



Boao Forum for Asia Annual Conference 2018

Session Summary (No. 4)

Boao Forum for Asia Institute

April 9, 2018

Breakfast Meeting

A New Mandate for Business in a Time of Transformation

Time: 7:30 a.m. - 8:30 a.m., April 9, 2018

Venue: BFA Hotel, Symposium

Moderator:

BAN Ki-moon, the 8th Secretary-General of the United Nations

Hans-Paul Bürkner, Chairman, The Boston Consulting Group

Justin LIN Yifu, Professor and Honorary Dean, National School of Development, Peking University;

XIANG Bing, Founding Dean, Cheung Kong Graduate School of Business;

TAEWON CHEY, Chairman, SK Group

**Key points:**

- Today's world is faced with both opportunities and crises, which means it requires the joint efforts of all countries in order to establish a new value system and achieve the sustainable development goals.
- Taking social responsibility initiatives is indispensable for the success of a company.
- In the process of building a modernized socialist country and realizing the medium to long-term goal of modern society, China is embarking on a new development road featuring innovation, coordination, greenness, opening and sharing.
- The Confucian economic circle boasts the strength and wisdom required to shoulder the responsibilities and provide solutions to global problems.

Synopsis:

The world economy is to undergo tremendous transformations with plenty of risks and challenges. How will the companies survive this transition amidst opportunities and crisis? What new missions will they have? How should the challenges faced by the global economies in de-globalization be solved? The global leaders attending the breakfast party conducted in-depth discussions on these issues.

All countries work together to realize sustainable development goals

BAN Ki-moon said that we are in a great era of transformation. Today's world has come to a crucial crossroads, where we are facing both unprecedented challenges and unique opportunities.

In the past ten years, the world has made great progress in human



development and the number of people living in poverty has been reduced by half. At the same time, however, hundreds of millions of people all over the world are still left behind the development. The whole world is now plagued by disparities between countries, social conflicts, and even military conflicts. At the same time, the rapid environmental deterioration is threatening everyone, but we are incapable of addressing such crisis. The key to solving these problems is to establish a new value system - the SDG sustainable values.

The Sustainable Development Goals aims at guiding the behavior of companies, markets and citizens around the world. How to achieve the sustainable development goals is a challenge for all people. No country or company can solve all these problems on their own and it has to be addressed by the joint efforts of the whole world. Nowadays, a new multilateral cooperation is needed to face new common threats, share new opportunities, and achieve common prosperity. It is imperative to strengthen connectivity between countries and regions, including the connectivity of infrastructures, trade, finance, policy and most importantly, people-to-people exchange.

Civil social responsibility is indispensable for the success of a company

Hans-Paul Bürkner believes that in addition to creating economic values for shareholders, customers and other direct stakeholders, companies should also create social values for ordinary people, the public, the government, and other social sectors so as to seek stable and sustainable development in an ever-changing business environment. There is a positive relationship between a company's positive social impact and its well-performed financial state. At the meeting, he released a list of outstanding companies deeply concerned about those who are socially and economically disadvantaged as well as about environmental protection. He said that those companies committed to



creating social values will receive a higher premium on economic returns.

Hans-Paul Bürkner believes companies should combine the creation of value for shareholders and its visions with its social influence and social responsibility into one set of operating systems. Only when a company is regarded as valuable members in society can it bring real difference to the world.

According to TAEWON CHEY, the development strategy of a company with the creation of social value as its core is different from the Zero-Sum game existing in the fierce competition between markets and customers. Instead it is an innovative strategy for uniting with different market players to seek common development and expand markets. He proposed three approaches to realize a new business strategy centered on creating social values: first, to pursue the DBL of economic and social values; second, to use corporate tangible/intangible assets as a shared infrastructure to create social value; third, to work with the professionals who is committed to creating social values so as to build a social ecological environment.

China's Five New Development Philosophies

LIN Yifu said that in the process of building a modernized socialist country and realizing the medium to long-term goal of modern society, China is embarking on a new development road featuring five development philosophies.

The first philosophy is innovation. Innovation is the key to promoting labor productivity. China is still a middle-income country, which means it has to work harder to increase production and its competitiveness in production. The solution lies in innovation.

The second one is coordination. China needs to achieve coordinated



development between urban and rural areas, between domestic market and international market, and to solve the problem of uneven development.

The third one is greenness. Green development and green growth are the common goal of the whole world. China is facing the challenges in both development and environment as well as the pressure in climate change. China must find a balance through green development.

The fourth philosophy is openness. By opening wider to the outside world, China's economy will benefit more from the global market. At the same time, China's domestic economic growth can also bring more opportunities to the rest of the world and coordinate domestic and international demands.

The last one is sharing. China's growth must be inclusive. Everyone's well-being must be improved in the process of development. This will require China to find out a new growth pattern in the coming years.

In order to realize these five development philosophies, China needs to further deepen reforms. During the transition period, China did not eliminate all market-distorting practices overnight at the beginning of reform and opening up. Instead it began with a two-track approach and eliminated these distortionary market practices step by step. At the same time, new challenges will emerge while addressing the interventions and distortions to the market. The solution lies in deepening reforms.

Confucian economic circle amidst global economic environment

XIANG Bing said that the Confucian economic circle includes the economies of Greater China, Japan, South Korea, and Singapore. In 2016, the GDP of the Confucian economic circle was the largest in the world, reaching nearly \$119 trillion, which exceeds that of the United States and European Union. The Confucian economic circle is an economy that has been influenced by



Confucianism. These economies share some cultural factors and are all faced with the economic problem of middle-income traps. Few economies can really overcome the middle-income trap, but the Confucian economic circle is confident and optimistic enough to address this problem.

XIANG Bing pointed out that since the Renaissance, many of the economic problems faced by mankind have been solved by the West. Now, the East, especially the Confucian economic circle, must fulfill its responsibilities and provide solutions to these global problems. The fulfillment of responsibilities by Confucian economic circle might mark the beginning of another Renaissance era of enlightenment. Countries in the Confucian economic circle need to cooperate and learn from each other to achieve win-win results.