



Integrating Environmental Goals and Firm Strategy: China Mobile and Climate Change

Moments earlier, China Mobile's president, Wang Jianzhou, had watched President Hu Jintao's speech on climate change to the UN General Assembly.¹ President Hu declared that China would reduce the amount of carbon dioxide it emits to produce each dollar of gross domestic product by a notable margin by 2020 compared with 2005 levels; increase forests by 40 million hectares (about 98.8 million acres); increase nuclear or non-fossil fuels to 15% of power by 2020; and work to develop a green economy.²

Chairman Wang was awaiting the release of his company's third CSR report, as well as the conclusion of China Mobile's Green Action Plan, a comprehensive, company-wide environmental strategy. The Green Action Plan target aimed to reduce energy consumption by 40% per business unit by 2010 compared to 2005 levels and prevent the use of 8.2 billion kWh of electricity. To date, Chairman Wang had been able to meet the expectations of both public shareholders and the Chinese government by helping build the world's largest mobile phone company. At the same time, he had established a CSR program that would enhance the company's brand image and advance profits. As the firm's "grow together harmoniously" policy and its environmental program, the Green Action Plan, neared two years of age, Chairman Wang wondered whether China Mobile's environmental strategy sufficiently supported the firm's business strategy.

China Mobile's Background and History

China Mobile offered basic mobile voice service, as well as value-added services such as data, Internet Protocol (IP) telephone, and multimedia. The company was primarily owned by the People's Republic of China's central government. The government-owned Assets Supervision and Administration Commission of the State Council (known as SASAC) represented the Chinese government as China Mobile's main investor and controlled the government-owned holding company, China Mobile Communications Corporation, which held a 100% equity interest in China Mobile (HK) Group Limited. China Mobile (HK) Group Limited held a 74.25% stake in China Mobile Limited, while public investors held the remainder. China Mobile established wholly owned subsidiaries in 31 provinces (autonomous regions and municipalities directly under the central government) in China and went public on the Hong Kong and New York stock exchanges in 1997. China Mobile also established two subsidiaries outside mainland China: China Mobile Peoples Telephone Company in Hong Kong and CMPak in Pakistan.



Published by GloboLens, a division of the William Davidson Institute at the University of Michigan.

© 2010 William Davidson Institute. This case was written by Cynthia Koenig and Aparna Sundaram under the supervision of Professor Jacob Park of Green Mountain College and Rick Bunch, Managing Director of the Erb Institute at the University of Michigan as the basis for class discussion rather than to illustrate either effective or ineffective handling of an administrative situation.