

Who is the most important stakeholder?

Toshiaki SUGITA¹

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Correspondence with the exterior environment is one of the responsibilities of the management. Specifically, management's job is to correspond with the enterprise's stakeholders.

In conventional wisdom, the term 'stakeholders' is considered to represent a fixed concept; however, the definition of the term may vary depending on the management philosophy, country of operation or the region's stage of economic development.

In this article, we will observe how major Japanese, American and Chinese enterprises define their stakeholders in China and what they consider important. On the basis of this information, we will determine the commonalities and unique characteristics of MNEs operating in China.

There is no clear-cut definition of stakeholders, but the term commonly refers to stockholders and investors, business partners, customers, employees and their families, local societies, as well as governments and their agencies. In recent years, it has come to encompass even broader concepts such as the natural environment.

Enterprises expand by fulfilling their responsibilities towards stakeholders and catering to individual demands. As a result, a sustainable society is formed through the development of the region and protection of the natural environment.

A Japanese-owned Chinese subsidiary enterprise (RHQ in China) summarizes such fundamental philosophy and their correspondences with stakeholders in their Chinese-language CSR report.

This enterprise lists its stakeholders in the following order: customers, stockholders and investors, suppliers, employees, local societies, central and local governments, NPOs

¹ Professor of International Business, Konan University, Japan.
Visiting Fellow, University of Reading, UK.

and NGOs and then the global environment.

This list truly reflects the classic Japanese business philosophy of 'the customer is god', with suppliers included. However, it also addresses modern topics such as environmental protectionism.²

A major US-owned Chinese subsidiary enterprise (RHQ in China) also has a similar definition of stakeholders. However, here, they are listed in the order of employees, central government, local government, business partners, colleagues and trade associations, suppliers and NGOs.

While investors are missing from the list, it adds employees, showing the importance of workers to the company. In addition, it places importance on correspondence with the central and local governments.³

In the case of Chinese enterprises, a major Chinese enterprise's CSR report lists its stakeholders in the order of government, customers, employees, investors, supply chain partners, colleagues, general public and society. In this example, the government is clearly the most important stakeholder.⁴

Although all three enterprises operate in China, these examples reflect their national characteristics. In addition, they all share the commonality that customers are a high priority. Furthermore, the comparison highlights the unique characteristic of Chinese enterprises: the importance of correspondence with central and local governments.

² Toshiba (China) <http://www.toshiba.com.cn/about/news/news358897.html>
Latest accessed on 2 December 2011.

³ GE (China) <http://www.ge.com/cn/company/citizenship/index.html>
Latest accessed on 2 December 2011.

⁴ China Mobile <http://www.10086.cn/aboutus/csr/>
Latest accessed on 10 January 2012.

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Doing business in China

Priority	Japanese-owned Chinese subsidiary
1	Customers
2	Stockholders & investors
3	Suppliers
4	Employees
5	Local societies
6	Central & local governments
7	NPOs & NGOs
8	The global environment
Case model	Toshiba

US-owned Chinese subsidiary
Employees
Central & local governments
Business partners
Colleagues and trade associations
Suppliers
NGOs
GE

Chinese enterprise	Priority
Government	1
Customers	2
Employees	3
Investors	4
Supply chain partners	5
Colleagues	6
General public and society	7
	8
China mobile	Case model

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