

Corporate accountability and human rights in MNCs in Asia: a case study approach

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Abstract

This article examines the corporate social responsibility (CSR) practices and accountability of two Chinese companies with a globalization strategy. Using content analysis, CSR reports were investigated in relation to labour practices and human rights disclosures over six years from 2011 to 2016. The findings show the changes in the disclosed information in the two companies' reports during the period of analysis. This paper highlights a gap between human rights disclosures and the requirements based on both international standards and Chinese laws. Although the two companies are large multinationals with substantial global expansion, their labour practices and human rights compliance raise concerns. In order to diminish the gap between the enterprises and the expectations of public stakeholders, this study recommends that companies should be more transparent about their labour practices and human rights compliance.

Keywords: accountability, case study, China, corporate social responsibility, human rights, labour practice.

Introduction

Many Multinational Corporations (MNCs) in the world are paying attention to corporate social responsibility (CSR), as they realise that CSR plays a significant role in companies' operations. Companies are interested in reaching goals, including profitability, eco-friendly policies for the environment and social perspectives. As a result of a high demand for resources in order to achieve fast economic growth, the improvement of CSR in developing countries, such as China, is different (Busse, 2016). Although China is the second-largest economy,¹ CSR does not play an important role in Chinese companies. As is shown by many academic studies, CSR is quite meaningful to businesses (Kolk, 2016; Kolk, Hong, & Van Dolen, 2010; Preuss, Haunschild, & Matten, 2009). Also, those academic sources are guiding the Chinese government in building regulations that will assist CSR practices. Over the past decades, the Chinese government has started to improve CSR guidelines and encourage companies to apply them. At the same time, a huge Chinese market has opened to western investors who keep an eye on the sustainability development of their businesses. From a long-term perspective, CSR reports will bring positive effects, such as a good reputation and increased profitability for companies, rather than negative impacts (Busse, 2016).

Although CSR is accepted by Chinese enterprises, the quality of reports is still one of the most controversial topics due to product safety and human rights issues (Forsman-Hugg, Katajajuuri, Mäkelä, Järvelä, & Timonen, 2013; Engle, 2004). For example, the Sanlu milk scandal was a serious incident that involved adding chemical material to infant formula milk powder in order to meet standard requirements. That led to severe kidney sickness of thousands of infants. Due to this scandal, the government started to examine all milk products available in the market. The results of this inspection indicated that more than 10 milk manufactories had the same issue with added restricted material in their products. This was a serious event related to product safety. Another incident linked to labour practices and human rights resulted in a spate of suicides in Foxconn. During this critical situation, 14 employees fell off a building in the factory over a 10-month period. Since those harmful events, CSR scholars are switching their focus on employment security issues in CSR in particular business entities. The above mentioned incidents and many other similar happenings reported by the world media (Schrempf-Stirling and Palazzo, 2016) highlights the need of more

¹ <http://www.worldbank.org/en/country/china/overview#1>

research on MNC activities and find avenues to make corporations accountable and responsible for human rights and employee health and safety.

Although there is academic discourse on labour relations and human rights in other disciplines such as law, political studies, management and international relations (Whelan, Moon, and Orlitzky, 2009; Whelan and Muthuri, 2016; Scherer and Palazzo, 2011; Wettstein, 2012), human rights research in accounting is limited or opaque (Cooper et al., 2011; Sikka, 2011; Lauwo and Otusanya, 2014). Hence, the lens of this research is focused on how global MNCs undertake accountability of human rights in their home countries.

This research aims at examining the implementation of CSR related to labour practices and human rights in Chinese multi-national companies, through a case study of Qingdao Haier and Alibaba. Regulations and standards at both international and domestic levels are reviewed. The goal is to examine the level of disclosure in their CSR reports between 2011 and 2016. Furthermore, the study examines whether there is a relationship between globalization strategy and the intention of improving CSR disclosures on employees and human rights. This article finds different levels of CSR disclosures related to labour practices and human rights criteria in the Global Reporting Initiative (GRI) and Guidelines on Corporate Social Responsibility Reporting for Chinese Enterprises (CASS-CSR) between Qingdao Haier and Alibaba Group in the analysed period. The study will also investigate the compliance of ISO26000, the standard from the International Organization for Standardization 26000, by the two companies. This study will contribute with an overview of the level of CSR disclosures related to labour practices and human rights in these two top companies. Through the discussion in this paper with some empirical evidence from the two large Chinese companies we intend to add knowledge to the existing literature from home country and developing country perspectives. It also attempts to make awareness on the low level of importance placed by MNCs on human rights and labour relations, hence the vulnerability of employees by prioritising business sustainability only.

The rest of the article is structured as follows. The next section provides a short illustration of the global CSR background. Then the evolution of Chinese CSR is described in terms of academic studies. Next the methodology is interpreted, including case selection, background of cases, and content analysis. Then the article introduces rules related to labour practices and human rights between international and domestic standards and guidelines. The following

section explicates the findings of this case study and discusses the results. The report concludes with limitations and future research.

Global perspective of CSR: a brief background

Research on CSR is very well developed, from theory study to empirical analysis in western countries. Carroll (1999) showed that social responsibility was brought up from a business perspective since 1946 through a magazine interview. During the following few decades, a great number of researchers have started to work on CSR from various perspectives. For example, Carroll (1999) described how the definition of CSR changed and developed over time. The author reviewed the literature and reached the conclusion that in the 1950s, social responsibility showed up for the first time in the business area. Then, between the 1960s and the 1970s, different versions of the definition were provided and expanded. During the 1980s, more and more research about CSR was conducted, but the number of definitions decreased. Coming to the 1990s, researchers switched their attention to other aspects of CSR. On the other hand, Gamerschlag, Möller and Verbeeten (2011) did an empirical study to analyse CSR disclosure for 130 companies in Germany. They indicated that a high volume of CSR disclosure had a positive influence on avoiding costs of business from negative political factors. Not only did the authors investigate the impact of political costs on companies, but they also inspected ethical perspectives. Lamberti and Lettieri (2009) explained that some food companies changed their business strategies to focus on CSR disclosure in order to get a good reputation from customers as well as for increased profits. Joyner and Payne (2002) directed their attention to the connection between CSR and financial performance in terms of a study of two large business entities and confirmed that the link to financial performance can be either direct or indirect.

Studies on CSR based on conceptual perspectives and case studies have been developed comprehensively in western countries. These studies provide a good foundation for an analysis of CSR in China. This article analyses the CSR reports of Qingdao Haier and Alibaba Group related to labour practices and human rights, based on existing global and local standards.

Global labour regulations and standards

Social clause & fundamental International Labour Organisation (ILO) conventions

The social clause was brought forward by the trade unions in the United States in 1992. One of its most important items is labour rights protection. It contains suggestions for the elimination of forced labour, child labour and discrimination work. However, standing against social dumping is the purpose of creating a social clause (Blackett, 1999). Social dumping occurs when industrialized countries with a higher cost of salaries import products at cheaper prices. There is a reason for this: the absence of protection of employees' rights and interests, as well as the existence of unreasonable salaries. Therefore, exporting countries are able to sell their products at a price lower than the market price. However, due to this selling approach, employees in industrialized countries lose work opportunities. Under this situation, importing countries are forced to reduce the salaries and benefits of employees, in order to increase the competition of their products. As a result of this, the United States was eager to push forward the social clause into the World Trade Organisation (WTO) agreements (Leary, 1997). Nevertheless, the definition of labour standards in the social clause is ambiguous. Both core labour standards and salaries, working hours and labour protection are mentioned in it. In the end, the social clause was not written into WTO agreements. On the other hand, fundamental ILO conventions were prepared by the ILO, instead of the social clause to put into WTO agreements. It aims at the protection of the basic rights and interests of employees in the workplace.

International labour standards

International labour standards are conventions and recommendations, which are passed by the ILO. Those standards are concerned with employees' rights and work conditions, including free association and collective bargaining, free employment and ban of forced work, employment and wages between male and female equally, forbiddance of child labour, and reasonable work conditions. By July 2017, there were 189 conventions and 205 recommendations, which refer to basic human rights, work conditions, social security, statutes of women, employment and human resources, society policy, labour management, child labour, and immigrant workers. The standards provide comprehensive and complete requirements of payment of labour, work environment, benefit of employees, and additional human rights. As a result, international labour standards comprise protection of employment and human rights broadly and entirely. An increasing number of countries take part in ILO

and apply these conventions and recommendations. At the end of 2017, China, except the Hong Kong and Macao special administration regions, implemented 26 conventions, including four fundamental conventions, two governance conventions, and 20 technical conventions² (see Appendix).

SA8000

SA8000 was initiated by the United States, which cooperates with multinational companies and international organizations around the world. It is the first international standard of moral rules, which is applicable for any company in different industries and locations. Meanwhile, implementation of SA8000 is the same as ISO9000 and ISO14000. It can be audited by a third authorised party. The main content of SA8000 contains eight aspects, which are 1) child labour, 2) forced and compulsory labour, 3) health and safety, 4) freedom of association and right to collective bargaining, 5) discrimination, 6) disciplinary practices, 7) working hours, and 8) remuneration. It covers the operation of businesses on management and performance perspectives (Kortelainen, 2008). SA8000 is involved in internal CSR. Although SA 8000 has many merits, SA 8000 is deficient for their norms, lack of communication with stakeholders, and companies seem to follow it because of compulsion instead of voluntariness (Gilbert, & Rasche, 2007). At the same time, since most labour issues focus on labour-intensive industries, it seems that SA8000 directs its attention to developing countries (Beschorner, & Müller, 2007). By contrast, due to the provisions of SA8000 only related to human rights and work conditions, it plays a significant role in supporting society to protect employees.

ISO26000

The International Organization for Standards (ISO) did research and amendments on guidance on social responsibility for years. On the 1st of November 2010, ISO promulgated ISO26000. The standard aims at encouraging organizations around the world to improve the key performance indicators of sustainable development while having the ability to make a better community environment. Furthermore, the organizations are stimulated to devote themselves to sustainable development. In terms of this perspective, ISO26000 looks at social responsibility as if it is an actual requirement of what you need to do, rather than a moral discussion of what you should do. That means organizations should insist on principles of

² http://www.ilo.org/dyn/normlex/en/f?p=1000:11200:0::NO:11200:P11200_COUNTRY_ID:103404

accountability, transparency, respect regulations, protection of human rights and interests of shareholders. It includes human rights, labour practices, equal operating practices, organization management, environment, customers issues, and community involvement and development. ISO26000 is suitable for not only enterprises but also governments, NGOs, and other non-profit organizations. Although the demands of developing countries are taken into account, western countries are making the standards. Stages of society development are different between developed countries and developing countries, that is, in their politics, economics, culture, beliefs, value perspectives, and industrial structure. As a result, ISO26000 is applied diversely on a case-by-case basis. The guidelines' requirements referring to human rights include duties of investigation, the risk to human rights, avoidance of collusive relationships, solution of complaints, discriminating against disadvantaged groups, civil and political rights, basic principles and rights of employment, and economic, social and cultural rights. On the other hand, labour practice comprises the relationship between employees and employers, working conditions, social security, health and safety, as well as training and development for employees. The purpose of ISO26000 is to provide guidelines for social responsibility, neither certification nor management standards. Due to the universal character of ISO26000, demands related to the interests of worldwide shareholders are taken into an account of social responsibility. The only issue that international society is facing is to deal with differences between developed countries and developing countries when they apply ISO26000.

Global reporting Initiative (GRI)

GRI was established in the late 1990s and introduced a framework that could assist in benchmarking companies' activities. It has been the most popular framework worldwide. It has been adopted by 74% of the largest 250 global companies (KPMG, 2015). After the introduction of the full set of guidelines in 2000, it went through several intensive revision processes in 2002, 2006, 2011, and in 2013, releasing G2, G3, G3.1 and G4 versions. The main intention of the GRI is to harmonise sustainability reporting and financial reporting practices by allowing consistency and comparability of the company activities around the globe (Willis, 2003; Parsa, Roper, Muller-Camen, and Szigetvari, 2018).

CSR development in China

While China is one of the fast-growing economies in the world, environmental issues, human rights and other business ethical issues in Chinese companies have started emerging only in recent years. Large Chinese companies play a significant role in social responsibility in China. Actually, China has a long history of social responsibility. Wang and Juslin (2009) indicated that China was known for a CSR study as far as 2500 years ago. The essence of social responsibility has applied since the ancient period (520–475 BC) in China. The authors explained the changing process of CSR in terms of timelines. As a Confucian trader, operating a business might take account of ethics, honesty, charity, credit and equity. These characteristics demonstrate that the basic concept of social responsibility has existed in China for a long time. The second stage was between 1949 and 1983. As a result of the change in Chinese political circumstances, none of the citizens were able to be involved in business except the government, which is called a planned economy. At that time, mandatory duties were asked to be followed by political demands instead of CSR. The period between 1984 and 1994 represents the third stage of CSR development in China, when private entities were allowed to be involved in commercial activities. The current authority wants to achieve economic development through encouraging the desires of individual citizens. Therefore, there is a lack of consciousness of social responsibility. After 1994, CSR was introduced to China by western countries, and studies of CSR have made great progress since 2000.

While CSR was accepted in companies between China and the developed countries, there are quite different purposes for stimulating entrepreneurs to apply CSR. Hou and Li (2014) analysed the data of 4000 Chinese business entities and another 1200 companies from different countries around the world. The authors found that improving a company's reputation, as well as being partly responsible for social development, and getting government acceptance are the most important reasons business entities implement CSR in China. By contrast, the rest of the companies applied CSR in order to either increase income or reputation, or to be in accordance with rules. According to their research, the main reason for following CSR by complying with regulations and laws is to get attention from overseas entrepreneurs. Chinese companies are not concerned about following rules. One of the reasons is that there is a lack of supervisory organizations, such as non-governmental organizations (NGOs), in China except for the government (Hou & Li, 2014). Due to the absence of monitoring by different stakeholders, Chinese firms do not have the willingness to

disclose CSR voluntarily. While preparation of annual reports is compulsory, CSR disclosure is not compulsory except for companies that are on the requirement list of the Shanghai Stock Exchange (SSE) in China. There are only 32 public companies which disclosed CSR reports voluntarily. These entities believed that they need to satisfy the government only.

There are two types of societies: rule-based and relation-based. The definition of a rule-based system is that the nation applies the public rules, including laws, state policies, and regulations in an approach that is transparent, fair, and prevailing (Li, Park, & Li, 2004). The authors also defined the relation-based system, which is when individuals impact on the rule-based system in terms of personal relations because of an unfair public rule-based system. The society of China is the latter one. Compared with a rule-based society with a transparent and fair legal system, the government is much more actively involved in public information than in a relation-based society (Lattemann, Fetscherin, Alon, Li, & Schneider, 2009). When the Sanlu milk scandal happened in 2008, the government asked the entire society to undertake the social costs (Noronha, Tou, Cynthia, & Guan, 2013). As a result of that decision by the government, the public was embarrassed and realised that they had not paid any attention to companies' activities in the past.

Due to the high involvement of the government, Chinese citizens trust that officials and the system of laws are able to monitor and restrain business organizations well. Since the scandal took place, however, shareholders started demanding more disclosed information, not only financial data in annual reports, but also performance information on operations in CSR reports. The public is doubtful about whether companies are preparing their CSR reports in accordance with provisions (Noronha, Tou, Cynthia, & Guan, 2013). Researchers realise that their studies should move from the structure of CSR to more specific areas, such as product safety, pollution and charity duties. However, there is still a lack of empirical studies related to employee and human rights. In terms of this gap, this research analyses disclosed information of labour practices and human rights in CSR annual reports, in order to improve CSR reporting in China. This article examines the CSR reports of Qingdao Haier and Alibaba Group related to their responsibility towards employees and work safety, in terms of the Guidelines on Corporate Social Responsibility Reporting for Chinese Enterprises (CASS-CSR), in conjunction with global standards.

Labour Law & Labour Contract Law of the Peoples Republic of China

There was no completed legal system in China between 1978 and the early 1990s (Hou & Li, 2014). Chinese labour law was promulgated in 1994. However, there are many problems in the labour law. For instance, no measures in the law have clearly been presented, and no process has been applied. Due to a lack of detailed rules and regulations to support the labour law, employees are not able to be well protected under the law. Compared with Chinese labour law from 1994, Chinese labour contract law, which is also called the new Chinese labour law, was released so that employees are able to be protected better. The strengthened measurements are against illegal dismissal, increased compensation of dismissed employees, and there are more limitations of labour dispatching practices (Haina, 2015). One of the most important effects is the fact that the cost of breaking laws increases sharply in the new labour law. For example, a company might pay a massive amount of penalties when employees either do not sign a labour contract or do not have social insurance. However, regulations to protect the human rights of employees are absent in China. Only a few provisions are dispersed in the different content of laws. Meanwhile, disclosure in CSR reports is not required by these laws. Therefore, it is difficult to connect China's labour law and labour contract law with CSR reports.

Difference between Chinese regulations, SA8000, and ISO26000

As SA8000 came out, many export-oriented Chinese companies were requested to apply SA8000 certification by some MNCs, otherwise the Chinese companies might lose their trade orders. Because of this, SA8000 was introduced to many Chinese companies. Afterward, ISO26000 was released in order to provide a standard of social responsibility which is more authoritative and comprehensive.

Firstly, regarding child labour, both international and Chinese laws (standards) have similar requirements. There are slight differences in order to strengthen Chinese regulations. Secondly, the Chinese labour law system is not completed. Hence, there are some ambiguous provisions. For instance, some products in the market are made by prisoners, who are working for state-owned companies. This would impact on the export market negatively. However, Chinese labour law (1994) does not ban it with explicit clauses. Thirdly, free

association and collective bargaining is limited by political factors. It is quite difficult to set up a trade union by workers, due to complex processes of application and approval. Therefore, duties of trade unions are not able to come into play entirely to protect employees in China. Fourthly, compared with the 14 reasons of discrimination in SA8000, there are only four points in Chinese labour law, which are nation, race, gender, and religion. In addition, Chinese labour law has just one provision which is no discrimination of employment and payment distribution. However, the range of discrimination has six factors in SA8000. As a result of a flawed labour legislation system in China, a bias has been found in recruiting for jobs of the female workforce in the commercial world. For example, in several instances women had to sign an agreement as a guarantee that they will not get pregnant while they are working for the company. Otherwise, those female employees would be dismissed. Lastly, in terms of both Chinese labour law and SA8000, the maximum working hours is eight hours per day, 40 hours per week. Meanwhile, overtime should not be more than 12 hours per week by SA8000. Under Chinese labour law, three hours per day, 36 hours per month is the maximum overtime rule. In China, however, the labour law and trade union system are less developed, and companies are free from inspection related to employees and human rights. Even with those clear clauses, some recruitment advertisements describe job details online, mentioning only one day off every week. Job seekers are used to it because of the highly competitive job market. Therefore, employees have to reach a compromise in order to get a job for basic needs.

There are some difficulties in adhering to SA8000 in developing countries. Some Chinese companies believe that it is a trade barrier instead of social responsibility guidelines (Tang, 2004). Therefore, they lack the motivation to apply this standard in their businesses. The significant distinction between SA8000 and ISO26000 is that the subjects are all organizations in the world, including enterprises, governments and public sectors, and NGOs. Meanwhile, the purpose of ISO26000 is to encourage every organization to apply it as a consideration of social responsibility, instead of getting a certification. On the other hand, the coverage of ISO26000 is much more comprehensive than SA8000. ISO26000 involves seven core aspects balancing forces between globalization and sustainable development perspectives. By contrast, SA8000 has a narrow view on human rights.

Both SA8000 and ISO26000 together cover labour practices and human rights comprehensively. As the Chinese labour law system is not very sophisticated, both of them

can be supplements. However, considering the relatively narrow view of SA8000, in this research the CSR disclosures will be analysed under the views of ISO26000, together with GRI and CASS-CSR, in order to examine the quality of voluntary disclosure between Qingdao Haier and Alibaba Group.

Methodology

Case selection

In the past decade, not only have researchers kept their eyes on CSR disclosure, but also shareholders who cared about whether companies took social responsibility seriously. As shareholders, they look forward to reading more studies related to the company they have invested in, based on the limited information from annual reports. There are few case studies on CSR reporting in China, and their focus is on the one explicit perspective of core standards (Yu, 2008; Islam, Haque, Dissanayake, Leung, & Handley, 2015). This study explores two organizations, Qingdao Haier and Alibaba Group. As subjects of the research, these two companies have some particular significance. Firstly, both of them are among the top companies in their separate industries. Secondly, globalization strategy is the primary approach of expanding their businesses. Thirdly, not only are both of them publicly listed companies, and disclose information extensively, but also these two companies are part of the small group that prepared CSR reports at an early period. Plus, their CSR reports are available online. However, they are in two different types of businesses. Qingdao Haier manufactures white electrical appliances, while Alibaba is an internet-based retail enterprise.

Research in developed countries points out that despite the fact that China is the country with the fastest economic growth in the world, Chinese companies barely take into account social responsibilities. Increasing profitability is the primary purpose for them. Therefore, if Chinese companies carry out social responsibility activities positively, and disclose them with integrity, it will play a significant role in development of the economy, protection of the environment, and protection of employees' rights and improvement of their well-being. As such, studying disclosure of CSR on employees and human rights from an academic perspective will allow the improvement of CSR in China.

However, there are limited number of studies that explore CSR in terms of individual entities. A large amount of research has presented CSR in different perspectives, such as financial

performance (Peloza, 2009), marketing rules (Enderle & Murphy, 2009; Maignan & Ferrell, 2004) as well as behaviour of companies, human rights and attitude of businesses. All of this research is at the macro level of CSR study (Aguinis & Glavas, 2012). It is equally important to check whether CSR guidelines apply well in each organization.

Background of cases

Qingdao Haier

Qingdao Haier Limited (Qingdao Haier), incorporated in 1989, is the biggest white electrical appliance manufacturer in the world (Palepu, Khanna, & Vargas, 2006). In 1993, Qingdao Haier was listed on the Shanghai Stock Exchange. As of 2017, there are 10 research and development centres, 7 industrial parks, 24 manufacturing plants and 24 trading companies. Haier has had the largest market share in the big household appliance market eight years in a row. Qingdao Haier had clear targets during their growth and achieved them successfully. Brand building and diversification strategies applied from 1984 to 1997. After those two stages, a globalization approach was adopted by Qingdao Haier. In terms of the early strategies, the company focused on improving the quality of refrigerators, and switched to discover new markets, such as telecommunications equipment, washing machines, and televisions, acquiring many domestic appliance companies (Pallas, 2016).

Between 1998 and 2011, Qingdao Haier launched its globalization approach, expanding with internationalization and global brand strategies. In October 2011, Qingdao Haier bought Sanyo Electric Co Ltd, in order to get the white electric appliance market in Japan and Southeast Asia. In 2012, Fisher & Paykel Appliance was taken over by Qingdao Haier. As the result of these purchases, Qingdao Haier improved their position in the world's high-end white electric appliance market. In 2016, General Electric appliance also became one of the members in the Haier brand. Since 2012, Qingdao Haier has started a networking strategy.³ The purpose of the strategy is catering to the fast-developing online market. With the fast development of its business, the total number of employees was 74,570 at the end of 2016 (2016 annual report).

Alibaba

Alibaba Group was established in 1999 by Jack Ma and a team of 18 people. Alibaba Group operates multiple business, included e-commerce, retail, internet, technology, financial

³ http://www.haier.net/en/about_haier/

service and investment. On 19 September 2014, Alibaba Group was listed on the New York Stock Exchange. In 2016, Alibaba Group was the biggest online retail market in the world. As of 10 October 2017, it carries a market valuation of over 470 billion US dollars, exceeding Amazon. With the same globalization strategy as Qingdao Haier, in 2010, Alibaba Group bought two internet companies in the United States, in order to break into the American e-commerce market. In 2015, MEI.com joined with Alibaba as a strategic partner so that the luxury product market in China has been taken. This is the difference between the globalization strategy of Qingdao Haier and the Alibaba Group. Not only in the global market, but Alibaba also expands their internal market through investing in overseas companies functioning within China. Lazada, which is an e-commerce company in the Philippines, was taken over by Alibaba in 2016. The purpose is to acquire the market in Southeast Asia. In the Indian market, Alibaba invested in One97 Communication and Jasper Infotech Pvt to open a market in a local area.

Apparently, Alibaba Group is becoming the biggest e-commerce company in the world.⁴ Alibaba Group has devoted themselves to building a business ecosystem. Alibaba Group has a goal which is to become the world's fifth-largest economy by 2036. To achieve the goal, Alibaba expands its business, not only online retail which concentrates on cross-border trade, but also diversified industries, such as the financial sector (Ant Financial), logistics sector (Cainiao Logistics), and culture and entertainment sector. The ultimate purpose is to connect and impact all business sectors. Its globalization strategy is different from Qingdao Haier's. Alibaba Group not only sells their products overseas, but also imports goods to the Chinese domestic market. Therefore, the comprehensive business provides a higher possibility of success in the global economic market. Currently, Alibaba Group is moving on the "Electronic World Trade Platform" (eWTP), and focusing on helping small and medium enterprises (SME). eWTP is able to impact on the development of a digital economy, in order to collect heaps of related data to rearrange a new economic pattern. As of the end of 2016, the total number of employees was 46819 (2016 CSR report).

Content analysis

Content analysis is one of the methods which is generally applied in quantitative research, especially for analysing text data (Hsieh, & Shannon, 2005). This paper analyses the CSR

⁴ <http://www.alibabagroup.com/en/news/press?page=1&year=2010&business=all>

reports of Qingdao Haier and Alibaba Group by using the content analysis method to capture labour practices and human rights disclosures. The reports of each company, from 2011 to 2016, have been reviewed for this study. All of the reports were downloaded from the companies' websites. The following guidelines, standards and regulations have been referred to in identifying the level of CSR disclosure in the two companies.

- 1) Global Reporting Initiative (GRI) (Versions: 3.0, 3.1 and 4.0)
- 2) Guidelines on Corporate Social Responsibility Reporting for Chinese Enterprises (CASS-CSR)
- 3) Social Accountability 8000 International standard (SA8000)
- 4) International organization for standards 26000 (ISO26000)

Table 1 shows examples of contents extracted from the CSR reports. Data reliability is a major issue in content analysis. In many instances, researchers use two or three coders to make sure of the reliability of the data. In this research, coding was done by a single coder. To maintain accuracy and reliability, a sample of coding was done repetitively and checked for accuracy.

The study takes into account the requirements on the above standards and regulations related to labour practice and human rights. In order to identify what has been disclosed and what has not, we compared six years of data with the guidelines for each company. Firstly, the paper goes through the international and domestic standards of CSR relevant to labour practice and human rights, in order to show the differences between them, if there are any. For example, the article explains international rules, including social clause, international labour standards, SA8000, and ISO26000. On the other hand, the evolution of labour law and labour contract law in China is introduced in the following section. This report selected ISO26000 to be a better indicator of labour practice and human rights than SA8000 for the comparison of these standards.

Secondly, the study aims at determining what they have applied from GRI and CASS-CSR and what has been missing in their CSR reports because the CSR reports of Haier and Alibaba were prepared based on GRI and CASS-CSR. All requirements of CSR reports related to labour practices and human rights are listed in the test tables (Table 2, 3, 4 and 5) in terms of CRI and CASS-CSR. Then information involved in the requirements are marked in

the tables, in order to check the related information disclosed in their CSR reports and the missing parts. For instance, 33,633 producing staff, 18,377 selling staff, 6,354 technical staff, 919 administrative staff, and 531 accounting and finance staff (56%, 31%, 11%, 1%, 1%, respectively) were disclosed in the 2011 Qingdao Haier CSR report. The information partly meets the requirement of GRI 3.0 related to labour practices, which is “total workforce by employment type, employment contract, and region.” (LA 1). Therefore, a check mark is placed in Table 3. By contrast, all blank cells in the tables show missing parts. Then the study evaluates the reports from 2011 to 2016 in terms of the guidelines of social responsibility in relation to labour practices and human rights perspectives. The analysis used in this thesis is based on GRI, which is updated over time, including GRI 3.0, 3.1 and 4.0. While this article investigated the three versions, it is interesting to note that very few differences exist between the guidelines over the years.

Thirdly, the data related to labour practice and human rights in their reports are compared with ISO26000 to determine the quality of CSR reports from these two top companies in their industries. ISO26000 on human rights is used in this study, in order to provide a study reference, to examine whether the two companies disclosed data which meet its requirements. Therefore, in terms of ISO26000, regarding human rights, there are eight categories including 1) due diligence, 2) human rights risk situations, 3) avoidance of complicity, 4) resolving grievances, 5) discrimination and vulnerable groups, 6) civil and political rights, 7) economic, social and cultural rights, and 8) fundamental principles and rights at work. In addition to labour practice, five items are identified, which are 1) employment and employment relationship, 2) conditions of work and social protection, 3) social dialogue, 4) health and safety at work, and 5) human development and training in the workplace. The study analyses the disclosed information of Qingdao Haier and Alibaba Group from these perspectives (Table 6). The method is the same as in the former tables. Check marks showing disclosed information in CSR reports related to the above requirements of ISO26000 are put in table cells. Finally, this paper discusses the findings and sees whether Chinese companies pay attention to labour practice and human rights.

Table 1: Examples of content analysis

Search item		Qingdao Haier (2014)	Alibaba Group (2014)
GRI	LA1: total workforce by employment type, employment contract, and region.	example: total 55762, 2050 in headquarter, 33181 producing staff, 11898 selling staff, 7908 technical staff, 674 administrative staff, 625 accounting & finance staff. Bachelor degree and above 11893, collage 9826, polytech collage and below 2567	example: 27257 regular employees in total, the number of new employees is 9113, female is 1006, percentage of new employees is 29.4%, and women employees is 30.40%."
CASS-CSR	S2.1: Coverage of employment contract		example: 100%"
ISO26000	human development and training in the workplace	example: Haier college has a comprehensive training system, including practice learning, self-learning, industry resource learning and full-time study in terms of employees' ability"	example: Alibaba has established a complete training system including new employees orientation training, professional training and management training. The regular training course system covers corporate culture, values, personal management, centennial responsibility, professional and technical training and team management. Furthermore, the Group also adopts an online learning platform to provide employees with online courses, and supports personalized functions such as online exams and establishment of learning archives, hence realizing the common growth of employees and Alibaba."

Results

GRI perspective

A summary view of the CSR reports related to labour practice and human rights in Qingdao Haier and Alibaba Group from 2011 to 2016 is presented in Table 2 and Table 3, respectively.

The findings in Table 2 demonstrate that Qingdao Haier barely disclosed information involved in labour practice and human rights under GRI guidelines in 2015 and 2016. Only the total number of employees by employment type and level of education was disclosed in the 2015 reports. Information related to training, which was the best disclosed part in the past four years, only described the purpose of training programmes in 2015 and 2016. Disclosed information about employment is very scarce and was provided in the CSR reports from 2011 to 2014. Plus, the disclosure was not published exactly based on requirements of GRI guidelines. Only the percentage and total number of employees in terms of job types are in the reports.

In addition, data on benefits, which are provided to full-time workers, are disclosed better between 2011 and 2014, such as health check, social insurance and paid holidays. Probably the reason to disclose this information is that the company attempted to attract more employees in order to reach a goal of sharply increased business at that time. However, two important indicators of employment, which were not mentioned in the reports, are employee turnover and the number of new employees. On the other hand, training and education are

other indicators, which were explained quite well. Its concept, structure, and context are described specifically in the reports. Nevertheless, the average hours per employee and percentage of feedback of employees by gender and by employee category are not disclosed. Apart from those previously mentioned indicators, indexes about labour practice and decent work and human rights part are hardly commented on in the report in terms of the GRI guidelines.

Table 2: Labour practice and human rights disclosures based on GRI in Qingdao Haier CSR reports

GRI 3.0	2011	2012	GRI 3.1	2013	2014	GRI 4.0	2015	2016
employment			employment			employment		
LA1	√	√	LA1	√	√	LA1	√	
LA3	√	√	LA3	√	√	LA3		
labour/management relations			labour/management relations			labour/management relations		
LA4			LA4	√		LA4		
occupational health and safety			occupational health and safety			occupational health and safety		
LA6			LA6	√		LA6		
LA7			LA7	√		LA7		
LA8	√	√	LA8	√	√	LA8		
training and education			training and education			training and education		
LA10	√		LA10	√		LA9		
LA11	√	√	LA11	√	√	LA10	√	√
security practices			security practices			security practices		
HR8	√		HR8			HR7		
			remediation			supplier human rights assessment		
			HR11	√		HR10		

Similar findings are in the CSR reports for Alibaba Group (Table 3). For employment, and training and education indicators of labour practice and decent work, quality of disclosed information are the same as the report of Haier. However, under the indicator of employment, Alibaba Group provided the data related to new employees. Although there is a lack of data about training hours and percentage of feedback by all categories, the reports from 2011 to 2013 provided the data of average hours of training per year per new employees, and the percentage of employees' feedback. Compared with the disclosure of Qingdao Haier, Alibaba Group disclosed data of diversity and equal opportunity between 2012 and 2016. A great deal of the information referred to female employees. The percentage of female employees went down from 44.5% to 38.51% during the period. As a human rights indicator, similarly to Qingdao Haier, there was no disclosure between 2012 and 2016, except in the report from 2011, only a small amount of the presented information had a connection with human rights indicators, such as investment, non-discrimination, child labour, and forced and compulsory

labour. According to their CSR report in 2011, Alibaba offered a training programme to assist disabled people to get skills for online business, in order to prevent anti-human rights events, including discrimination, child labour, and forced and compulsory labour.

Table 3: Labour practice and human rights disclosures based on GRI in Alibaba Group CSR reports

GRI 3.1	2011	2012 & 2013	GRI 4.0	2014	2015	2016
employment			employment			
LA1	✓	✓	LA1	✓	✓	✓
LA2	✓	✓	LA2	✓	✓	✓
LA3	✓	✓	LA3			
occupational health and safety			occupational health and safety			
LA6	✓		LA6			
LA7			LA7	✓	✓	✓
LA8	✓	✓	LA8			
LA9						
training and education			training and education			
			LA9	✓	✓	
LA10	✓	✓	LA10	✓	✓	✓
LA11	✓	✓	LA11			
			diversity and equal opportunity			
LA12	✓		LA12	✓	✓	✓
diversity and equal opportunity			equal remuneration for women and men			
LA13	✓	✓	LA13			
equal remuneration for women and men			supplier assessment for labor practices			
LA14	✓		LA14			
investment and procurement practices			investment			
HR2	✓		HR2			
non-discrimination			freedom of association and collective bargaining			
HR4	✓	✓	HR4			
child labor			forced and compulsory labor			
HR6	✓	✓	HR6			
forced and compulsory labor			security practices			
HR7	✓	✓	HR7			

One report is available for both 2012 and 2013.

CASS-CSR perspective

Qingdao Haier prepared their CSR reports based on GRI and CASS-CSR during the period of analysis. Compared with GRI, CASS-CSR has a more narrow perspective of labour practice and decent work and human rights. Only two categories are linked to these in CASS-CSR: responsibility for employees and work safety. Both Qingdao Haier and Alibaba Group are more likely to disclose information based on CASS-CSR than disclosure in terms of GRI. In Table 4, from 2011 to 2013, the performance of CSR disclosure of Qingdao Haier was getting better. Plus, their CSR report almost reached each requirement of CASS-CSR in 2013. However, the disclosed content of the reports between 2014 and 2016 decreased sharply. Only requirements in the training part were presented in the report during the three

years. Otherwise, there was nothing in relation to responsibility to employees disclosed in the reports. In addition, data related to payment, such as minimum wage and overtime pay, were not written about in the reports. Furthermore, data about trade union, diversity of employees, and part-time employees, were not discovered in the reports. Content regarding work safety requirements were carried out well in all of reports during the period of analysis.

Table 4: Responsibility to employees and work safety disclosures based on CASS-CSR in Qingdao Haier CSR reports

CASS-CSR	2011	2012	2013	2014	2015	2016
S2 Responsibility to employees						
S2.2			√			
S2.3			√			
S2.4			√			
S2.5	√	√	√			
S2.9		√	√	√		
S2.12		√	√	√		
S2.16			√			
S2.17			√			
S2.18	√	√				
S2.19			√	√		
S2.20		√	√			
S2.21	√	√	√			
S2.22	√	√	√			
S2.24		√	√			
S2.25	√	√	√	√	√	√
S2.26	√		√			
S2.27	√	√	√			
S2.29	√	√				
S2.30	√	√				
S3 Work Safety						
S3.1	√	√	√	√	√	√
S3.2		√	√			√
S3.3	√	√	√		√	√
S3.4	√	√	√			√
S3.5					√	√

The CSR reports of Alibaba Group have applied CASS-CSR since 2014 (Table 5). Compared with the reports based on CASS of Qingdao Haier, the reports of Alibaba Group are simpler. A great number of indexes were disclosed as numbers, for example, coverage of employment contract and social insurance, member of days of paid annual leave per capital per year, percentage of female managers and disabled employees, and safety training performance. There is a lack of sufficient explanations to understand the underlying meaning of those numbers. Similarly, in the reports of Qingdao Haier, disclosure of training attracted much

attention for both of them, but there are more details in Alibaba`s reports. The descriptions of training programmes presented various types of classes, contents of each level, and goals of each type. Apart from this, none of the data related to work safety were in reports between 2014 and 2016.

Table 5: Responsibility to employees and work safety disclosures based on CASS-CSR in Alibaba Group CSR reports

CASS-CSR	2014	2015	2016
(S2) Responsibility to employees			
S2.1	√	√	√
S2.3	√	√	
S2.9	√	√	√
S2.11	√	√	√
S2.12	√	√	√
S2.13	√	√	√
S2.15	√	√	√
S2.18	√	√	√
S2.19	√	√	√
S2.22	√	√	√
S2.24			√
S2.25	√	√	√
S2.26	√	√	
S2.27	√	√	√
S2.29	√	√	√
(S3) Work safety			
S3.4	√	√	√

Results indicate that the quality of CSR disclosure in relation to labour practice and decent work and human rights became worse for Qingdao Haier and Alibaba Group from 2011 to 2016 (see Table 2, 3, 4 and 5). Furthermore, many problems stand out in the reports. Firstly, both of them did not disclose the data of employee turnover. According to Jiang, Baker and Frazier (2009), manufacturing output is impacted by a higher turnover rate of employees; therefore, it will raise risk instantly for companies. Meanwhile, employee turnover is a key indicator for the performance of human resources (Cox, Issa, & Ahrens, 2003). This indicator not only affects business productivity, but also the stability of organizations and the work emotion of employees. As turnover ratio is excessive, it indicates that management of human resources has issues. In this situation, the cost of selecting and training new employees will rise. On the other hand, employee turnover can provide evidence concerning the accuracy of CSR report content. At the same time, the public always doubts the information due to the

fact that it is purposely selected by management teams to promote companies (Buzby, 1974). Therefore, reliability of disclosed information would go down without employee turnover.

Secondly, an absence of data in regard to new employees will negatively impact the companies' reputation, as growing businesses are supposed to employ new staff members. Both Qingdao Haier and Alibaba Group have a globalization strategy, so that their businesses are expanding dramatically. In theory, the number of new employees should increase during the growth period. Therefore, it is necessary to disclose the relevant information. In Table 6, data about new employees was disclosed sufficiently in the reports of Alibaba Group, not only the number of new workers, but also disclosure on their training programme. However, as for Qingdao Haier, Table 5 shows that no information is mentioned in their CSR reports during the period of analysis. While the number of employees increases every year, there is no information to explain this increase. It may be due to newly recruited employees or employees who are from recently purchased companies.

Last but not least, both of them have only a few disclosures related to protection of employees, such as social insurance and health checks. However, democratic management and complaint mechanisms were barely mentioned in the reports. Another way to reflect the protection is through a human rights perspective. Actually, these data are more useful than the information which was disclosed in their reports. As a result, their corporate management system is mirrored by these disclosures. A lack of data in the CSR reports might be correlated to a management system unaware of a deficiency in issues connected to human rights. The reason is that directors have no feedback from non-disclosed data. In opposition to this situation, when companies take into account labour practice and human rights, they would likely disclose all the information related to it, in order to gain a good reputation from the entire society. After all, no companies would publish information against their interests.

The results also show that another big issue in both of their CSR reports is the absence of monetary information. All of the involved indicators in payments of employees, which are required in the CSR guidelines, are not disclosed. For example, they could mention the minimum wage, ratio of basic salary of men and women, and overtime pay. However, this information may be viewed as too sensitive to be disclosed. The present state of the data does not allow a specific reason for this issue.

ISO26000 perspective

In terms of ISO26000, there are eight points for human rights and five aspects for labour practice. In addition, the scope of human rights in ISO26000 is much wider than the requirements of GRI. Therefore, based on an ISO26000 perspective, their CSR reports show that they only covered basic information of employees and human rights. However, the disclosure was not meaningful to the public (see Table 6). It cannot prove how both of them are making efforts to protect employees. Meanwhile, the mechanism of law in China has is not yet sophisticated. Under this legislation environment, the companies would not have the motivation to disclose more information so that potential risks might be brought up. Furthermore, the Chinese CSR guidelines do not have requirements for human rights disclosure. Obviously, the disclosed data based on CASS-CSR are less than the information revealed under ISO26000. In short, the CSR reports of both Qingdao Haier and Alibaba Group, which are assessed by ISO26000, show that these two companies do not disclose any useful knowledge on labour practice and human rights. Based on the limited data, the research cannot have a deep analysis in regard to the performance of the two companies on labour practice and human rights in terms of ISO26000.

Additionally, it is not possible to find from the results any direct relationship between labour practice and human rights in their CSR reports and globalization strategy. The research expects that multi-national companies prefer to disclose more information in CSR reports, including disclosure on labour practice and human rights. Instead, the fact is that limited disclosure related to these two views is presented by the multi-national companies investigated here. To make the matter worse, the trend of development of CSR in both of these two companies is decreasing in terms of quality. Therefore, the study cannot get the result that multi-national companies would have high-quality CSR reports.

Table 6: Human rights and labour practices disclosures based on ISO26000 in Qingdao Haier and Alibaba Group CSR reports

Companies	Qingdao Haier						Alibaba					
Years	2011	2012	2013	2014	2015	2016	2011	2012	2013	2014	2015	2016
Human Rights												
due diligence												
human rights risk situations												
avoidance of complicity												
resolving grievances												
discrimination and vulnerable groups							√	√				
civil and political rights												
economic, social and cultural rights												
fundamental principles and rights at work												
Labour Practice												
employment and employment relationship												
conditions of work and social protection												
social dialogue												
health and safety at work	√	√	√	√	√	√						
human development and training in the workplace	√	√	√	√	√	√	√	√	√	√	√	√

√ One report is available for both 2012 and 2013.

Discussion and Conclusions

Discussion

Disclosure in relation to human rights and labour practice does not get a lot of attention from the public in China. This may be due either to the absence of a mechanism establishing labour rules to protect rights and interests of employees, or concerns of the government on improvements of labour practice and human rights (Ross & Chan, 2002). Nonetheless, the development of a business cannot be achieved without shareholders who invest or take part in the business. It is necessary to get a balance of requirements between each shareholder. Corporations are composed of every shareholder who is a contract combination. Its capital not only comes from investors, but also derives from employees, suppliers and customers. One stakeholder can provide money and material resources, while another offers nonmaterial resources in order to keep business operation activities normal. Nonmaterial resources include technology staff that provides technological capital, the government that puts in social cost, and obviously manufacturing employees that input human resources. Therefore, as a reward, enterprises should undertake duties that take into account social responsibility for employees. That means employees should be allowed to participate in corporate governance either through supervision or decision making. Based on this concept, a trade union is able to argue with corporate management, in order to fight for employees.

Compared with the established process in developed countries, the trade union structure in China is completely different. Each individual company needs to be approved by the All-China Federation of Trade Unions (ACFTU) to establish a trade union. On the contrary, setting up a trade union is protected by regulations in most developed countries (Yu, 2008). This is the reason both Qingdao Haier and Alibaba Group did not disclose anything about freedom of association and collective bargaining under the provisions of GRI. As a result, according to regulations in China, organising a group of people without any permission from the government is an illegal activity. The China Trade Union Law, which was amended in 2011, enhanced the legal status of ACFTU (Yu, 2008). According to Yang and Zhong (2010), although there are specific clauses in regulations about payment rates, working hours and social insurance, those criteria actually depend on the employers. No official monitoring is available and there is a clear deficiency in the implementation of rules regarding those issues. At the same time, most trade unions in China are controlled by management, instead of a representative of employees. Therefore, trade unions in China cannot achieve the goal of labour practice and human rights, which is to protect employees.

On the other hand, the purpose of CSR is not clear. It is supposed to explain not only their value of social responsibility and strategies, but also social responsibility activities and corporate performance, so that shareholders are able to communicate with enterprises completely about issues related to social responsibility. By contrast, probably the purpose, which is either appealing to the public or cultivating their brand and reputation, leads to CSR reports with inaccurate information; specifically, the reports cannot disclose negative events in full transparency. Furthermore, some companies may believe that they will get into trouble because of negative disclosed information. Therefore, this is the reason why the CSR reports do not have sufficient useful data.

The last explanation of the presented results is that all social responsibility rules are not compulsorily applied, neither in terms of international standards nor internal guidelines. Although all organizations in China have to apply labour law, labour contract law and other rules involved in labour practice and human rights, the right of disclosure is still decided by businesses themselves. As a result, these organizations do not need to take any legal responsibility for their impacts, whether all the relevant information is disclosed or selective data are disclosed. Therefore, an effective approach to monitoring enterprises is necessary in order to protect the interests and rights of the public, such as investors, customers, and

employees. In China, information involving employees can be disclosed either by compulsory accounting standards or by voluntary CSR. In terms of accounting standards, there are two aspects, which have to be disclosed. Firstly, the details of the board and management, including the name, age, gender, education, political status, working experience, duties, remuneration, and ability description of corporate board members, supervisors, and senior management. Secondly, basic information on employees, related to the total number of employees, education structure, job qualification, needs to be revealed.

However, as a voluntary report, there are diverse guidelines and standards that can be applied. As mentioned above, GRI, CASS-CSR, ISO26000 and SA8000 are a few examples that involve labour practice and human rights, including society security and benefits, health and safety, as well as training and development. In short, the information under accounting standards cannot present the situation of labour practice and human rights. However, all guidelines of social responsibility provide a comprehensive outline of labour practice and human rights, and the public is able to get sufficient information on labour practices and human rights through it. Both Haier and Alibaba did not disclose content based on these guidelines rigidly because applying standards from a strict environment is difficult in a tolerant one (Lattemann et al., 2009). In addition, according to Lattemann et al. (2009), China is a relation-based society, not a rule-based society where CSR practices get more attention from organizations whether the government focuses on it or not.

In the Chinese capital market, there is a massive gap in corporate information between enterprises and shareholders. Business organizations do not willingly disclose sufficient information to the public. Occasionally, inaccurate data were sent out by companies, creating confusion among the shareholders (e.g. the Sanlu case). As a result, the majority of stakeholders who seek information are outsiders and they do not participate in the management of businesses. The only way they can get data is from annual reports or CSR reports. However, enterprises are apt to disclose only information which is beneficial to themselves in order to increase profits. Therefore, making rules for disclosure information can prevent shareholders from making wrong decisions. Additionally, from an investor's perspective, the more information disclosed, the better it is for the companies' reputation. In contrast, the businesses, which disclose either little information about social responsibility or none, will lose investors' faith. Thus, a high-quality CSR report can increase profitability.

However, compared with CSR reports, financial statements are much more reliable because of their assurance by third parties. An audit of social responsibility aims at maintaining sustainability development of human beings. Third parties should be active as auditors on monitoring social responsibilities for which governments, communities, and individuals ask, by scientific methods and reasonable strategies. The goal is to assist companies in achieving their social responsibilities. On the other hand, companies may not like to apply the standards strictly, as it may create costs related to labour practice (Jiang, et al, 2009). Those costs would allow data collection in order to meet requirements of the standards, such as, minimum wages of men and women, training hours of employees by genders, and overtime pay. Generally, from a long-term perspective, organizations should implement completely either international standards, such as GRI, SA8000, and ISO26000, or internal guidelines like CASS-CSR. This would bring not only a good reputation but also higher profitability for enterprises.

Conclusions

This study examined the labour practices and human rights disclosure practices of two of the top Chinese companies over six years, between 2011 and 2016. Qingdao Haier prepared their CSR reports based on GRI and CASS-CSR. Alibaba Group complied with GRI for their CSR reports in the same period as Qingdao Haier, but CASS-CSR was adopted in CSR between 2014 and 2016. In accordance with GRI, there was not sufficient disclosure in Qingdao Haier's reports during the period of analysis. On the contrary, disclosure in the report based on CASS-CSR is adequate in terms of qualitative descriptions. Meanwhile, work safety content from CASS-CSR remained dominant in the reports, even through 2015 and 2016, and there was limited disclosure in relation to labour practice and human rights. By contrast, none of the disclosure relevant to work safety was in the CSR reports of Alibaba Group. It may be explained by the type of industries of Alibaba Group, which is a high-tech internet company. However, problems linked to work safety still exist in the company. It cannot be an excuse to avoid disclosing. Furthermore, another issue of Alibaba Group's CSR reports is that there was absolutely no disclosure of human rights complying with GRI guidelines. This study recommends that both companies should be more transparent about their labour practices and human rights compliance.

Firstly, both of the companies examined in this study are listed public firms, Alibaba in the United States and Qingdao Haier in the domestic stock exchange market. They also adopted a

globalization strategy. That means they have investors from the developed countries. Based on this point, this paper expected finding that the CSR reports of the two companies would apply either international or domestic requirements better. However, according to the above analysis, there are insufficient external incentives. Moreover, shareholders in China are lacking a social responsibility consciousness. Before any social scandal happened, CSR reports did not get much attention from society. Secondly, the companies lack the ability to apply the standards (Busse, 2016). As we mentioned before, companies are under a lot of pressure to collect data in order to meet the requirements of the standards. In addition, companies know that CSR reports play an important role in their business development, but the data, which CSR reports need, cannot be provided by their financial data. Finally, the regulation and law system as well as the monitoring system in China are incomplete. It is worth mentioning, though, that in the past decade the Chinese government promulgated and amended some regulations, in order to improve the protection of people in terms of labour practice and human rights. As it is right now, there is still an absence of a comprehensive and completed system to regulate organizations for the preparation of their CSR reports.

There are some limitations in this study. Firstly, content analysis was carried out by one person and therefore there may be somewhat subjective findings. Secondly, the sample of research is just two typical cases. Therefore, the results are not universal. Further research could select more entities in order to generalise the results and provide global models, suitable to any organization. Further in-depth research through interviews also be encouraged.

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Appendix: ILO conventions and recommendations applied by China

RATIFICATIONS FOR CHINA			
26 Conventions			
Fundamental Conventions: 4 of 8			
Governance Conventions (Priority): 2 of 4			
Technical Conventions: 20 of 77			
Out of 26 Conventions ratified by China, of which 23 are in force, 2 Conventions have been denounced; 1 instrument abrogated; none have been ratified in the past 12 months.			
Fundamental			
Convention	Date	Status	Note
C100 Equal Remuneration Convention, 1951 (No. 100)	2-Nov-90	In Force	
C111 Discrimination (Employment and Occupation) Convention, 1958 (No. 111)	12-Jan-06	In Force	
C138 Minimum Age Convention, 1973 (No. 138) Minimum Age specified: 16 years	28-Apr-99	In Force	
C182 Worst Forms of Child Labour Convention, 1999 (No. 182)	8-Aug-02	In Force	
Governance (Priority)			
Convention	Date	Status	Note
C122 Employment Policy Convention, 1964 (No. 122)	17-Dec-97	In Force	
C144 Tripartite Consultation (International Labour Standards) Convention, 1976 (No. 144)	2-Nov-90	In Force	
Technical			
Convention	Date	Status	Note
C007 Minimum Age (Sea) Convention, 1920 (No. 7)	2-Dec-36	Not in force	Automatic Denunciation on 27 Apr 2000 by Convention C138
C011 Right of Association (Agriculture) Convention, 1921 (No. 11)	27-Apr-34	In Force	
C014 Weekly Rest (Industry) Convention, 1921 (No. 14)	17-May-34	In Force	
C015 Minimum Age (Trimmmers and Stokers) Convention, 1921 (No. 15)	2-Dec-36	Not in force	Abrogated by decision of the International Labour Conference at its 106th Session (2017)
C016 Medical Examination of Young Persons (Sea) Convention, 1921 (No. 16)	2-Dec-36	In Force	
C019 Equality of Treatment (Accident Compensation) Convention, 1925 (No. 19)	27-Apr-34	In Force	
C022 Seamen's Articles of Agreement Convention, 1926 (No. 22)	2-Dec-36	In Force	
C023 Repatriation of Seamen Convention, 1926 (No. 23)	2-Dec-36	In Force	
C026 Minimum Wage-Fixing Machinery Convention, 1928 (No. 26)	5-May-30	In Force	
C027 Marking of Weight (Packages Transported by Vessels) Convention, 1929 (No. 27)	24-Jun-31	In Force	
C032 Protection Against Accidents (Dockers) Convention (Revised), 1932 (No. 32)	30-Nov-35	In Force	
C045 Underground Work (Women) Convention, 1935 (No. 45)	2-Dec-36	In Force	
C059 Minimum Age (Industry) Convention (Revised), 1937 (No. 59)	21-Feb-40	Not in force	Automatic Denunciation on 27 Apr 2000 by Convention C138
C080 Final Articles Revision Convention, 1946 (No. 80)	4-Aug-47	In Force	
C150 Labour Administration Convention, 1978 (No. 150)	7-Mar-02	In Force	
C155 Occupational Safety and Health Convention, 1981 (No. 155)	25-Jan-07	In Force	
C159 Vocational Rehabilitation and Employment (Disabled Persons) Convention, 1983 (No. 159)	2-Feb-88	In Force	
C167 Safety and Health in Construction Convention, 1988 (No. 167)	7-Mar-02	In Force	
C170 Chemicals Convention, 1990 (No. 170)	11-Jan-95	In Force	
MLC, 2006 Maritime Labour Convention, 2006 (MLC, 2006)			
In accordance with Standard A4.5 (2) and (10), the Government has specified the following branches of social security: medical care; unemployment benefit; old-age benefit; employment injury benefit and maternity benefit.	12-Nov-15	In Force	
Amendments to 2014 to the MLC, 2006	18-Jul-14	Not in force	Awaiting declaration of acceptance
Amendments to 2016 to the MLC, 2006	8-Jul-16	Not in force	Formal disagreement period until 08 Jul 2018

(Source: ILO)