Travel and the Chinese outbound tourism market: Governance and Ethical considerations

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Abstract

The rapid growth of China's outbound tourism market is appealing to developing nations such as South Africa. The academic literature is still limited in this area and studies on China's outbound tourism are equally limited in number and in scope. Chinese outbound tourism is fixated on group travel for both long- and short-haul outbound travel. Chinese travellers tend to select the perceived safety and convenience of packaged tours from China and the presumed expertise of the travel agents with whom they conduct business. However, it is often the case that tourists are disillusioned with their ultimate travel experiences as many fall victims to unscrupulous operators, travel agents and guides in China, and other stakeholders who exploit them. China is striving towards and can and should become a promoter of ethics in business as it is rapidly emerging as an economic dynamo. Thus, the ethical rules which the Chinese assimilate into their business' practices will and do have a global influence. The purpose of this paper is to summarize the current knowledge in the area of Chinese governance, and business ethics as it relates to the travel business and especially to outbound tourism, and to provide some directions for future research in this area. To achieve the objective, the paper has been structured as follows. It first briefly looks at Chinese tourism to South Africa and its value given its Approved Destination Status (ADS). This is followed by briefly looking at some problematic areas in tourism. Following this, governance in China is investigated with the aim of attempting to determine desired Chinese operational practices based on Confucianism and CSR. This is followed by an assessment of Guanxi in present day China. Lastly, the researchers' provide suggestions for future research and discuss the implications of the work to travel practitioners.

Keywords: China, South Africa, outbound tourism, ethics, Guanxi, governance.

Introduction

The Chinese outbound tourism market is booming and it is thus essential that tourism organizations advance well-crafted strategies to take advantage of the many resulting opportunities that emerge. It is important to reconnoitre Chinese governance, and business ethics approaches in order to have a better understanding of how to deal with operators and tourists from China (DITR, 2005). The Chinese outbound tourism market is enormously important to South Africa as an increasingly desirable destination. In 2016 more than 97 million Chinese travelled abroad and as household incomes increase that number is on an upward trajectory to surge to as many as 259 million in 2030. South Africa received about 100 000 of these. While this is a meagre amount when compared to other destinations, there is nonetheless great potential to boost the number of inbound tourists from China (Bavier, 2018). Tourism reportedly characterizes one of the fastest developing sectors in Africa, contributing

approximately $178 billion last year, which is equivalent to 8.1 percent of GDP, according to the World Travel and Tourism Council. South Africa is currently Africa's chief travel destination and the sector employs about 700,000 employees.

The international tourists spent about 127 billion rand ($9.22 billion) globally in 2016 (Bavier, 2018). Tshifhiwa Tshivhengwa the Chief Executive Officer at the Tourism Business Council of South Africa stated that if South Africa could attract a million Chinese tourists, this would play a huge role in relieving the country's high unemployment level (Reuters, 2018). To make travel easier for Chinese tourists' visa requirements South Africa's Department of Home Affairs announced eased restrictions on visas as part of president Cyril Ramaphosa's economic stimulus and recovery plan which is intended to reinvigorate the country's struggling economy, by making tourism, business, and special-skills visas easier to obtain (Chutel, 2018).

Tourism in and out of China is still largely controlled and "instrumentalized politically by the government" (Arlt, 2006: 7). However, there is still numerous travel operators in China who provide false information to tourists and to their counterparts in other countries. Most outbound Chinese travellers go abroad to obtain new knowledge, followed by enhancing their self-image, and to forge stronger relationships (Hanqin & Lam, 1999). However, their trips often become a 'nightmare' due to some unscrupulous tour operators in China, that the Chinese government is slowly but surely eradicating. China is now following progressive new policies and modes of business conduct which are aligning more with the more acceptable western paradigms. Sustainable tourism remains a dynamic sector of economic activities which generates a wide range of benefits for tourism host and tourist-generating countries and destinations and thus requires great consideration. The benefits include *inter alia*, employment generation, foreign exchange earnings and contribution to GDP.

Methodology

The methodology employed involved in this study followed a basic literature review of limited scope in which there was an evaluation of selected documents on the research topic and analysis thereof. Academic journal articles as well as relevant websites were utilized. The researchers searched for literature and sorted and then prioritised the retrieved literature which was followed by an analytical reading of papers. The articles and other documents provided information about among others, governance in China and the value of outbound tourism from China, given its often unethical tainting by unscrupulous travel operators. Content analysis was the primary method of analysis.

Tourism's value

The World Bank (2011: 2) states that Africa's tourism-based revenues improved by more than 50 percent in the 1990s as they grew from $2.3 billion to $3.7 billion (Fayissa et al., 2008). Furthermore, Africa was the solitary region that had sustained growth in the tourism industry as arrivals in the region increased by 3.7 percent in 2008-2009, compared to the net global decline of 4.3 percent. Tourism's main relative benefit when seen in relation to other sectors is that tourist disbursements have a "flow-through" or catalytic effect across the national economy in terms of production and much needed employment creation. In addition, tourism generates a demand for transport, telecommunications and financial services.

> Through consumption of local products in tourist accommodation, restaurants and food markets, and through the additional expenditures outside the accommodation, tourists stimulate demand for agriculture, fisheries, food processing, and light manufacturing products, such as the garment industry, as well as for handicrafts and the goods and services of the informal sector. Estimates of such expenditures vary according to the local circumstances but

can range from half to nearly double expenditures in tourist accommodation. Similarly, tourism can act as a catalyst for the development of small businesses in related production and service sectors. Notably, tourism can provide an economic base for a region whose only development options are its cultural and natural resources, whether coastal, mountain, or wildlife or a combination of these (Christie et al., 2013).

The African Development Bank (AfDB) estimates that, in 2015, Africa received 62.5 million visitors, added 9.1 million direct jobs in travel and tourism sectors, and produced $39.2 billion in international tourism receipts (African Development Bank, 2016). There is considerable opportunity for growth in Africa's travel and tourism market. This is noticeable in current sectoral growth patterns, as many international tourists, including Chinese travellers are increasingly interested in developing countries as desired travel destinations (UNWTO, 2018: 3). Based on the current movements, the number of arrivals in Africa is expected to reach 85 million by 2020 and 134 million by 2030 (UNWTO, 2016: 15). Tourism is vital for development in emerging countries (Novelli, 2016), but greater understanding of needs and expectations of Chinese tourists is needed (Keating & Kriz, 2008; Kriz, & Keating, 2010).

Approved Destination Status

Chinese travellers are selecting Africa as a desired travel destination and South Africa, is in line to benefit due to being granted Approved Destination Status (ADS) for outbound Chinese tour groups since 2004. The ADS system has been a major tool of the Chinese government for the endeavoured control of the development of outbound tourism. Virtually all the important destinations to China, were covered by this agreement between the Chinese government and the destination countries.

> The ADS system is based on bilateral tourism agreements whereby a government allows self-paying Chinese tourists to travel for pleasure to its territory within guided package groups and with a special visa. Only ADS countries can openly be promoted as a tourism destination in Chinese media. The main interest of the Chinese government in introducing the ADS system was initially a means of restricting the number of Chinese travellers spending hard currency abroad. For the receiving countries, the focus was on an increase in inbound tourists as well as finding ways to reduce the risk of travellers not returning to China but attempting legal and especially illegal immigration in the host country (Arlt, 2006: 42).

ADS visas can be attained directly by the travellers from designated travel agencies and, inter alia, the potential traveller does not need to visit consulates of partner nations and need to do all the paperwork themselves. In addition, private passports can be used, and hard currency is traded while the time for the obtaining of visas is greatly reduced. Receiving nations have the opportunity to receive greater number of Chinese tourists particularly if a destination has preferred status and obtained this prior to other competing destinations. The Chinese government benefits, as there is a huge reduction in workload for Chinese domestic consulates (Arlt, 2006).

The biggest problem for participating countries remains the question of how to minimize the jeopardy of unsolicited illegal immigration, due to the fact that the consulates are not in direct contact with the travellers and the travel agencies can be more interested in a larger number of customers than in strictly controlling the background of the participants in ADS groups (WTO 2003), which could be highly problematic for developing nations such as South Africa. While "Chinese construction companies have erected bridges and sport stadia in almost all African countries. Chinese businessmen, government officials and construction workers have
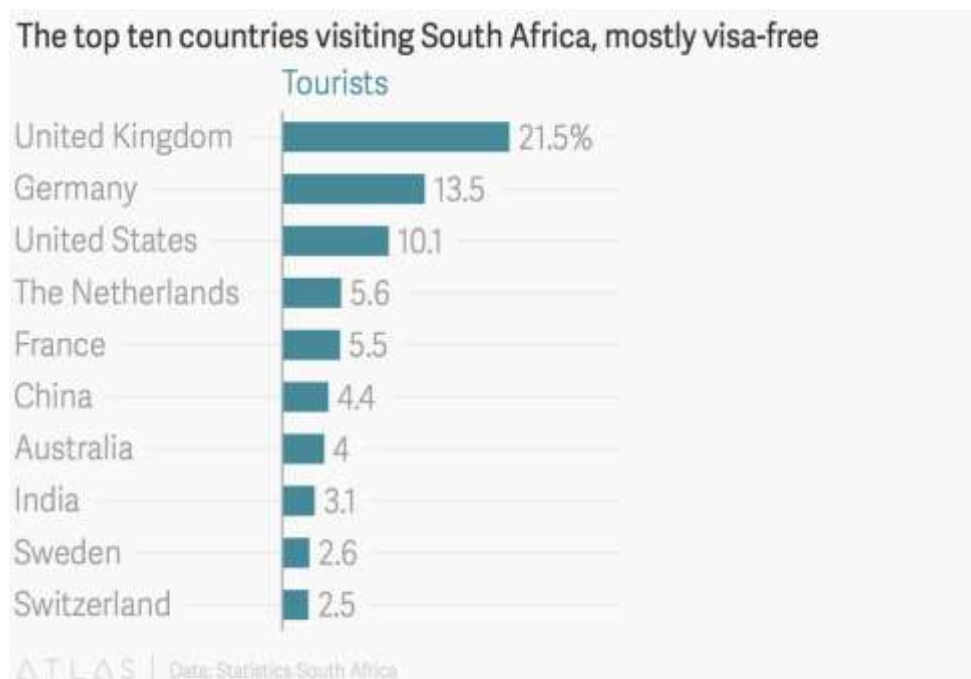
therefore already travelled to Africa for many years, but outbound tourism is a new phenomenon. The share of Africa as a destination is tiny" (Arlt, 2006).

South Africa is the most important of the ADS countries in Africa, and only Egypt competes because of the attraction of the Pyramids of Giza, as an alternative enticement for Chinese visitors (Arlt, 2006). South Africa obtained ADS in 2003 and established its own South Africa Tourism (SAT) office within the embassy in Beijing. It is important to note that China has been South Africa's largest trading partner for a decade, and South Africa has been China's largest trading partner in Africa for the last nine years (Ebrahim, 2019). In fact, Chinese visitors to South Africa quadrupled between 2003 and 2005 and the World Tourism Organization (WTO) predicts that China will be the world's principal base of tourists by 2020, and South Africa should benefit from this immensely (Ayenagbo, 2015).

ADS is an agreement between the Chinese Government and other countries, which permits Chinese tourists to visit 'partner' countries in tour groups with packages that are arranged mainly in China. South Africa is trying to make it easier for Chinese tourists to come to the country and has signed a visa simplification agreement with China and agreed to a 10-year multiple entry visa offering. The goal is also to have a five-day turnaround time, as well as to introduce an e-visa system in South Africa (Ebrahim, 2019). China represents the sixth nation whose nationals visit South Africa. More than two thirds of all the country's visitors come from these ten countries (See Figure 1 below).

Arlt (2006: 196) states that "Besides concerns about personal safety and lack of knowledge, almost half of Chinese surveyed answered 'Not comfortable with African blacks', making racism the openly admitted top reason for not going to the country (South Africa), clearly ahead of questions on price or distance". This suggests that it is important to develop inter-cultural understanding initiatives to enhance common trust and tolerance of diversity which would greatly enhance tourism to South Africa and also to China.

Figure 1. Countries visiting South Africa the most. Source: Statistics South Africa
https://www.theatlas.com/charts/HyHnfe2

The top ten countries visiting South Africa, mostly visa-free

Tourists

Country	Percentage
United Kingdom	21.5%
Germany	13.5
United States	10.1
The Netherlands	5.6
France	5.5
China	4.4
Australia	4
India	3.1
Sweden	2.6
Switzerland	2.5

ATLAS | Data: Statistics South Africa

Potential problems with Chinese tour operators

Tourist demand to destinations abroad is growing rapidly in China, due mainly to the improving standard of living, a positive degree of individual freedom, urban growth and changing rural-urban relations, booming business and social activities as well as changing lifestyle which have all tended to stimulate increasing mobility and created an intensifying demand for leisure and tourism in a large part of the Chinese population. Travel is now thus assuming greater importance in Chinese consumers' measure of predilections (Xu, 1999: 211).

Steen (2014), speaks to the issue of business practices in China, and asks how foreign companies doing business in and with China should handle the ethical risks they will face. At a Business and Organizational Ethics Partnership at Santa Clara University's Markkula Center for Applied Ethics, three panelists and a moderator discussed ethical issues that are likely to manifest when conducting business in China. One panelist stressed the importance of having a moral compass in addition to understanding the regulations in countries as well as the legal aspects and ethical stance, law and ethics. One is likely to be offered a bribe or be asked to pay a bribe or face some other really hazy aspect requiring decision making that is ethically driven. Another panelist stated that there is a difference between gift giving to help build a relationship and bribes that advance commercial interests. He said, the latter may lead to short-term gains but long-term trouble. This is a dangerous situation to be in (Steen, 2014) and while bribery is illegal in China and other countries, the definitions of what is ethical and what is not, may vary from place to place. Lai and Graefe (2000) assert that facilities and safety are the most significant factors in making choices between travel destinations. This is problematic for South Africa given that there is a perception that crime is rife in the country. Tourists often thus avoid coming to South Africa and venture off to even more dangerous destinations where the perception of crime is lower. "Essentially however, scant is known about the needs and expectations of Chinese travelers but there are some studies on the mainland Chinese market" (Zhang & Heung, 2001: 11).

It is also interesting to see how people have divergent views relating to how business should be conducted.

> The Chinese-born founder of a well-known technology company recently made a distinction between Western and Chinese business cultures. In the West, he said, the focus was on "covering your ass"; risk and liability are top of mind and Western businesses spend a lot hiring lawyers and designing contracts to control risks. In China, it was all about "giving face"; getting your counterparty on your side so as to avoid confrontation and lawsuits. He made it clear that he regarded the Chinese culture as inherently superior. (Xiao, 2011).

From a South African and western perspective, the Chinese entrepreneur's view that relationship management is a better culture than the rule of law, would be seen as totally unacceptable.

> The underlying question here is about the balance of transaction cost and transaction scope. In a human relationship culture, the explicit transaction costs of a business deal can be low, but they presuppose certain preconditions: 1) the parties to a deal already know each other, 2) they have emotional ties, and 3) they have mutual trust based on those ties. In other

words, transacting parties should either be friends going into the deal (including relatives, fellow townsmen, classmates, and colleagues) or build trusting friendships through series of ceremonial processes (banquets, drinking sessions, sending gifts, etc.). There are some problems with this. People are limited in their sets of friends and they have only a certain amount of time available to make new ones. Outside the scope of their pre-existing trustworthy networks, the costs of a human relationship business start to rise rapidly, and the dangers of exploitation rise. Viewed through this lens, the advantages of a rule by law culture become clearer. Rule-based decisions may impose certain costs on deals within the friendship networks of the decision-maker, but they also make it possible to contain the costs of deals outside the network. (Xiao, 2011)

Observing the laws, regulations and ethical milieu in a country in which one conducts business is the 'only way to go'. There is a growing realization in China that clean business pays higher dividends in the long run. Building an ethical culture which is based on local culture, rather than imposing rules from company headquarters in another country is easier, and either way, ethics is hugely influenced by culture. Therefore it is important to create an ethical culture in China that is conducive to western notions of business, but this necessitates that those dealing with China need to fully understand the local culture and customs. Equally, Chinese tourist ventures should strive to abide by the laws and ethical bases upon which business is founded in the countries in which they do business. There is a gradual improvement in China's business culture over the last few years. Nonetheless there are some unethical issues which persist, and which require urgent attention and which local tour companies need to be aware of. Guo et al. (2007) argue that the cost of airline travel is still the single largest financial barrier to international travel for Chinese residents, so when they do travel, they should be treated in a dignified manner. The cost of flights represents 50-70% of the overall cost of outbound travel, representing an extreme barrier to long-haul travel. In addition, group travel is still a foremost modus operandi. Lo and Lam (2004) ascertained that this is because the majority of Chinese travelers still prefer the expected safety and convenience of packaged tours – and are often greatly disappointed.

Ap and Wong (2000) state that tourist guides should be providing an important interface between a host destination and visitors since front-line employees are mostly responsible for the general impression and satisfaction with the tour services offered by a particular destination. Thus, when guides are unethical, this taints the destination. Chinese travelers are greatly influenced by the apparent expertise of their travel agents and guides and the quality of information provided by them to clients. Sadly, this is often misleading. Despite this, Wang, Hsieh and Huan (2000) state that group or all-inclusive travel is expected to retain its popularity for many years. Asian tour groups will be on the rise for some time to come, specifically for international trips (Hooper,1995) and thus how they are treated is important for a destination's image. Consequently, when Chinese tour operators make fallacious claims or perpetrate unethical acts, it is the local destination that bears the brunt of the dissatisfaction which emanates from irate travelers.

Chinese tour operators entice Chinese tour groups with what are considered to be very cheap packages that assure the traveler that there will be free food and accommodation. However, once the travelers arrive in a destination they are compelled to purchase goods and services at outrageous rates from businesses which are Chinese operated. In fact, the problem is very large and authorities in Russia and China are involved in taking severe measures against such practices (Kazak, 2017). While Russian tour operators are legally hosting Chinese tourists, they "…strike deals with sketchy Chinese tour group leaders and "do not even see the tour groups…Chinese tourists fly to Moscow, then disappear for two weeks and then they are seen waving their hands and saying goodbye…most of the tourists are easily manipulated since they are elderly first-time travelers who want to visit a former communist country. In general,

they are financially stable, generous and also like shopping. According to World Tourism Cities Federation, on average Chinese tourist spends 20000 yuan or $2900 on a vacation and more than 57.8 percent of the money is dedicated to shopping" (Kazak, 2017).

Chinese tourists tend to be very trusting and do not believe that their fellow citizens are swindling them. They also like going on a shopping binge, which is their idiosyncratic feature when travelling since this is cheaper than buying goods in China due to excessive import duties. Shopping is an important motive for travel abroad (Hsu & Lam, 2003; Lehto et al., 2004). Chinese people generally like to forge stronger relationships with family and friends and this is usually through the culture of gift giving (Mok & Iverson, 2000). Shopping is clearly the favoured activity particularly for transcontinental Chinese travelers. In fact, the major part of the 25 billion US$ assessed to have been spent by Chinese travelers in 2004 (EIU, 2005) was used for the acquisition of branded goods and souvenirs.

What tends to happen with some tour groups is that they are 'guided' to a certain store where they purchase what they believe to be good value for money items. The revenue is generally shared between the tour leader, shop owner and tour companies and companies in China obtain commission either in cash via a tour-leader or by WeChat transactions. Thus, no taxes are paid, and money flow cannot be tracked. Thus, there is very little cognizance taken of Corporate Social Responsibility (CSR) and ethical business practices 'fly out of the window'. It is thus important to try to better understand the way in which Chinese enterprises are likely to operate and how ethical business and CSR are perceived.

The range of Corporate Social Responsibility (CSR) in China has moved rapidly from its beginnings, which were limited to compliance and philanthropy. It has advanced towards a universal concept with strategic concerns for addressing issues such as project quality, employee management, governance and human rights, with an emphasis on the focused development of regulatory elements for shaping improved supply chains and attracting more international talent and investment. A positive approach and an increasing awareness of CSR in China have led to the government and agencies at various levels, embracing CSR as an instrument to address environmental and societal issues. We should also note that Chinese outbound tourism is not always valuable to a destination country as stated below:

> It's hard to deny the opportunity that outbound Chinese tourism represents for economies around the world. The population of China is enormous, and incomes are rapidly rising. It's no surprise then that destinations around the world are jumping on the bandwagon to attract Chinese travellers, and Chinese tour groups have become ubiquitous in many major destinations around the world. However, like with all things, more isn't always better. Poorly designed and/or implemented policies can result in a tourism influx that is, in fact, a net-negative, even as the number of Chinese visitors skyrockets. A prominent case in point is Russia and the country's skyrocketing inbound Chinese arrivals. Russia saw a record number of Chinese arrivals in 2017 at 1.78 million, up from around only 979,000 in 2012. While these numbers reflect all total Chinese arrivals, they nonetheless illustrate the growing interest of Russia as a travel destination for Chinese tourists. The issue, however, is that this impressive growth in arrivals is producing very little revenue for Russian firms or contributing to the Russian economy…Chinese tourists book tours through a Chinese tourist agency and pay through Chinese banks. These tourists often eat at Chinese-owned restaurants because of agreements between the tour operators and owners, and the operators buy rooms in bulk at lower prices. In short, for the most part, Russian businesses are wholly cut out of this revenue stream (Hinsdale, 2018).

Concept of corporate social responsibility (CSR)

Mintzberg (1983), notes that the concept Corporate Social Responsibility (CSR), once referred to as "noblesse oblige", has experienced a radical reawakening since the 1950's. The contemporary age of CSR, or social responsibility as it was often termed, was suitably manifested in Howard R. Bowen's book written in 1953 - *Social Responsibilities of the Businessman*. The book was created from his conviction that the numerous leading businesses in the United States were critical centres of power and their actions impacted greatly on the lives of American citizens (Carroll, 2016). Bowen's main question "what duties to society may businessmen reasonably be expected to assume?" continues to be questioned by stakeholders of organisations, nations, and business today.

No longer is a firm's sole motive to ensure business success via profits (Carroll & Buchholtz, 2012). Possibly due to the extensive range of analysis there is no collectively accepted definition of CSR. The term is a relatively modern one, referring to sustainable development. CSR functions as a combination of self-regulating instruments whereby business monitors and ensures their observance of the law, ethical principles and international standards (Hohnen, 2007). A prominent Chinese academic on corporate social responsibility, Professor Liu Junhai presents his version of the Chinese definition as " The Establishment should not only plan to realise the maximum profits for shareholders, but also consider social welfare – this includes areas such as the welfare of employees, customers, creditors, other competitors and the environment" (Qu, 2007).

Development and morality in the history of CSR in China

The history of CSR in China comprises of many features and the understanding of the different dimensions of the concept is critical to comprehending the various ways in which organisations have cooperated with numerous stakeholders traditionally.

Value of Confucian culture in CSR and ethics

In western cultures, ethical notions emanate from the traditional corpus of concepts and philosophies, as well as the ideas of the ancient Greeks and especially, Socrates, Plato and Aristotle. Business practice in China can be viewed as originating from a Confucian philosophy in the period 1130 CE (Weiming, 1994).The beliefs are regularly used to highlight the major significance that is placed on families, friendship and respect as well as the courtesy that is demonstrated towards wisdom, leadership, customs and the elderly (May, Cheney & Roper, 2007). Getting to understand the cultural priorities of Chinese tourists and finding out what is important to them can only be achieved through asking pertinent questions. A South African tour operator, can for example, examine Chinese travel brochures from which insights can be obtained into what is important to outbound Chinese travellers.

It is worth noting that Chinese people generally tend to look at the links between relationships and things which offer meaning for them and give context to what they do. Westerners' by contrast look at issues in isolation. In Chinese culture, people view social obligations differently. It is thus likely that Chinese people may be concerned more about helping their family directly while disadvantaging others and this may then negatively impact on a society following a western code of ethics in business. This is not to say that such thinking does not also at times pervade western society. So, what is viewed as ethical behaviour in a nation depends on cultural priorities and philosophical viewpoints (Varner & Beamer, 2005). There is sadly much corruption in some Chinese tourism enterprises, which often includes favouring family and associates. The Chinese are encouraged through their traditions to exhibit some favouritism. Confucius' focus on responsibility to family is a case in point. We mention his caution that a person who sees his father steal a sheep should not hand his father over to the powers that be as this would be seen as a betrayal.

During the early 1900's and the Maoist Cultural Revolution from 1966 –1976, Confucianism was censured and the tradition was curbed in China (Chan, 2008). However, during the dramatic growth of the East Asian economies in the 1980s and early 1990s, many have claimed that Confucianism was the foundation, if not one of the foremost influences, for the outstanding economic achievements experienced in the region (Wang & Juslin, 2009).

Confucian philosophy ascribes to an unfamiliar and tacit perspective in comparison with Western philosophy. Things can only be understood within context, but there can be regularities within this contextualised comprehension of relationships and actions (Kezar, 2004). Chan (2008), cites Confucius's hypothesis "To lead a country of many thousands of chariots, there must be humble attention to business, sincerity in expenditure, and love for men; and the employment of people in the proper seasons".

Fundamentally, Confucianism is a practical philosophy, and leadership relies on enduring characteristics for good relationships. Confucius advocated respect and righteous behaviour amongst family, associates and friends as well as among social contemporaries and amongst superiors and subordinates in enterprises and institutions (Qu, 2007).

Chinese society is greatly influenced by the traditional values associated with Confucianism which promotes a stringent system of rules and decorum. It determines how a person should act within a community and with hierarchy. There is only slight separation between business and private life in Chinese society.

Hwang (1999), remarks that Confucian philosophy is established along five fundamental features:

i. Ren (Kindness),
ii. Li (Courtesy, Politeness),
iii. Yi (Justice, Honesty),
iv. Zhi (Wisdom), and
v. Xin (Trust, Faithfulness).

Applying this analysis to a corporate perspective, mutual respect and trust can be extended to include the relationship between companies and stakeholders.

The people centred approach is a reflection of the values, including the 5 values of collectivism, hierarchy, harmony, loyalty and strategic thinking and it has impacted on the development of human capital in business organisations in China (Warner & Zhu, 2010). The relationship between employee and employer is expected to be based on trust and respect. The scope of the impact on stake holders interests extends beyond employees, to other stakeholders in society, who might be externally or internally related to organisations or the organisational decision making and are expected to be treated with compassion, honour, esteem and trust (Ip, 2009). Chinese society is reliant on this tiered operating system and on the effective performance of role (Tou & Noronha, 2015).

Concept of regulatory development in China and Corporate Governance

China's first introduction to Corporate social responsibility was via Chinese Company Law (CCL) in 2005 (Irwin, 2012). Section 5 instructs members of organisations to abide by rules and administrative guidelines and regulations, observe social ethics and business morals, conduct business in good faith, subject the company to the supervision of the government and the public and fulfil social responsibilities (Chen, 2015).

In addition, the Chinese Company Law (2005) has also legislated in sections 17, 18, 45, 52, 71, 109 and 118, the provisions to protect the rights of employees (Wong, 2005). China is commited to reform and is a signatory to the OECD (Organisation for Economic Co-operation and Development) Principles on Corporate Governance. "In addition, China has also

participated in the Asian Roundtable on Corporate Governance and is in dialogue with the OECD on Guidelines on Corporate Governance of State-Owned Enterprises. A 2011 OECD-China Policy Dialogue on Corporate Governance of listed companies in China, which looks at the institutional framework of corporate governance in China through the prism of the OECD

Principles of Corporate Governance concluded that corporate governance has "improved significantly since the Chinese stock market was created in 1990, with important achievements in establishing and developing the legal and regulatory framework" (Irwin, 2012).

The development of the corporate enterprises, as inferred by Academics, determine that Chinese legislators introduced the concepts of corporate entity and limited liability from the United Kingdom (Chen, 2005). The Company Law of the People's Republic of China and the UK speak of the ethics of the company and highlighted the company's moral obligation to the public (Chan, Watson & Woodliff, 2014). The concept itself was practically unknown in China a decade ago (Roche, 2005). Nonetheless, corporate governance was enthusiastically recognised by the business community, resulting in the decision to declare 2005 as the Year of Corporate Governance - wide-ranging social adjustments were instituted to amend numerous laws and regulations (Murray, Kotabe & Zhou, 2011).

More effective Corporate Governance Model in Modern China to include CSR

Like many other countries with transitioning economies and emerging corporate governance systems, China faces major challenges to establish an effective corporate governance model for its businesses to ensure they are all competitive and can adapt to the changing demands of the markets (Yu, Li & Yang, 2017).

The separation of state ownership interests in State Owned Enterprises (SOE's) from the government's regulatory function, and the setting up of internal governance mechanisms to provide incentives and accountability for directors to act in the interests of the shareholders to promote the success of the corporation are regarded as two major objectives in this innovative restructuring (Jiang & Kim, 2015). The transformation of SOE's under the pressure of intense market competition was regarded as an important development to solve the typical shortfalls and agency problems in the emerging corporate governance markets (Yu, Li & Yang, 2017).

Enforcement of CSR related law in China: challenges and opportunities

It is widely accepted in China, due to Confucian philosophy, that a perfect man who enjoys affluence, should obtain and use it sensibly – this is the foundation of CSR in China (See, 2009). The government and individual companies have espoused several environmental and social regulatory policy strategies on a mandatory and voluntary level. Nevertheless, enforcement is relatively lax (Zhao, 2017). CSR should be about delivering sustainable value and long-term benefits to all stakeholders. CSR needs to consist of the integration of economic, social and ecological aims into a tour operator's business strategy. Chinese tour operators need to recognize that having a sound ethical policy in dealings with tourists and operators in outbound destination countries makes the only business sense.

The most important vertical relationship in Modern China is that of the Chinese Communist Party (CCP) to the people (Wang & Juslin, 2009). The party reveals itself as the ultimate liberator of China from the many destructive forces and from both internal and external powers. The people are obligated to obey the Party, and the Party, in turn, owes a common duty to rule China for the benefit of the people (Chen, 2015). Tou and Noronha (2015), posit that that due to improved media coverage in China, consumers do regard CSR as an important tool with which to engage business and challenge business leading to a more transparent information disclosure process.

Moreover, the receptiveness to improved CSR measures has seen a development in the regulatory environment and an evolution in civil society to act as both administrator and partner

to corporations in China (Siebers, 2012). There is a strong emphasis on government's members and legislators to hold to account businesses who transgress these regulations (Siebers, 2012).

Concept of Guanxi

Guanxi generally refers to relationships or social connections based on mutual interests and benefit (Yang & Wang, 2011). Specifically, it refers to a special type of relationship that bonds the exchange partners through reciprocal exchanges of favours and mutual obligations (Zhang & Zhang, 2013). It is common in China for employees to take contacts with them when switching jobs as the guanxi is with the individual and not this employer. Consequently, "…trading competitive information among one's guanxi network may, in some cases, also be considered an acceptable practice" (Irwin, 2012).

Guanxi suggests privileged treatment to exchange partners in the forms of easy access to limited resources, increased accessibility to controlled information, preferential terms including the granting of credit and protection from external competitors (Fang, Gunterberg & Larsson, 2010 and Leung & Wong, 2001).

The standing of Confucian philosophies for organisations includes the relationships in the wider community too, which forms the foundation of the belief of Guanxi (Gong, He & Hsu, 2013). Traditionally, Chinese business people would only engage in transactions with other people whom they already know and trust; people with whom they have Guanxi (Vanhonacker, 2004).

By intentionally restricting their business prospects in this way, they both reduce the level of uncertainty and risk, and increase their emotional comfort (Gong, He & Hsu, 2013). Historically, when Chinese people agreed to do business, they seldom entered into a legally enforceable contract instead counting on the strength of the Guanxi to secure realisation of their informally agreed deal (Leung & Wong, 2001).

The establishment of Guanxi normally starts from (Tam, 2016),

   i.   Jiating Guanxi (family relationship);
   ii. Pengyou Guanxi (friendship relationship);
   iii. Shengyi Guanxi (business relationship);
   iv. Hezuo Guanxi (corporate relationship, including the one between corporate and government) and;
   v.   Huli Guanxi (mutually beneficial relationship)

Once Guanxi is established, the association becomes individualised and personal and Guanxi may play a more vital and long-term role for corporations, aiding a smoother and a more efficient supply chain as well as a reputable relationship with the local community and government.

Guanxi in present day China

The beginning of economic reform and opening of markets in China resulted in China recognising the need to learn from the rest of the world. The realisation created the need for strategic alliances in industrial development (Gong, He & Hsu, 2013).

Despite the fact the Guanxi is often referred to in a derogative manner and critically discussed in terms of Chinese culture and Chinese Legal systems as being a dishonest act with social flaws it does have its positive and useful sides (Yang & Rivers, 2009).

Outlining Chinese Guanxi can be difficult; it constitutes more than what 'business networking' and 'relationship marketing' would submit from the Western perspective (Von Weltzien Hoivik,

2007). Zhao and Roper (2011). Assert that a Confucian approach to well-being and social capital development should in essence be a non-negotiable aspect of business operation. Chinese Guanxi tends to include more 'linking elements' which makes it confusing for international industries to comprehend. For example, while networking is action-oriented, Guanxi is significantly cultural-based (K.D.Lo, 2012). That being said, Guanxi is embedded within the Chinese culture. Guanxi is able to facilitate more transparent and efficient business negotiations and adds an element of trust and personal integrity, which is important for countries with relatively poor legal systems and enforcement measures (Zhao & Roper, 2011).

Ou, Pavlou and Davison (2014), suggest that the productive union of a strong Confucian custom with commercial activities characterises the epitome of modern Confucian capitalism. The collected cultural qualities and the respect for employees' value and new business ideas are proliferated by a market economy with an inventive and sustainable openness. This is consistent with the culturally embedded values for long-term oriented Guanxi among organisations (Gong et al, 2013). Research shows that Guanxi among strategic alliance partners aids organisational performance by reducing the market uncertainty and enhancing the sharing of intangible resources (Murray, Kotabe & Zhou, 2011 and Hitt, Ahlstrom, Dacin, Levitas & Svobodina, 2014). The significance of Guanxi amongst alliance partners is acknowledged as an agent to the success of business (Gong et al , 2013) although it is not the only influence.

Conclusion

Unethical business practices have the likelihood of totally undermining the tourism development work of a destination country. This is why the South African government needs to develop strategies to manage ethics within the tourism supply chains and beyond, in dealings with countries from which tourists emanate. The governments of China and South Africa and the private sector should cooperate to ensure appropriate ethical practices are followed in tourism. Both countries should provide for the effective supervision of the application of measures taken in pursuance of tourism promotion through carefully created. As far as tour guides are concerned, there must be regular inspection services of all tour operators and their operating strategies perused, and an appropriate monitoring of the tourist guides' guiding practices should be common practice even if they are licensed.

With increasing domestic recognition and international pressure in favour of the inevitable transforming economy in a more sustainable and inclusive direction, ethical business practices and also CSR must be entrenched in order to overcome significant obstacles to the achievement of China's goals in terms of green and inclusive growth. There is also a need to develop soft skills which are lacking in some Chinese tour companies including language and communication skills, politeness, ethics, sociability, good behaviour, discipline, scrupulousness and punctuality. These skills can be enhanced through training, along with needed technical and occupational skills. There are also clearly gaps in the understanding of management relating to what is legally acceptable in destination countries and indeed, also in China. Skills development could include long-term national growth strategies and the Chinese government and those of destination countries, should collaborate with relevant tourism stakeholders to identify gaps and shortages of skill when it comes to ethical tourism and effective governance thereof.

Zhao and Roper (2011), posit that a Confucian approach to well-being and social capital development would serve China well, especially when it comes to sectors such as tourism. Pan (2003) developed a theoretical model to conceptualise the strategies managing Chinese business relationships and to explore the critical factors which impact establishing, developing and upholding the relationships between Chinese authorised travel agencies and inbound tour operators in Australia. These could offer good value to South Africa as well.

Business ethics and working relationships with Chinese tour companies and also tourists should be guided by a motivation to understand the values of Chinese culture and by carefully analysing all the facts and facing up to the notion that honesty and reliability ultimately benefit all parties. If any tour operator or industry stakeholder desires success in establishing their brand, it is vital that they act as a fair-minded participant and respect all parties involved in any tourism undertaking. This means that genuine top-quality and service excellence prevail.

There is great influence by the state and Confucian values to ensure that business ethics and CSR practices are aligned with the Chinese Government's goal aimed at improving social development and sustainability for Chinese business globally. Thus, tour operators and other stakeholders should be focused on the well-being of tourists, rather than be seeking to exploit them for unscrupulous gain. Tam (2016) and Yang and Wang (2011), suggest that businesses in China need to better understand business guanxi and in fact make efforts to practise it. With the rapid economic growth in China, stakeholders such as consumers and employees are more informed and demand a more active involvement with local and foreign travel and tourism companies' strategy and decision-making processes when it comes to tourists. The demands of domestic stakeholders are more sophisticated and organised, and CSR is regarded as a part of corporate culture's impact, with recognition and understanding from domestic stakeholders.

It would be prudent to develop some model to manage ethics in tourism with reference to not only China, but also other countries. The case must be made as to why ethical practice pays off apposite ethical standards need to be crafted and implemented for both the supply and demand side travel interested stakeholders in discussion with the tourism industry (Carlisle, et al., 2013). The tour operators as key players in the tourism industry play an essential role in the success of the sector and are expected deliver ethical and top-quality services.

The Western perspective of what is considered as improper business practice may be acceptable in another culture due to fundamental ideologies within their society. Concepts arising from traditional, philosophical beliefs can contribute positively to business ethics (e.g. through the emphasis on trustworthiness) and may be assimilated into ethics programme content. It may be a positive contribution if business understands the role that Guanxi (personal relations) can have on the management of business relations within our society. International organisations are still led by the foremost developed nations, which are democratic countries with market-orientated economies. Therefore, the guidelines of the international institutions are greatly influenced by Western countries' policies. Trade between South Africa and China increased substantially and is anticipated to escalate even further. Both countries are member of the BRICS (Brazil, Russia, India, China and South Africa) trading block, consequently it is imperative that we learn from one another and apply business practises that can develop, expand and satisfy our nations' varying stakeholders' needs and aspirations. Especially tour operators, travel agents and tour guides, have the core responsibility to improve their professional ethical, moral, intellectual qualities relating to outbound tourism from China to South Africa, so that neither the tourists or the destination are misled.

Business ethics and CSR in China are still budding areas. Profoundly predisposed to the State and traditional Confucian values, there are lofty expectations on business to ensure that their ethics and CSR programmes match the Government's long-term strategic plan for social development as delineated in the Chinese Government's *Five Year Plan* (Irwin, 2012). Western companies seeking to insert ethical values into business practices of Chinese companies will need to contemplate the cultural characteristics and Confucian effects on employees' behaviour. What is considered to be unacceptable practice in a Western milieu may be acceptable in another because the core principles would not be violated, for example monetary gift giving and inter-alia, taking tourists to only Chinese owned business while in other countries.

Future research can certainly build on this limited study by further exploring the extent to which South African tourism enterprises have been negatively impacted by unethical practices involving Chinese tourism businesses. Future research can thus for example empirically build on this paper. Specific attention could be focused on local understanding of the Chinese outbound tourism market and its expectations and challenges faced by tourists in China as they embark on a trip abroad. A key limitation of this paper is that it focused solely on the academic literature relating to the value of tourism to South Africa, Guanxi and CSR in China and the issues faced by Chinese travellers. Future research could complement the findings of this research with a review of industry literature related to Chinese tourist expectations and experiences.

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