投入相当大的人力与时间

In the cooperation establishment process, you thought that your part should invest quite big manpower and time;

1 2 3 4 5 6 7

- 12.2 在建立合作关系过程中，您认为：如果中止合作，将浪费很多研究与培训成果；
In the cooperation establishment process, you thought that if stop the cooperation, will waste much research and training achievements; 1 2 3 4 5 6 7
- 12.3 在建立合作关系过程中，您认为：需要花很多资金购买仪器、设备；
In the cooperation establishment process, you thought that should spend lots of money to purchasing the instrument, and equipment; 1 2 3 4 5 6 7
- 12.4 在建立合作关系过程中，您认为：中止合作，购买的仪器，设备都不能有其他用途；
In the cooperation establishment process, you thought that if stop the cooperation, the instrument and equipment cannot be used for other purpose; 1 2 3 4 5 6 7
- 12.5 在建立合作关系过程中，您认为：中止合作会给贵单位带来较大的损失；
In the cooperation establishment process, you thought that if stop cooperation, will bring you a big loss; 1 2 3 4 5 6 7
- 12.6 在建立合作关系过程中，您认为：合作产生的知识与技能变化非常快，很难把握；
In the cooperation establishment process, you thought that the knowledge and the skill change extremely and quickly, very difficult to command; 1 2 3 4 5 6 7
- 12.7 在建立合作关系过程中，您认为：合作成功有很大的难度；
In the cooperation establishment process, you thought that successful cooperation has a great difficulty; 1 2 3 4 5 6 7
- 12.8 在建立合作关系过程中，您认为：准确评估出各方所做出的贡献很难；
In the cooperation establishment process, you thought that accurately appraise contribution in all quarters is very difficult; 1 2 3 4 5 6 7
- 12.9 在建立合作关系过程中，您认为：双方存在的机会主义行为的风险很高，难监督；
In the cooperation establishment process, you thought that both sides existing high risk of opportunism behavior, and difficult to supervise; 1 2 3 4 5 6 7

13 对合作共同点的认识

Recognizing to cooperation common ground

采用7级评分即1~7计分法，其中“1”表示极不同意、“2”表示很不同意、“3”表示稍不同意、“4”表示中立、“5”表示稍同意、“6”表示很同意、“7”表示极同意7个级别。

Adopting 7 levels grade, namely 1 ~ 7 scoring, "1" represent extremely disagree, "2" represent disagree very much, "3" represent slightly disagree, "4" represent neutrality, "5" represent slightly agree, "6" represent agree very much, "7" represent extremely agree.

13.1 您认为贵单位与合作方：具有相似的组织文化与价值观； You think that your unit and the partner: has similar organization culture and values;	1	2	3	4	5	6	7
13.2 您认为贵单位与合作方：对产业理解与发展思路非常类似； You think that your unit and the partner: has extremely similar understanding and mentality to industrial development;	1	2	3	4	5	6	7
13.3 您认为贵单位与合作方：对于该合作有共同的愿望； You think that your unit and the partner: has common wishes regarding this cooperation;	1	2	3	4	5	6	7
13.4 您认为贵单位与合作方：短期目标可能不一致，但不会导致冲突； You think that your unit and the partner: the short-term goal is possibly inconsistent, but will not cause conflict;	1	2	3	4	5	6	7
13.5 您认为贵单位与合作方：整体而言，并不具备相似性与互补性； You think that your unit and the partner: from whole point of view, there isn't the similarity and mutuality between both sides;	1	2	3	4	5	6	7
13.6 您认为贵单位与合作方：由于组织类型的不同，对于合作目标的理解有本质的差异； You think that your unit and the partner: as result of the organization type difference, has essential difference regarding the understanding of cooperation goal;	1	2	3	4	5	6	7
13.7 您认为贵单位与合作方：双方之间很容易就能够找到合作共同点； You think that your unit and the partner: both sides are easily find out the common ground in cooperation;	1	2	3	4	5	6	7
13.8 您认为贵单位与合作方：双方之间对合作共同点的理解上存在差异； You think that your unit and the partner: both sides have different understanding of common ground in cooperation;	1	2	3	4	5	6	7

14 对合作伙伴方声誉的认识

Recognizing to partner prestige

采用7级评分即1~7计分法，其中“1”表示极不同意、“2”表示很不同意、“3”表示稍不同意、“4”表示中立、“5”表示稍同意、“6”表示很同意、“7”表示极同意7个级别。

Adopting 7 levels grade, namely 1 ~ 7 scoring, "1" represent extremely disagree, "2" represent disagree very much, "3" represent slightly disagree, "4" represent neutrality, "5" represent slightly agree, "6" represent agree very much, "7" represent extremely agree.

14.1 关于合作伙伴方的声誉的下属表述，您认为：受到大众的广泛关注；

Following expression about partner prestige, you thought: has populace's widespread attention;

14.2 关于合作伙伴方的声誉的下属表述，您认为：提供的产品或服务的质量与可靠性很好；

Following expression about partner prestige, you thought: the product or service quality and the reliability provided are very good;

14.3 关于合作伙伴方的声誉的下属表述，您认为：有很强的专业知识；

Following expression about partner prestige, you thought: has very strong specialized knowledge;

14.4 关于合作伙伴方的声誉的下属表述，您认为：与产品或服务的受用者的关系维护与管理得很好；

Following expression about partner prestige, you thought: maintained a very good relationship with the product or service user;

14.5 关于合作伙伴方的声誉的下属表述，您认为：在市场上或社会上有很大的影响力；

Following expression about partner prestige, you thought: has very tremendous influence in the market or society;

14.6 关于合作伙伴方的声誉的下属表述，您认为：高层管理人员对行业发展理解的深刻性很强；

Following expression about partner prestige, you thought: the management level has very strong and profound understanding to the industry development;

14.7 关于合作伙伴方的声誉的下属表述，您认为：高层管理人员的道德水平很高；

Following expression about partner prestige, you thought: the management is very ethic;

14.8 关于合作伙伴方的声誉的下属表述，您认为：高层管理人员的管理水平很高；

Following expression about partner prestige, you thought: the management's management level is very high;

14.9 关于合作伙伴方的声誉的下属表述，您认为：创 1 2 3 4 5 6 7
新变革的能力很强；

Following expression about partner prestige, you thought:
the innovation ability is very strong

14.10 关于合作伙伴方的声誉的下属表述，您认为： 1 2 3 4 5 6 7
对外部环境的责任心强；

Following expression about partner prestige, you thought:
the responsibility to the external environment is very
strong;

14.11 关于合作伙伴方的声誉的下属表述，您认为： 1 2 3 4 5 6 7
社会形象很好；

Following expression about partner prestige, you thought:
the social image is very good;

14.12 关于合作伙伴方的声誉的下属表述，您认为： 1 2 3 4 5 6 7
对组织雇员与人才的吸引程度很强；

Following expression about partner prestige, you thought:
organizing the staff and talented person's attraction is
very strong;

14.13 关于合作伙伴方的声誉的下属表述，您认为： 1 2 3 4 5 6 7
组织运营的效率很高；

Following expression about partner prestige, you
thought: The organization operation efficiency is very
high;

14.14 关于合作伙伴方的声誉的下属表述，您认为： 1 2 3 4 5 6 7
组织资产有效利用程度很高；

Following expression about partner prestige, you thought:
the organization property utilization effective is very
high;

14.15 关于合作伙伴方的声誉的下属表述，您认为： 1 2 3 4 5 6 7
组织财务很稳健；

Following expression about partner prestige, you thought:
the organization finance is steady;

14.16 关于合作伙伴方的声誉的下属表述，您认为： 1 2 3 4 5 6 7
能对资源进行有效整合和利用；

Following expression about partner prestige, you thought:
the organization can integrate and utilize the resources
efficiently;

您辛苦了！请检查一下问卷，看看有没有遗漏对某些问题的回答。非常感
谢您在百忙中对我们的大力支持，如果您还有更多的想法或者意见，请在下面
空白处写出：Thanks for your hardship! Please review the questionnaire, and any
omission. Extremely thanks for your vigorously support in such a busy time, if you
have more ideas or suggestions, please write down in the blank below.

再次感谢您的支持！Greatly thanks for your support once more

Annexes II

Interview Questions Design

Partnership--- Motivation and goals:

1. When you join the partnership, what project achievement or outcomes you expected?
2. Do you think the partnership can help your organizations' Learning and knowledge sharing? How?
3. Do you believe the partnership can help your organization to do more social contributions? How?
4. Do you believe through the partnership program, you can build up better relationship with other partners? How?

Contract control----legal mechanisms

1. Have you had contracts for join the partnership?
2. Have you had written agreements for join the partnership? Do you really follow the agreement or it was just a paper? Why?
3. Do you need to review and monitoring for the partnership projects? How did you do it? And how long will take? If do not review, why?

Trust control----social mechanisms

1. Have you had ceremonial events when you joined the partnership?
2. Have you had social activities after joined the partnership?
3. Do you need to have gift exchanges? How & what? What kind of gifts?
4. Do you think you enhanced the social networks after joined the partnership? How?

Where this program started with a contract or agreement? After build up the trust, the agreement became less important;

Or the program started with trust, but had problems later, so agreement was use for the control?

Outcomes

1. Direct effect
 - a. Through the PPP, have you developed guidelines for patient treatment? What was the name?

- b. Through the PPP, have you developed any training materials for doctors, nurses or patients, or patient family members? Do you jointly with other people to develop? What is the name?
 - c. Through the PPP, have you developed any other information? What kind of information?
2. Knowledge sharing & innovation
- a. Do you think you have any knowledge sharing? What kind of?
 - b. Is it easier to share? What kind of communication you had? Written material or other means? The way they share?
 - c. Any innovation you had through the PPP? Which one & how?
3. Social effect
- a. Through the PPP, do you think the awareness increased? What & how?
 - b. The number of patients cared increased or not? How many? How did you get the figure?
 - c. Do you know any recovered patients integrated in the society? How they integrated?

Annexes III

Interview Questions Answered (Sample)

(MOH)

Zhang Li (The government official of MOH for leading the mental health partnership project)

Can you tell me the background you attend PPP, and what about the value of PPP for you?

I am in charge of mental health. To Ministry of Health, PPP showing the benefits, which enhanced effective strength and resource, promoted development and advancement, assisted government to resolve some affairs which unable to help.

2,What's your motivation to attend PPP program? What're you getting from this program?

We want to through cooperation to exploring mental and health project, beneficial from the advanced conception, the form of management and financing support.

3,When did you start to join PPP? What about the earlier situation? What about now? Is there any essential difference?

We joined the cooperation nearly 8 years since 1999 and there were a great change on mental health working. This project aimed at increase entire people's healthy mental awareness, to produced a marked effect on improving prevention and cure capability of mental health.

4, Who joined this program? Who are the main parties? What kind of responsibility and function do governments have?

The parties involved are the International Health Exchange Center, the China Disease Prevention and Control Council, the National Center for Mental Health, and the Chinese Center for Disease Control and Prevention. The government is primarily based on the demands to put forward a project, set down a common plan, organize and put it into effect.

5, What are you investing in this program? How to evaluate your investment?

The government's main input is personnel and policy, and the enterprise's is funds and proportion of manpower. Each party exerts superiority; manages resources, arrangement in a reasonable way.

6, What about the way of your attending PPP?

As I see, most of the specific modes are meetings, training and publication activities and so on.

7, What kind of responsibilities, rights or profits of each party during the contract's execution? Which party owns the rights of decision-making? And why? Is there any controversy? How to resolve it?

The government supervises project implementation, program adjustment and advance program development.

According to the plan, the enterprise controls outlay, organizes people and brings the project into effect. The government possesses the decision-making right, the project is

mainly used in government's task. The controversies could be solved by consultation or negotiation.

8, What are main problems you often confront with? What kind of causes?

The mainly problem which affect some specific program postponed behind the expected schedule were the organization ability of administrator and less of outlay.

9, What are factors of cooperation success?

Mainly in the following aspects: consistent purpose, definite guidance thought, mutual understanding, serious attitude and rigorous management.

10, Is each contract same format? Or review each time?

Cooperation agreement were signed one time annually.

11, What contents in the contract? Which terms are necessary?

The contract mainly includes content: project denomination, content, form, time and outlay.

12, As time passes by, is there any change about the way of cooperation?

Adjust some specific projects; the form of cooperation changed little.

13, As the times of success raised, is there any change about the way of cooperation?

Adjust some specific projects, the form of cooperation changed little.

14, Which party owns the fruit? And why?

The results of cooperation should owe to both two sides. Because the two partners participated in and gained win in common.

15. How to evaluate the final effect? Do you establish the evaluation system? And what about the way of represents?

To make a conclusion after the implementation of the project, To test participator's knowledge acceptance extent and the project teaching satisfaction after carry out the specific work.

16, How to assess the people who join the cooperation in your company?

17 What kind of differences between the current PPP model and PPP in foreign countries? Is the operation process standard and transparent?

I have no excessive understanding to the PPP mode of the abroad,

18, Do you have any suggestions about improving the cooperation or operation?

In my view, the cooperation mode is very useful and I hope that the cooperation agreement can be bring forward as soon as possible annually and the conclusion can be summarized at each half year.

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