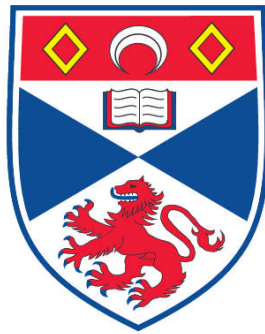# CORPORATE SOCIAL RESPONSIBILITY REPORTING IN MAINLAND CHINA

Yaning Du

A Thesis Submitted for the Degree of PhD
at the
University of St. Andrews

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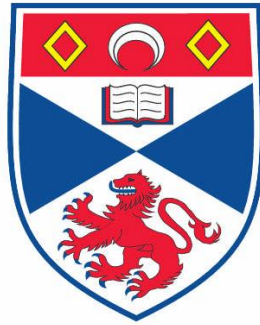Research@StAndrews:FullText
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Corporate Social Responsibility Reporting in Mainland China

Yaning Du

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at the
University of St Andrews

11th November, 2011

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Abstracts

Although CSR has been the subject of substantial academic research for more than half a century, the CSR literature is dominated by empirical studies in the industrialized countries. There is limited knowledge on how CSR is perceived and implemented by companies in developing countries. This research is trying to answer those questions: what has been reported in China? Which stakeholder groups are the most important stakeholder groups in China? What is the content of CSR reports in China? And what factors are associated with CSR reporting in China, in terms of culture, political and legal system, ownership, size and industry? Based on a content analysis approach, this paper aims to identify the determinants of corporate social responsibility (CSR) reporting in China using stand-alone reports of the top 500 Chinese companies from 2006 to 2010. It is found that CSR reporting is positive associated with various factors. In addition, companies in environmental sensitive industries tend to report more environmental responsibility information than others. State-Owned Enterprises are not doing better than other types of companies. Laws, regulations or guidelines have little impacts on the reporting in China. Also the government is not one of the most important stakeholders in China. The research results support the stakeholder theory in an emerging market with important and relevant insights for enterprise managers interested in exploiting the reports as a tool to communicate with their stakeholders.

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Chapter 1. Introduction

Content

1.1 Overview of the Research

Corporate social responsibility (CSR hereafter) has been the subject of substantial academic research for more than half a century; however, both CSR literature and empirical studies are dominated by study in the industrialized countries of Western Europe, the USA and Australia. There is limited research on how CSR is perceived and implemented by companies in developing countries (Al-Khatib et al., 2004; Islam and Deegan, 2008; Ip, 2008; Belal, 2001). Even international comparative studies of CSR have focused on analyses of the differences and similarities between CSR practices in the developed countries only (e.g. KPMG, 1993; 1996; 1999; 2002; 2005; 2008; Guthrie and Parker, 1990). Despite the report from KPMG (2008) indicating there will be sharp increase in the CSR reporting future in China, there is currently insufficient research in this area focusing on the situation in China. As the world's second largest economy and as well as the world's fastest-growing major economy, China's role in shouldering social responsibility can not be ignored. Despite the increasing importance of China in the world, studies on CSR in China are very limited. Also China has a different culture and political economy from the West and national research is worth investigating (Adams, 2002). There is thus a certain level of lingering academic curiosity about diverging CSR understanding and practice in light of vastly different economic, social, and cultural conditions (Jamali & Mirshak, 2007; Gao, 209). It is reasonable to presume that CSR in China is somewhat different from its Western counterparts. In recent years, the development of corporate social responsibility in China has experienced remarkable changes: CSR has moved from being just about labour issues to being a more comprehensive concept (Guo, et al., 2008). Now CSR is even considered a force that can

contribute to the construction of a harmonious society in China[1]. CSR in China is receiving attention from an increasing number of people from all walks of life, even as the economy is in turmoil, triggered by the global financial crisis.

CSR reporting, as a positive indication of how a business performs its social responsibilities, has developed as well. In 2006, State Grid released the first CSR report published by a central Stated-Owned Enterprise (SOE) in China. While according to the news[2] over 190 Chinese companies had published their CSR reports by the end of 2008, with various motivations and expectations. Then at the end of April 2009, around 230 Chinese companies had their reports available online, according to Syntao's report (2009). At the end of October 2011, the number of companies publishing a report had jumped to over 1030[3], so over 1030 companies published more than 2300 reports[4] with CSR-related titles. According to this tendency, more and more corporations put more effort into taking or showing their social responsibilities[i]. Further evidence is that more and more companies have CSR-titled web pages, and 'CSR' is a buzzword in China.

Thus, there are a number of primary reasons for studying CSR in China. The first reason for doing research in China is that, obviously, China acts as a good sample of the rapid spread of CSR reporting. Secondly, doing CSR research in China provides 'telescoping lessons', which help scholars to understand CSR better at the development level in other developing countries in the future (Zhang et al. 1999), because China has been marked by the contradiction between its economic growth and business potentials and social and environmental issues, during China's dynamic transition to a market economy. Moreover, it also points to the fact that within Asia there are considerable differences between different countries. Most importantly, companies often reflect what is important to stakeholders in their own countries and this can also be

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[1] http://news.xinhuanet.com/ziliao/2005-03/23/content_2732356.htm (in Chinese, accessed on 1st July, 2008)
[2] http://www.caijing.com.cn/2008-12-10/110036751.html (in Chinese, accessed on 25th December, 2008); http://www.ce.cn/xwzx/gnsz/gdxw/200904/16/t20090416_18817333.shtml (in Chinese, accessed on 16th April, 2009)
[3] http://www.sustainabilityreport.cn/index.asp (in Chinese, accessed on 25th October, 2011)
[4] These 2300 reports were from wide ranges of companies which includes Chinese and non-Chinese companies, large-sized companies and small and medium-sized enterprises, state-owned enterprises and non-state-owned enterprises. Those reports are in various formats, including standalone reports and non-standalone reports in formats of PDF, Word, PowerPoint, online reports and electronic books. The length of reports is between 2 pages and over 150 pages. Lots of reports were combined reports in corporate annual reports, and under 5 pages.

influenced by local culture. Sustainable development is seen as an important national strategy in China, especially since 2005. However, many Chinese corportions (in particular the top 500 companies) are influenced by the State, as it is one of the major shareholders in these corporations. Yet, China's socialist system adds to the complexity of the situation. The pervasive influence of the Communist Party and its control over China's corporate world could drive its CSR somewhat in line with the Communist's agenda. Therefore, the study of CSR in China has additional complexity—a socio-political dimension that has not been given due study as most of the existing research has focused on western companies. Thus, cultural and national differences are likely to affect accounting practices in general and CSR practices in particular (Mathews, 1993; Perera & Mathews, 1990; Tsang, 1998). Some scholars started to study related issues for Chinese enterprises including sustainable development (Wu & Flynn, 1995; Geng et al., 2007; Imura & Bai, 2001), corporate social responsibility (Qu 2007; Lam, 2008; Zhang et al. 1999; Rowe & Guthrie, 2007), but this is still under development. Also it is necessary to have some empirical work to attest to CSR development in China.

This research therefore extends CSR literature by exploring the entire identifiable body of public reports made by the Top 500 Chinese firms. This research examines the degree of CSR development in China based on the analysis of current CSR literature and content analysis of CSR stand-alone reports. The objective of this research is to investigate if, how and why Corporate Social Responsibility Reporting has been adopted in China. Four research questions are addressed in this research:

1. What is the extent of reporting in China?

2. Which stakeholder groups are the most important stakeholder groups in China?

3. What is the content of CSR reports in China?

4. What factors are associated with CSR reporting in China, in terms of culture, political and legal system, ownership, size and industry?

To ascertain the motivations behind the disclosure of CSR information, it will be necessary to examine: the background information of Chinese political, historical, cultural and social development, the combined literature in the West and China, and the results of the analysis of

Chinese CSR reports. In this research, stakeholder theory (Donaldson and Preston, 1995) will be tested to see whether the theory fits the Chinese case or not, or exploring how to adjust. This is because social theories are problem specific; when a theory is applied in another country with a different cultural background, it is worth testing it (Munilla and Miles, 2005). This research adopted content analysis—page measurement, exploring the research method used by Gray et al., (1995 a &b). Gray et al. (1995a) guide this research in terms of how to analyse the data; also content analysis, which is used to analyse reports, will be mainly lead by the work of Gray et al. (1995b), Weber (1985) and Krippendorff (1980). The theme lists will be developed based on Chinese reports.

Expected results are as follows.

1. The majority of large companies in China have released a CSR report;

2. The privileged stakeholders in China, and their main concerns, are not likely to be the same as in the West; the most important stakeholder groups could include the government, employees, and environment;

3. Employee-related information should be one of the major reported areas; Donation can be one of the major social responsibilities undertaken by corporations.

4. Chinese long-term history could have a huge impact on Chinese CSR reports. Because the Chinese political system is different from the western system, the State has stronger power in China than in western countries to influence or even to control the reporting in companies in China, especially in SOEs; CSR-related guidelines, regulations and laws are more likely to play an important role to encourage corporations to undertake social responsibility;

5. SOEs, especially central SOEs, can perform much better than private companies and foreign-invested companies; Larger companies are more likely to publish more reports than smaller companies; Companies with a strong impact on the environment are expected to publish more reports than those companies with less of an impact on the environment.

1.2 Contributions

A major contribution of my research is to the development of CSR related literature in China. This study is as an attempt to enrich the present CSR literature and to widen the Western scholars' understanding of the determinants of CSR in emerging markets like China. This research contributes to current CSR literature in the following ways: 1) It adds to the relatively small body of CSR literature that focuses on the issues of developing countries; 2) It extends the current emphasis on content analysis in CSR studies within developed countries though application to China; 3) It employs content analysis to gain a deeper understanding of the various factors driving the production of CSR; 4) It also answers Gray et al. (1995)'s call for page measurement studies in the literature by; 5) It also tests stakeholder theory using Chinese contents.

1.3 Thesis Structure

The structure of this thesis is as follows. Chapter 2 provides background information, which gives an essential foundation for understanding CSR in China through history, the concept of CSR development in China and political system. Chapter 3 addresses a conceptual framework and literature review. This discusses notions of corporate social responsibility, and how it has resulted in a responsibility gap. Chapter 4 outlines a research method and research design, in order to show how this research is carefully conducted. Chapter 5 presents results, and Chapter 6 is discussion. In the final chapter limitations of the research, and recommendations for further study are made.

Chapter 2.   An Introduction to China and the Chinese Context

Contents

2.1 Introduction

Following the introduction to this thesis in Chapter 1, this Chapter seeks to elaborate the context of the study. Our investigation of CSR reporting in mainland China will come to reflect on the fact that the Chinese context — culturally, socially, legally and politically is substantially different from that which is assumed in the bulk of the mainstream English language social and environmental

management and accounting literature. Therefore in order to begin our explanation, it makes senses to start with the context itself and introduce China. This part is mainly focused on three — aspects of the Chinese content: the historical and cultural foundation of undertaking social responsibility in China, the current legal system which encourages social responsibility in China, and the monitor system.

2.2 Culture

Countries can be described by a set of cultural dimensions, and each country has somewhat different values on these cultural dimensions (Hofstede, 1984; Franke, et al., 1991; Hofstede & Bond, 1988). There are obviously different national cultures in the East and the West (Hofstede, 1991; Gilbert and Tsao, 2000). Also, although the term 'corporate social responsibility' is a term translated into Chinese known in Chinese as '*Qiye Shehui Zeren*' ('*企业社会责任*'), the foundation of this thought can be traced back to 2000 years ago.   Thus, it is very important to understand how Chinese culture shared and continues to shapes the concept. Moreover, China always follows the Chinese way — 'Socialism with Chinese characteristics' (Rowe & Guthrie, 2007; Zhou, 2003).

However, on the one hand, to view China only having one culture shared by all provinces is an over-simplification. 'Chinese culture' is contributed by huge landmass, rich history and diversities of local cultures (Ip, 2009), so that, instead of one culture, China has many cultures. In such a light, it is reasonable to assume that the notion of CSR is developed under the local culture and a general shared culture in China. On the other hand, Chinese can be found all over the world, and after maintain links with family in China. The cultures of the Chinese disperse have also had influence on Chinese cultures. This may have had an impact on corporations as overseas Chinese have been encouraged to invest in business in their families home owners.

Since culture is a difficult to define construct, this study borrowed a Chinese scholar's definition of culture. 'Culture' could be generalized as: '*a shared pattern of being, thinking, and behaving; something learned from childhood through socialization; something deeply rooted in tradition*

that permeates all aspects of any given society' (Xing, 1995). As can be understood from this definition is that culture is not developed in a short period of time; it is formed over time, and influences people and society. Thus, to understand Chinese culture and how the culture is influencing CSR in China, it is necessary to start our culture exploration journey in the period in which China's ideological foundation were laid.

2.3 Historical and Ideological Foundations of Social Responsibility & CSR in China

Although the social responsibilities of Chinese businessmen and/ or companies differ in various Chinese historical periods, the roots of CSR lie in a 'philosophy' of social responsibility, which may be traced back to 2000 years ago in China. Generally speaking, there are three stages of development of CSR in China; namely, the philosophical roots of social responsibility in ancient China, the early idea of CSR in contemporary China, and externally influenced CSR in modern China (see Fig. 2.1 in below). These three stages are discussed in the following sections, in order to provide a full picture of the development of CSR in China.

Looking back in Chinese history and reviewing Chinese moral principles show us the foundation of modern Chinese corporate social responsibility.   Three principles are for examples: 1) 'Win people by virtue (以德服人)[5]', 2) 'A man of honour makes money by a lawful way (君子爱财取之有道[6])', and 3) 'What you do not wish for yourself, do not do to others (已所不欲, 勿施于人[7])'. Although the exact of the ideological influence on the current social responsibility of corporations are is clear, the ideological foundation of modern Chinese CSR can be traced back to 2000 years ago. Fig. 2.1, in below shows the changing concepts of Chinese social responsibility.

Fig.6.0 The Timeline of Concepts of Changing Chinese Social Responsibilities (A Process of CSR development in China)

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[5] 宋·范仲淹《奏上时务书》：“臣闻以德服人，天下欣戴，以力服人，天下怨望。”
[6] 孔子的〈论语·子张〉
[7] 《论语·卫灵公》

Philosopical roots of SR in China

770BC-206BC
School of Thoughts

Early idea of CSR in Contemporary China

Four stages:
Feudal Society (221 BC- 1840)
Semi-Colonial State (1840-1912)
Xinhai Revolution until PR China (1911-1949)
P.R.C (1949- present)

CSR in P.R. China

'Enterprises running the society'(1949-1978)
Social Responsibility Transition (1978~1990s)
CSR (1990s- present)
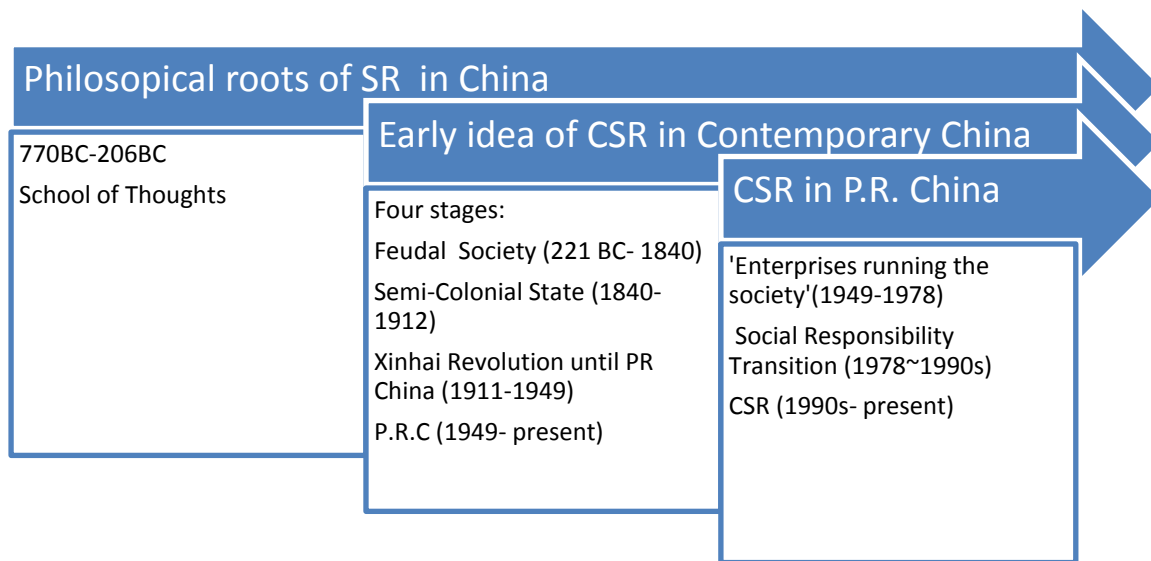
2.1.1 Ideological Foundation of Social Responsibility (770-206BC)

This period spans pre-Qin time until the Han Dynasty. As early as the Spring and Autumn Period[8] (春秋时代), when a hundred flowers blossom and a hundred schools of thought[9] (诸子百家) contend, the ideological foundation of both social responsibility and the whole nation was laid. The Hundred Scholars put forward various thoughts or theories. At that time the Ten Schools are outstanding, namely Confucianism (儒家) [10] [11], Mohism (墨家)[12] [13], Taoism (道家)[14] [15],

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[8] This was a period in Chinese history roughly from 771 to 403 BC.

[9] The Hundred Schools of Thought were philosophers and schools that flourished in the Spring and Autumn Period. The thoughts and ideas discussed and refined during this period have profoundly influenced lifestyles and social consciousness up to the present day in China.   <诸子百家>

[10] The functions of government and social stratification were facts of life to be sustained by ethical values.

[11] Humanity is the core of Confucianism, although the elements of Confucianism accumulated over time. There are the classical Wuchange (五常) consisting of five elements: Ren (Humanity), Yi (Righteousness), Li (Ritual), Zhi (Knowledge), Xin (Integrity), and there are also the classical Sizi (四字) with four elements: Zhong (Loyalty), Xiao (Filial piety), Jie (Respect), Yi (Righteousness).

[12] The philosophy of Mohism or Mosim rested on the idea of universal love. Mozi, who developed Mohism, believed that 'everyone is equal before heaven'.

[13] Mohism is best known for the concept of 'impartial love' or 'universal love' (兼愛, means 'inclusive love').

[14] The focus of Taoism is on the individual within the natural realm rather than the individual within society; accordingly, the goal of life for each individual is seeking to adjust oneself and adapting to the rhythm of the natural (and the supernatural) world, to follow the Way (Tao) of the universe, and to live in harmony.

[15] Taoist propriety and ethics emphasize the Three Jewels of the Tao: compassion, moderation, and humility, while Taoist thought generally focus on nature, the relationship between humanity and he cosmos, health and

Legalism (School of Law, 法家)[16] [17], School of Yin-Yang (School of Naturalists, 阴阳家)[18] [19], Logicians (School of Names, 名家)[20], School of Diplomacy (纵横家)[21], Miscellaneous School (杂家)[22], School of 'Minor-talks (小说家)[23], and School of the Military (兵家)[24] . Thoughts raised by every scholar among those Schools were important. However, among these masters, Confucius is the most prominent and Confucianism has deeply influenced Chinese Society since then. Confucian principles include the following ideas: 'Renyi, kind-heartedness and justice' and 'golden mean/ the Doctrine of the Mean', maintains 'Rule of Virtue' and 'benevolent governance', and attaches importance to 'self-cultivation' and 'the civilian moral education'. Confucianism can be seen as the foundation of social responsibility.

2.1.2　Chinese Feudal Time (221 BC-1840)

During Chinese feudal times (from the Qin Dynasty to the late Qing Dynasty, 221 BC- AD 1840), which were deeply and widely influenced by Confucianism, which was against profit-making and business, trading was not socially encouraged, and a hierarchic social class structure existed. A hierarchic social system with four categories of people was a simple but central part of the feudal social structure in China over 2000 years ago. Four occupations[25] were the shi (gentry scholars, 仕), the nong (peasant farmers, 农), the gong (artisans and craftsmen, 工), and the shang (merchants and traders, 商). The merchants and traders were listed as the bottom social class, because they were seen as merely talented at business and trading, and were often seen as

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longevity, and wu wei (action through inaction).

[16] The School of Law or Legalism maintained that human nature was incorrigibly selfish; accordingly, the only way to preserve the social order was to impose discipline from above, and to oversee strict enforcement of laws, seeking prosperity and martial prowess over the welfare of the common people. In another words, the prosperity of the State its military surporicy, and more important welfare of the people.

[17] Primarily members of the ruling class, the Legalists emphasized that the head of state was endowed with the 'mystery of authority' (势), and as such his decisions must always command the respect and obedience of the people.

[18] The School of Naturalists or Yin-yang was a Warring States era philosophy that synthesized the concepts of yin-yang and the Five Elements.

[19] Ying and Yang forces are interconnected and interdependent in the natural world, and how they give rise to each other in turn. Opposite thus only exist in relation to each other.

[20] The School of Names or Logicians focused on definition and logic.

[21] The School of Diplomacy or School of Vertical and Horizontal specialized in diplomatic politics.

[22] This School integrated the merits of various schools and avoided their perceived flaws.

[23] School of 'Minor-talks' was not a unique school of thought; all the thoughts which were discussed by and originated from non-famous people on the street were included in this school.

[24] School of the Military studied warfare and strategy.

[25] 《管子·小匡》："士农工商四民者，国之石（柱石）民也。"

greedy and even parasitic to the needs of all other groups. In the feudal social structure in China, a very limited space to allow the business to develop in China. Under the anti-mercantile climate, traders (businessmen) often claimed to be an extension of families or clans, in order to hide the business nature and to get reorganization by the government, society and the people (Ruskola, 2000[26]).

Buddhism and Daoism also influenced business practices in traditional Chinese society, especially, after the Ming Dynasty when emperors encouraged Buddhism and Daoism to develop. The secularization of Buddhism and Daoism combined with Confucianism during the sixteenth and eighteenth centuries (Ming and Qing Dynasties) induced a culture of diligence, honesty and charity among businessmen. Chinese businessmen realized their social significance and revealed willingness to contribute to society. In the sixteenth and eighteenth centuries a large number of successful businessmen, particularly from the provinces of Shanxi and Anhui, donated large portions of their wealth to charitable works and even took over certain social functions that used to be performed by local governments. They built shelters for the poor, established schools for poor students, constructed roads to facilitate transportation (Lin, 2010). In the Qing Dynasty charitable works were encouraged by the Qing Government. These charitable works were not just morally motivated but also legally urged. For example, an edict issued in 1731 by an emperor of the Qing Dynasty proclaimed that *'the ideal way for wealthy household to perpetuate itself included the need to be constantly vigilant, even in peacetime, in dispensing relief and aid to the poor'*. The charitable works therefore were part of efforts to discharge the family enterprises' social and political duties (Lin, 2010).

2.1.3 Late Qing Dynasty Semi-colonial state (1840-1912)

During the whole period of feudal society, the social foundation was stable; however, with the invasion of Western countries by forced entry into the economy and politics in the late 1800s, China was fast becoming a semi-colonial state. At that time, even the most conservative elements within the Qing council could no longer ignore the situation; so the government attempted to

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[26] Cited in Lin, 2010

modernize during the '*Self-Strengthening Movement*[27]' (Zhang, 2001), and some national factories were established. Chinese firms grew up facing the resistance of feudal lords and the Western Power restriction. Under those circumstances, the main social responsibilities were associated with firms, including saving property for the state and serving the motherland worthily. In view of the special historical conditions, corporate social responsibility combined and balanced patriotism and maximum profit. However, those companies yielded few lasting results. In the unstable society, social responsibilities were not conducted consistently.

2.1.3.1 Republic of China[28] (ROC) (1911-1949)

In 1911, after over two thousand years of imperial rule, a republic was established in China and the monarchy was overthrown by a group of revolutionaries. The establishment of Republican China developed out of the Wuchang Uprising against the Qing on 10th October 1911. On 29th December 1911, Sun Yat-Sen was elected president by the Nanjing assembly representing seventeen provinces. On 1st January 1912, he was officially inaugurated and pledged 'to overthrow the despotic Manchu government, consolidate the Republic of China and plan for the welfare of the people'[29].

After the Xinhai Revolution, the social foundation in China constantly changed, and the idea of social responsibility was influenced by new political and economic factors. There were different relationships between firms and society at different times, and the meaning of responsibility took on different connotations. During this period, and under the influence at ideas from the West, social responsibilities for Chinese firms added a new meaning: philanthropic responsibility appeared. During the Republican Period (1912-1919), CSR included three types of responsibility: national development, economic development and philanthropy. Socially responsible acting were, for example, boycotting 'foreign' products and charitable workers. These social responsibilities for firms remained the same until the establishment of the People's Republic of China in 1949.

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[27] <中国历史：晚清历史卷>, 张岂之, 2001
[28] Xinhai Revolution until PR China
[29] 《告全国同胞书》, 孙中山, 1ˢᵗ January, 1912, Speech

2.4 The People's Republic of China (1949~Present)

In 1949, the Communist Party of China (CPC) came to power and the People's Republic of China was established. In this period China was marked by two distinctly different periods: the planned economy with soviet-style characterise (1949-1978) and transition to a relatively free market (after 1978). The turning point was the introduction of Chinese economic reforms *('Gaige Kaifang', '改革开放'*) in 1978 by Deng Xiaoping. These reforms had a great impact on every aspect of society, especially on Chinese companies. In those two stages, social responsibility for corporations in China took on different meanings.

When talking about social responsibility in P.R C., it is critical to know the relationship between corporations and the government. The relationship between corporations and the state in China has undergone fundamental changes in the past decades. Prior to 1979, almost all Chinese corporations were collectively owned and tightly controlled by the state (Yan, 2002). The economic privatization since 1979 started to dissolve the tie between the state and corporations. It is necessary to focus on the relationship between State-Owned Enterprises (SOEs) and the government, because SOEs are a special type of corporation, which are closely related to the state. SOEs undertaking social responsibility went through three stages: 1) before economic reform, SOEs were overloaded with all kinds of responsibility related to employees, including responsibilities belonging to companies and to the government; during that period, taking social responsibility was known as '*enterprises running the society*' ('*Qiye ban Shehui*'); 2) a period of time characterised by a lack of social responsibility; 3) the current period of corporate social responsibility. Thus, the following section will focus on the relationship between SOEs and the government, and the social responsibility of SOEs.

Reforms of SOE are different from that of other kinds of firm, SOE's essential nature is that they are national-owned, which means that SOEs not only need to achieve the economic goals, also need to achieve non-economic aims. In another words, through taking on their social responsibilities SOEs can achieve their non-economic aims (Shen, et al, 2008). Since Chinese were

SOEs established in 1950s, Shen et al. (2008) came to the conclusion that there are three stages of the corporations undertaking social responsibility: first, in the period between the establishment of the People's Republic of China and 1978, State-Owned Enterprises undertook community responsibility; since the adopted of the Open Door Policy in 1978 until at the end of 20 century was the period in which enterprises handed away both their social function and social responsibility; the third stage began with this century, and was marked by the corporation, especially SOE, starting to investigate and develop corporate social responsibility.

2.5 Chinese Corporations

2.1.4 State-Owned Enterprises (SOEs) in China

State-Owned Enterprises (SOEs) can be defined as '*non-corporation economic units where all assets are owned by the state and which have registered in accordance with the Regulation of the People's Republic of China on the Management of Registration of Corporate Enterprises*' (Kanamori and Zhao, 2004)[30] . State-owned enterprises, as a particular corporate form, are fully or partially governed by various government departments. In the central government level, this is the State-Owned Assets Supervision and Administration Commission of the State Council[31] (SASAC).

In China, after 1949, all business entities were created and owned by the government. From the late 1980s, the government began to reform the state-owned enterprises: many mid-sized and small sized state-owned enterprises the government relinquished control of enterprises. There were a number of different corporate forms which resulted in a mixture of public and private capital. Although the number of SOEs dropped quickly, SOEs, especially central SOEs, remain the most fundamental and crucial units in the national economy. In 2007, the sales revenue from SOEs was 14,880 billion RMB, the profit was 1,350 billion RMB and tax payments amounted to

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[30] Cited in ADBI, published book
http://www.adbi.org/book/2004/10/07/602.private.sector.prc/appendix.1..definition.and.classification.of.enterprises.by.registered.status/   (accessed on 8th October, 2011)
[31] http://www.sasac.gov.cn/n1180/n1196/n3145/n5798/index.html (accessed on 8th October, 2011)

1,150 billion RMB. Of the 500 Companies owned by Chinese in 2007[32], 349 were State-Owned Enterprises and State Holding Enterprises, equal to 69.8 percent of the total 500 companies; the operating income from SOEs was 14,900 billion RMB, which accounted for 85.2 percent of operating income in the Top 500 Companies. Also in the same year, Fortune The Global 500 Companies[33], there were 30 Chinese companies, including 22 companies from mainland China, all of which were SOEs.

Since SOEs play an important role in Chinese economy and are a unique corporate type in the world, we need to focus on social responsibility undertaken by SOEs, when looking at the development of social responsibility in P.R.C. Thus, the following part will introduce the development of SOEs' social responsibilities along with the stages of their reform.

2.1.4.1 The First Stage: Enterprises Running Society (1949- 1978)

All business entities in China were operated and owned by the Chinese government in the centrally planned economy, which setup SOEs and a large number of Chinese state-owned industries were set up in the 1950s (Ling & Isaac, 1996).

Under this circumstance, firms must carry out state policies (such as providing jobs a meeting the political goals of the state) and all staff developed according to the political and economic interests of the state. Enterprises were required to submit profits to the central government, and workers' salaries were determined by the state. The firms relied heavily on the government, and their operational mechanism was dull and rigid, with extremely low efficiency.

During that period, which preceded Chinese reform, enterprises were 'units of production' for the government, which controlled every steps of production process from products design to product quality and numbers of product produced.

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[32] http://resource.emagecompany.com/china_500/china500qiang2008.html (accessed on 8th October, 2011)
[33] http://economy.enorth.com.cn/system/2005/07/05/001060964.shtml (accessed on 8th October, 2011)

Before Chinese economic reform there was only one enterprise type in China – SOEs, which were owned by '*the whole people*'. Although a few collectively owned enterprises existed during that period, there was no essential difference between collective management and SOEs. Even if SOEs, during that period, was an administration under controlled by the government, thus that is so called 'enterprises' is only a 'unit of production' for the government, with neither independent nor creative (Lin, et al., 2000).

However, if we just highlight corporate social responsibility taken by SOEs during that period, it would be an almost 'perfect' model of CSR, as long as making a profit for the company and its investors was not considered. Instead of CSR, enterprises were burdened with the responsibility of 'running the society', known as 'enterprises running society' ('企业办社会'), which were the actions of the Socio-Economic Function of State-Owned Enterprises in Traditional Chinese Communism.

'Enterprises running society' requires enterprises to set up internal units providing comprehensive social services. A SOE shouldered the important function of providing a cradle-to-gave welfare package to its employees, as well as their families. For example, a SOE extended its operation to health institutions (e.g. hospitals and sanatoriums), old age pensions, and many other facilities (e.g. restaurants, dormitories, barber shops, bath facilities, educational institutions and entertainment clubs) for the benefits of employees and their families (Dong, 2006; Liu, 1999). These social services operations were structurally attached to and financially reliant on the SOE, so during, the enterprises took on responsibilities from the government.

The model of 'enterprises running society' often cited as one of the main of SOEs' poor financial performance. In order to modernize the SOEs, in recent years the Chinese government has channelled efforts into separating the social services operations from the main business of SOEs. The SOEs are restructured as modern companies focusing on their main business only. The social services operations have been cut off from the reformed corporations; for example, elementary and high schools can be handed over to local governments; hospitals can be structured as independent legal entities with profit or non-profit purposes; restaurants and entertainment

clubs can be formed as independent business organizations.

2.1.4.2 The Second Stage: Lack of Social Responsibility (1978-1990s)

However, as time passed by, economic development in China was restricted by this management system. When China was just emerging from the Cultural Revolution, in 1978, China was desperately poor, deliberately isolated from the world economy, and opposed to nearly every international institution. In this weak economic situation, China really needed to seek a way to rebuild the economic system. In 1978, led by Deng Xiaopng, China's leaders reversed course and decided 'to embrace globalization rather than detach themselves from it', underpinned by economic reformed and opening the economy (Gaige Kaifang 改革开放). After December 1978 and the third session of the 11th Communist Party of China (CPC) Meeting, China began to adopt a market-oriented economic model, and thus the enterprises' management was given greater autonomy. It was through enlarging and increasing enterprises' independent power and stimulating material benefits that market-oriented production was introduced. This meant that as long as it had finished mandatory orders, a firm could independently produce complementary goods according to market needs; under certain circumstances, these goods could be sold by the firm itself at the national price (Lin, et al., 2000). The managers sometimes found that, in spite of the new policy, underlying relationships of power hardly changed. Some complained that they had to accept over-staffing and incompetent performance while taking the blame for the economic consequences. Managers resented their responsibility for social welfare, traditionally based upon the place of work (Zhang & Chen, 2009).

Further reform of the state policy through 'grabbing (keeping) the big ones and releasing the small ones (Zhuda Fangxiao 抓大放小)' in 1995, smaller State-Owned firms in non-strategic industries were privatized, while large State-Owned firms in strategic industries were kept in the hands of the State (Lin, et al., 2000). As a result, about 70 percent were partially or fully privatized (Lin, et al., 2000).

During this period time, because of the reform, most small and medium sized SOEs were

privatized so that they were relieved of the burden of 'enterprises running society' was equally the remaining SOEs were relieves of social service operations by the government. The essence of separating the social service operations from the main business operation was to make the SOEs specialize in their core business. The reformed corporations were still required to provide health care to their employees, for example, through buying health insurance, rather than through setting up hospitals within the corporations. Compared with the previous stage, social responsibility was rapidly unloaded, with negative social effects, such as huge number of out-of-work employees left with no social security insurance.

The reform of SOEs in China reveals the importance of CSR. First, because the SOEs undertook the social security function in the old economy, removing the social service operations from the SOEs has seriously affected many employees' interests. Second, the restructuring process of the SOEs has usually involved large-scale layoffs of employees. How to properly settle the redundant employees without causing social unrest has been an important question. In the transitional period, balancing the interests of stakeholders in the SOEs has been an important task, which therefore echoes some aspects of CSR.

The possible misconception of CSR as synonymous with China's old unproductive economic model caused some worries in the early stages of the development of CSR in China. The concept of CSR, when discussed in the Chinese communist setting, is easily confused with '*enterprises running society*'. Although CSR requires a corporation to take care of social problems arising from its business activities, the corporation's solutions are not equivalent to the '*enterprises running society*' model. There are important distinctions between CSR and '*enterprises running society*'. First, '*enterprises running the society*' is an old economic model operated in the traditional Chinese communism while modern CSR, coming from the West, is a partial solution to irresponsible corporate conduct in the global context. Second, CSR's beneficiaries include, but are not limited to, employees, creditors, consumers and local communities while '*enterprises running society*' was only concerned with employees (Dong, 2006). Third, CSR focuses on corporate obligations to society while the core of '*enterprises running society*' is social security

(Chen and Jia, 2003).

2.1.4.3 Third Stage: Modern Corporate Social Responsibility (1990s-present)

Facing national and international pressure to undertake social responsibility, the enterprises need to make further progress in the reform of the economy and management and enhance their social responsibilities vis-à-vis their stakeholders, reorganization, renovation and strengthening management in accordance with actual conditions.

However, after participating in two extreme forms of taking social responsibility — total responsibility for employees and their families from cradle to grave, on the one hand; on the other hand, it is clear that neither way works, and so Chinese companies need to find a reasonable and manageable level of responsibility. At the same time, Chinese companies have to take social responsibility, due to national and international requirements.

Currently, social responsibility draws attention from all parts of society, from the government to the public, from the national plan and legal system to the media. Thus, the following part will present how the State encourages CSR now.

2.6 The law and CSR

Fig.6.1 The Impact of the Laws

Fig.6.2 'Hard Laws' and 'Soft Laws'
(insert Fig. 2.2 & Fig. 2.3—2 pages blank)

The socio-political situation in China plays a large role in what is expected from companies with regard to corporate social responsibility. Although the Chinese government plays an important role in directing the discourse of Chinese CSR, Chinese public institutions have become far more involved in promoting CSR. On the one hand, policy guidance constitutes the core of the involved parties' concerted efforts; on the other hand, Chinese public institutions contributed substantially to the national goal of building a "harmonious society," and growing attention to the nature, rather than amount, of economic growth. In recent years, remarkable changes have taken place regarding the development of CSR in China: moving from labour issues alone to a more comprehensive concept, CSR is still considered to be a contributing force to the construction of a harmonious society. As President Hu Jiantao remarked at an APEC meeting in 2008, 'regulation and guidance should be enhanced and corporate social responsibility strengthened[34]'. This has legitimised the concept of CSR which is crucial, given China's political structure. The government has long been viewed as one of the most important influences on corporate behaviour as it defines the rules of the game for companies (Garwin, 1983; Weidenbau, 1999; Joeseph, 2002). The purpose of this part is to introduce Chinese law in relation to CSR.

In the total number of 233 national level of laws, regulations, guidelines or national goals (or called national legal frameworks for short) were related CSR, at the end of May 2011. All those 233 national legal frameworks came from six main sources (see Fig. 2.4 in below). National regulations and national laws accounted for 101 and 36 regulations, respectively. Industrial guidelines accounted for 61. Moreover, 10 influential political speeches, talking or training were on the list. Also, 7 international guidelines were mentioned in Chinese CSR reports, and 6 were related with development national aim.

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[34] http://news.xinhuanet.com/english/2008-11/23/content_10397927.htm

Fig.6.3 Sources of the National Legal Frameworks

Sources of the National Legal Frameworks
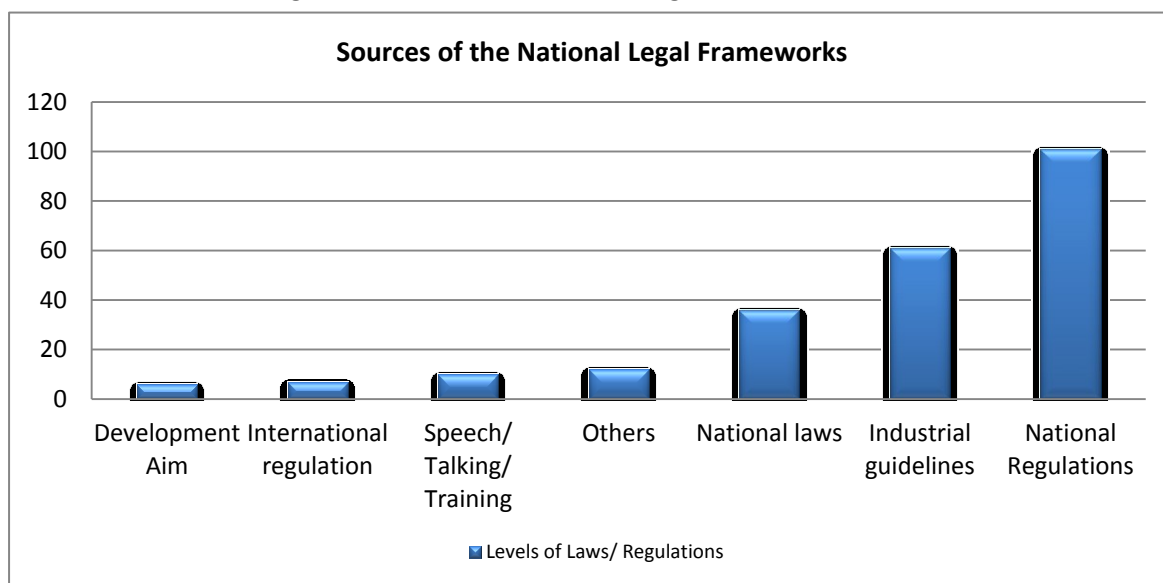
Those national levels of legal frames were categorized into one of eight groups according to their contents: namely, donations, employees' right, environmental protection related, health and safety, management/ finance related with CSR, products/ customers/ services, sustainability (SD) aim/ development, and others (see Fig 2.5 below). As can be clearly seen in the Fig. 2.5, those eight labels categories can be grouped into four levels according to the number of items under each frame: the first level with the highest number of legal items was the environmental protection legal framework; the second level included two frameworks — health & safety and sustainability aim or development; the third level included four frameworks — employee rights, management & finance, products, customers & service, and others, which all had over 20 items; the fourth level was donation, which only had three national legal frameworks.

Fig.6.4 Laws, Regulations, and Guidelines in CSR Related Areas
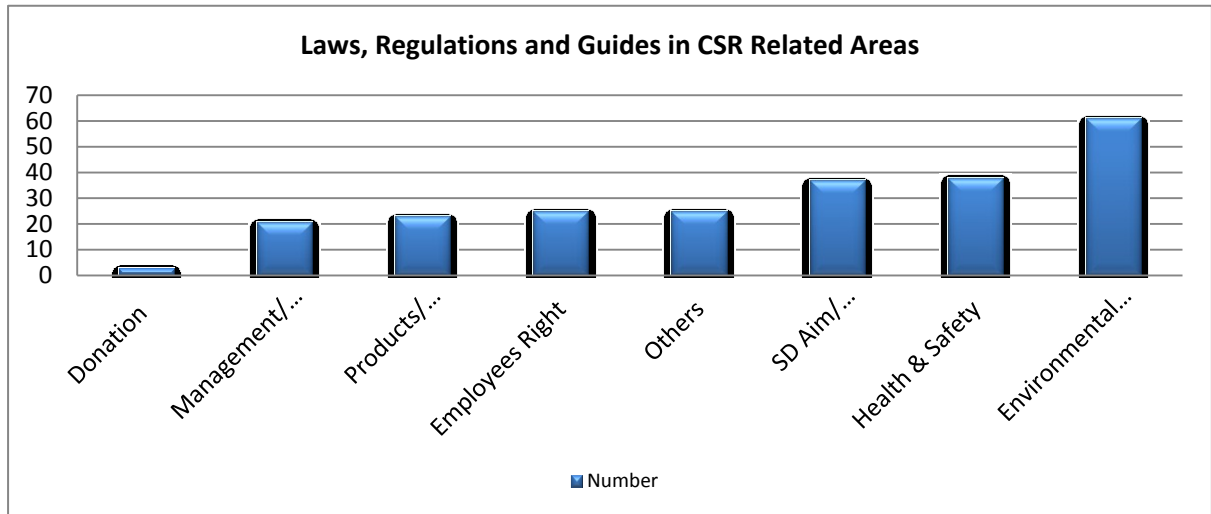
2.1.5 National Development— Sustainable Development and a Harmonious Society

CSR is commonly associated with sustainable development. Sustainable development has been repeatedly enshrined in the Chinese government's policy statements since 1992. The government signed the Declaration on Environment and Development at the United Nations Conference on Environment and Development (UNCED) held in Rio de Janeiro, Brazil, in 1992. The adoption of the Declaration was followed by a stream of government policy guidelines explicitly linked to the concept of sustainable development, including the Ten Policies on China's Environmental and Development released in 1992; China's 21 Agenda[35]—the White Paper on China's Population, Environment and Development published in 1994, when sustainable development became the national strategy as specified; the Ninth, Tenth, Eleventh[36] and Twelfth[37] Five-Year Plans for National Economic and Social Development, respectively adopted in 1996, 2001, 2006, and 2011 by the National People's Congress of China[38]. Since October 2006, 'building a harmonious society'

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[35] http://www.unescap.org/esid/psis/population/database/poplaws/law_china/ch_record014.htm (accessed in September, 2010)

[36] Eleventh-Five Year Plan http://news.xinhuanet.com/misc/2006-03/16/content_4309517.htm (in Chinese, accessed in August, 2011)

[37] Twelfth-Five Year Plan, http://www.gov.cn/2011lh/content_1825838.htm (in Chinese, accessed in August, 2011)

[38] Five Year Plans: 1st-10th, http://www.china.org.cn/english/features/guideline/156529.htm (English version),

has been the long-term goal of the Chinese socialism[39], and the Sixth General Meeting of the Sixteenth Central Commission of the Chinese Communist Party.

However, there are many existing problems that can cause conflicts and damage social harmony, including, inequality in regional development, population pressure and environmental pollution, unemployment, income inequality, low accessibility and quality of health care and social security. Solving these problems, on the one hand, is the chief current mission of the Chinese Communist Party; on the other hand, corporations could use their knowledge and skills to work with governments and civil society to improve environmental standards and to improve social conditions. Corporations would undertake their responsibility for environmental protection, labour standards and consumer rights among other issues without the need for strict control or a regulated framework.

In recent years many indigenous CSR initiatives have emerged in China. The Chinese CSR initiatives have included laws and regulations, governmental instructions and guidelines, non-governmental standards and organizations (see Appendix A for some examples of important laws, regulations, and guidelines). The recent growth in Chinese CSR initiatives deserves analysis, especially given that China's international image is usually associated with human rights abuses, substandard products, and serious environmental pollution. In the Appendix A, it briefly introduces some important laws (such as Company Law (2006)), international guidelines (such as GRI (2006)) and national guidelines (such as Guide Opinion by SASAC), which have been in traduced in order to encourage the development of corporate social responsibility in China. Also, corporations need reliable laws, evenly applied, with transparent information, to create effective markets (Rolland & Bazzoni, 2009).

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[39] http://news.xinhuanet.com/politics/2006-10/18/content_5218639.htm (in Chinese, accessed on 11th October, 2006)

2.1.6 CSR Monitoring System and Awards

2.1.6.1 Governments

Government has long been viewed as among the most important influence on corporate behaviour as it defined the rules of the game for companies (Garwin, 1983; Weidenbau, 1999; Joeseph, 2002). The government would act on the macro level to address societal concerns and have strategic implications for corporations at the micro level (Banerjee, 2002). Both the central government and local government have published a series of documents requiring or encouraging businesses to release CSR reports. The central government uses the law to push corporations to take responsibility; however, local governments encourage corporations to take responsibility though awards. For example, on 21st December 2006, Changzhou's Government (Changzhou is in Jiangsu Province, China) decided to set up an award for corporations undertaking Social Responsibility[40]. If a firm has this award, it will tax relief, for example Industry and Commerce Annual Inspection of the Company and Labour Inspection of the Company, for a certain time. The Shenzhen's Government's effort is another example. Shenzhen's government set up a systematic CSR framework in 2007. In the same year, introduced 'Evaluation Criteria for Corporate Social Responsibility in Shenzhen' and its 18 government's departments and also set up the 'mayoral prize for CSR'[41], to be awarded to the most 'responsible company' in a city. As the above examples suggests from central government to all levels of local government, there is a push to make enterprises shoulder their social responsibility.

2.1.6.2 The Media

Through the mass media giving enormous publicity, the public is familiar with CSR and cares increasingly about which social responsibilities a corporation takes. In the newspapers and on websites there are daily CSR reports and special issues on CSR are frequently published by, for example, Chinese Economic Weekly, China WTO Tribune, Nanfang Weekend. A number of organizations with the specific purpose of promoting CSR in China were established in 2006. The important ones include SynTao, China CSR, China CSR Maps, and the Chinese Businesses Council

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[40] http://www.zlzgh.gov.cn/article_show.asp?article_id=679&class_id=61 (accessed on September, 2010)
[41] http://www.gov.cn/banshi/2007-01/11/content_492678.htm (accessed on September, 2010)

for Sustainable Development, just to name a few. Major Chinese print media sources periodically hold CSR forums and announce CSR awards. A leading nationwide CSR award is the Top 100 Corporations in the Annual CSR Survey of 'Corporate Social Responsibility Survey in China[42]', which was held by China Central Television[43] (CCTV), Market Economy Academy, Peking University, GE (Global Enterprisers Magazine) and ChinaCEO (magazine) in 2006. At this event, 20 companies win the prize for different forms of outstanding with socially responsibility behaviour.

2.1.6.3 CSR Rank

There is also a special CSR ranking system in China. In 2010 HuRen CSR rank published the CSR 4th ranking of in China on line[44]. This rank is based on four aspects; namely, leadership and transparency, the number of employees and taxable amount, the rights of employees and environmental protection, and donation. Each of these four elements is equally weighted in the calculation of the ranking. There are 50 enterprises on the list, including 21 SOEs, 17 private corporations and 12 foreign-funded enterprises.

2.7 Chapter Summary

The overview shows that CSR has gained some recognition by the government, academia, media, industrial associations, and companies in China. The Chinese governmental policies and laws explicitly recognize the importance of CSR and Chinese companies are becoming familiar with the concept of CSR and starting CSR programs. From the above analysis, China has strong political and socioeconomic environment to encourage companies to undertake their social responsibility. Thus, the next stage is to see corporations' reactions by analysing CSR reports. But before (analysing the reports) we try to discover something new, and so it is necessary to know what has been already done in the CSR area, so the next chapter is a literature review of both English and Chinese literature.

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[42] http://finance.qq.com/zt/2006/csr/ (accessed on May, 2009)
[43] CCTV is the most important television in China, and commonly considered as the principal mouthpiece of the Chinese government.
[44] http://www.hurun.net/listcn100.aspx (accessed on September 2010)

Chapter 3. Literature review

Contents

3.1 Introduction

In order to introduce the academic foundation of this research, this chapter will review the development of some key concepts in corporate social responsibility (thereafter CSR). It is hard to identify when and who first mentioned the notion of CSR in English language scholarship; however, the 1950s saw the start of the modern era of CSR but, in that period, CSR was termed *social responsibility for businessmen*. The social responsibility of businessmen was introduced by Bowen in his book *Social Responsibilities of the Businessman* in 1953. In this book, Bowen asked; '*what responsibilities to society can business people be reasonably expected to assume?*[45]' Bowen also provided a preliminary definition of CSR: '*it refers to the obligations of businessmen to pursue those policies, to make those decisions, or to follow those lines of action which are desirable in terms of the objectives and values of our society*'[46]. Since then, seeking a common agreed definition of the core concept of social responsibility has never stopped. CSR still lacks a universal definition, although the term *'corporate social responsibility'* appears increasingly often, both in academic papers and the mass media. Thus in order to fully understand the notion of CSR, it is necessary to clarify several key concepts related with CSR. In the following section some key concepts are explained such as corporations, society, and corporate social responsibility, as well as stakeholders and stakeholder theory.

3.2 Definitions of Business and Corporation

As the first component of the term of CSR, corporation is an appropriate starting point for discussing the term's definition. The notion of CSR has developed from the concept of the social responsibility of businessmen; thus, the exploration of these meanings should start with a definition of business. Business defines as *'all forms of industrial and commercial profit-seeking activity. The firms conducting these activities; businessmen or women are the directors and managers of firms'* (A Dictionary of Economics, 2002, p. 43). However, this definition of business is too vague and general for defining a body taking responsibility, so the range of bodies taking responsibility needs to be narrowed down to a corporation. Thus a

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[45] Cited in Mullerat, 2010, p.64
[46] Cited in Mullerat, 2010, p.64

corporation can be defined as *'a collective body carrying on economic activities, able to sue and liable to be sued, and to pay taxes, as an entity distinct from the individuals running or employed by it'* (A Dictionary of Economics, 2002, p. 90).   As can be seen from the definition, a corporation is a commercially oriented (profit-oriented) and legal organization, ranging in size from one-person businesses to corporate giants with thousands of employees. A corporation has legal relationships with governments, investors and employees, according to the definition given above.

A corporation is an organization born with responsibilities, for example, economic and legal responsibilities. In fact, corporations nowadays are involved in virtually every type of human activity, in addition to operating within legal requirements and paying taxes to the state. As a basic unit of a society, a corporation involves all kinds of social resources, from human resources to energy sources, and not a single other entity could compete with corporations' influence in society. Because of the impact on society, a corporation should take a wider responsibility, not just economic and legal responsibilities. Thus a corporation is the main body to shoulder responsibility in society.

3.3 Definitions of Society

Although a corporation is a basic unit in society, it is a medium which reflects concerns in a given society. The inclusion of the adjective 'social' in the term 'CSR' emphasizes the social aspects of business in society; otherwise, the notion of CSR would be changed (Hopkins, 2003). A society may be defined *'as a community, a nation, or a broad grouping of people having common traditions, values, institutions, and collective activities and interests'* (Carroll and Buchholtz, 2006, p.6). However, it would be more helpful for this research to see society as a level of analysis, with society being *'more inclusive, more ambiguous and further up the ladder of abstraction than a corporation itself'* (Clarkson, 1995). More specifically, a corporation often functions as a medium which allows stakeholders to communicate with society, raising concerns as to whether corporations' actions are indeed helpful or justified.

3.4 Definitions of Social Responsibility and Corporate Social Responsibility

Responsibilities (i.e. a set of duties and activities) in the business-world include both duties and authority within the designated business enterprise, as well as obligations and expectations in society, more generally. Business organisations are clearly doing this as they increasingly embrace social responsibility to greater degrees and look to better their relationships and reputations with all their stakeholders because *'to have responsibilities is, ultimately, to belong'* (Solomon, 1994, p.244). Also, companies do not exist in isolation from their environment. Larsen (2004, p.28) defines responsibility as *'[…] including elements of fulfilling duties and obligations, of being accountable to other individuals and groups, of being accountable as evaluated by agreed upon standards, and of being accountable to one's own conscience'*. The implications of this definition are that companies must not only fulfil their social obligations but must also be accountable to external standards (such as global social reporting standards) as well as to their own values and principles. Thus, it is necessary to review how social responsibility and corporate social responsibility are defined in both English-speaking countries and in China.

3.4.1 Definitions from Western Countries

Corporate social responsibility is not a strong consensus idea with clear boundaries and, hence, is defined in various ways. There are different labels to express the same meaning of CSR (Gray, 2002), for example, including social responsibility and corporate responsibility. Thus in order to fully understand the notion of CSR, a group of similar concepts is under consideration. Those concepts have ranged from the notion of individual responsibility for business ethics in 1950s, to the notion of companies' responsibility from the 1970s onwards. The concept has expanded from a narrow focus on business ethics, especially economic and legal aspects, to include ethical, environmental and social aspects. To trace the development of the concept, this study summarized CSR related definitions. Table 3.1 displays a summary of authors and Appendix B shows a detailed summary on definitions from English-speaking countries. Based on Table 3.1, we can draw a graph to reflect the focused of those definitions, as can be seen in Fig. 3.1,

although some definitions are hard to reflect in the graph.

Table 6.1.   A Summary of Authors of Definitions Social Responsibility

(insert Table 3.1 here)

Fig.6.1 Dimensions of Various Authors' Definitions

(insert Fig. 3.1 here)

Fig. 3.1 shows the dimensions of various authors' definitions. The types of responsibilities, including business ethics, economic, legal and beyond economic and legal responsibilities, are shown in the vertical axis. The entities to take responsibility, including individual, corporations, and global companies, are displayed on the horizontal axis. Legends on the left hand side of the figure represent different dimensions with various colours. Each circle represents one definition; and the number in the circle means the year of the definition. If the circle is uncoloured, it means a definition did not cover any of the dimensions in the legend; however, if a circle is coloured, it means a definition involves dimension(s) matched those in the legend.

As can be seen above, although the term/concept of CSR has existed for nearly half a century, the debate over its meaning has ranged both in scholarship and in the media for as long. CSR is a normative, multi-level concept, whose meaning depends on various perspectives and relationships, and whose meaning changes in response to social trends. Some characteristics of CSR definitions are clearly shown in the figure: after the 1960s, corporations are the major entity to take social responsibilities, rather than the business man before the 1950s; corporations should shoulder social responsibility beyond economic and legal responsibilities; some definitions of types of responsibilities are vague; responsibility for society is the most frequently mentioned dimension among those definitions; several definitions cover the multi-dimensions of CSR; and a potential trend is that corporate social responsibility should be defined in a global context. Some detailed discussion of definitions follows.

Depending on the level of relationships between stakeholders and a corporation, the definitions of CSR may be classified into three groups: national or international CSR, stakeholder-related CSR, and strategic CSR. National or international CSR, which focuses on the relationship between an organization and society on a macro level, means that a corporation should take responsibility for the whole of society, even for the global society. For instance, a definition given by Palusaek is 'CSR is seriously considering the impact of the company's actions on society'[47] (1976), and it is a global issue (Stohl, et al., 2007). However, that kind of definition is too broad and general to

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[47] Cited in Carroll and Buchholta, 2006, p.34

express the meaning of CSR in particular terms which could guide a company's understanding of CSR. Stakeholder-related CSR, which is widely used in this area, means that under the social contract, a corporation has multiple relationships and thus social contract with various stakeholders, who may be either inside or outside of a corporation. As a meso-level definition, stakeholder-related CSR is looking for the relationships between a corporation and its various stakeholders. A company should take responsibility for all its stakeholders, not only for its shareholders (Freeman, 1984, Gray et al., 1996, Jackhson and Hawker, MaWillams and Siegel, 2001, Hopkins, 2003, 2007). This group of definitions help to provide an overview of what kind of responsibility a company take. Strategic CSR is based on a micro level of analysis, and seeks to provide a practical definition of CSR which can be used by a company. The reason strategic CSR focuses on social responsibility is to enable a corporation to have a competitive edge. In order to enhance its competitive advantage, a company may use different methods to, for example, achieve accountability for social responsibility (Gray et al., 1996) and introduce CSR as a corporate strategy (McWillams and Siegel, 2006; Thorne, et al, 2008). Four trends or drivers for a corporation to introduce CSR as an element of corporate strategy include: '1)increasing affluence; 2) changing social expectations; 3) globalisation and the free flow of information; 4) ecological sustainability' (Werther and Chandler, 2006). The strategic approach provided a way to conduct CSR research inside a company; however, without a broad picture of CSR in China, it is hard to have a detailed understanding of CSR in Chinese companies. Thus this research will focus on the relationship between a corporation and stakeholders.

Different countries and cultures may not share an understanding of CSR, and so for the purpose of this research, it is necessary to have a deeper insight into current meanings of CSR in China.

3.4.2 CSR Definitions in China

Individuals and organizations have different understandings of the concept of CSR. In another words, the meaning of CSR in different social and cultural contexts and institutional arrangements may not be the same (Welford, 2005; Xu and Yang, 2010). Thus, it is worth exploring the Chinese understandings of CSR through distinguishing cultural and social contexts

(see in details in Section 3.5). Although limited CSR research has been done in China, and even less published in English, it is necessary to explore how CSR has been defined in China. Fig. 3.2 shows the dimensions of CSR definitions by Chinese scholars, by using the same figure structure as in Fig. 3.1. Fig. 3.2 has two addition labels, one is on the vertical axis—'Carroll', represented Carroll's four types of responsibility; the other one is on the legend—'social duty'. This is because those two ideas are widely used in Chinese academic paper. Authors' names and the years of publications are in the circle, instead of only the years of publication.

Fig.6.5 Dimensions of CSR Definitions by Chinese Scholars

(insert Fig. 3.2: Chinese CSR definitions)

As can be seen from above, Chinese scholars' CSR definitions have three characterises: the definition is widely influenced by western authors and western thought, especially by American scholars (Carroll); stakeholder and social duty are important dimensions; and there is no development of the concept, thus the notion of CSR in China is a borrowed concept. Some detailed evidence follows. For instance, as a CSR definition, Carroll's Pyramid CSR structure (Four Part Definition) was introduced and adopted by Chinese authors, such as Zhou (2004), Wan and Luo (2006), Qu (2007), and Cui and Liu (2009), word for word. Although some scholars changed names and classifications of the pyramid, it did not change in essence. Zhou combined Carroll's four levels of responsibilities into two: basic and higher level responsibilities (2004). Economic and legal responsibilities were gathered together as the basic level of responsibilities, named 'compulsory' responsibility; ethical and philanthropic responsibilities were combined as the higher level, and named 'optional' responsibility. By making the same combination but with different names, new labels were given to the same two levels of responsibilities: economic and legal responsibilities were called 'must-take' responsibilities, and ethical responsibility called 'should-take' responsibilities (Sun, 2005). Although Zhang (2005) combined the idea of building harmonious society in China with CSR, the definition still falls into Carroll's model. CSR in a harmonious society means that companies should take economic, social and moral responsibilities (Zhang, 2005). Rather than reducing the number of levels, Qu (2003) developed the four levels of CSR into five: namely, economic, legal, ecological, ethical and cultural responsibility. The stakeholder approach to CSR is popular among Chinese scholars (Li, 2006; Wan and Gully, 2005 and Qu, 2003). Other common definitions are used in Chinese CSR literature, for instance, CSR means corporations should take not only economic responsibility, but also other responsibilities- legal, ecological, and ethical responsibility (Se and Yang, 2009; Yang, 2005); CSR means companies should shoulder all duties, not just maximise profits (Liu, 1997; Ma and Qi, 2005); CSR should be added to corporate strategy and corporate government (Li and Li, 1998).

Unlike the familiar definitions of the western scholars, those of Chinese scholars are underpinned by a different approach to defining the concept. CSR requires not only taking economic responsibility for shareholders, but also taking other responsibilities for social reputation, including social and cultural development, environmental and ecological protection, and legal

abidance (Zu and Guo, 2004). A further different approach is to consider the needs of future generations and to fulfil corporations' long-term goals, taking social responsibilities is not only the corporations' responsibilities but also duties, in order to integrate social development (Zhang, 1990; Zhou & Jiang, 2009). Considering the macro level, CSR plays an interactive role among government, enterprises and society (Lin & Zheng, 2009). Focusing on moral responsibility, Lu's (2002) claims include three points: 1) in order to pay back society, the majority of social responsibility taken by corporations is ethical and moral responsibilities, including corporate donations to communities and corporate funds for public charities; 2) corporations should only seek to make profit within the boundary of ethically responsible actions; 3) in the meantime, corporations need to take legal responsibility. Unusually, Xi and Yu (2009) define CSR's characteristics in terms of a connection between strategy and action. They conceptualise CSR at a national level, and hold that national CSR within China will be achieved through every company adopting CSR. In other words, CSR at national level will be devoted from bottom-up process. Xi and Yu argue that at the company level, CSR culture sharps employees' actions in turn greeting. Chinese culture is a type of 'glue', joining employees at all levels. In turn, this shared culture enables the team to work more effectively and thus create a great profit and more ethically trustworthy products. In terms of investors, return on their investments is not at a cost to the environment or society. Xi and Yu (2009) thus believe that that this will have impact at the national level, a consumer will be secure in the knowledge that they are buying ethically sound products. This move from philosophy to action is guaranteed by CSR values, which are informed by notions of CSR and employees joint ownership. CSR means in employees' perceptions, they can feel and reflect the organization of CSR; CSR behaviour means acting responsibly for clearly corporate defined stakeholders (including shareholders).

CSR in China is not unique, but it may not be as same as in western countries.

3.5 The Social Contract

Responsibilities and rights are twins, which mean it impossible to discuss one without the other. This relationship of responsibilities and rights between a corporation and society is reflected in the social contract. In other words, the social contract is a two-way understanding of the

relationship between business and society. The social contract is changing over time, with strength and power of elements in the social environment, which aims to reflect society's expectations of business (Carroll and Bucholtz, 2006). The social contract between a corporation and stakeholders is shaped by both laws and regulations, and social norms (Dowling and Pfeffer, 1975[48]). That is to say, a corporation must operate under a legal system in a society, that is 'rules of the game' for business (Carroll and Bucholtz, 2006); and it should satisfy its social expectation, which are based on shared understandings and common culture or ethics.

The social contract plays an important role in both legitimacy theory and stakeholder theory. However, it takes a different meaning in the two contexts. In legitimacy theory, it refers to '…*the expectations of society in general (as encapsulated within the 'social contract')*' (Deegan and Blomquist, 2006). In contrast, in stakeholder theory, as Deegan and Blomquist (2006) state:

'…stakeholder theory provides a more refined resolution by referring to particular groups within society (stakeholder groups). Essentially, stakeholder theory accepts that because different stakeholder groups will have different views about how an organization should conduct its operation, where will be various social contracts 'negotiated' with different stakeholder groups, rather than one contract with society in general. Whilst implied within legitimacy theory, stakeholder theory explicitly refers to issues of stakeholder power, and how a stakeholder's relative power impacts their ability to 'coerce' the organisation into complying with the stakeholder's expectations.'

In other words, within the legitimacy theory, a corporation can maintain one social contract in order to operate in a given society. However, it is difficult to satisfy various social expectations from stakeholder groups under one social contract (Deegan, 2006). Thus, this study adopted various social contracts from stakeholders' perspective, based on stakeholder theory.

3.6 Stakeholder Theory

Stakeholder theory is an 'explicitly system-based' organizational management theory (Gray, et al.,

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[48] Cited in Gray, et al., 1996

1996, p.45), which recognises the interplay between stakeholders and their organizations, and also it is a viable approach to predicting and explaining management behaviour (Roberts, 1992). Stakeholder theory is conceived in terms that are 'explicitly' and unabashedly moral (Jones and Wicks, 1999). For stakeholders, Managing involves attention to more than simply maximizing shareholder wealth. Attention to the interests and well-being of those who can assist or hinder the achievement of the organization's objectives is the central admonition of the theory (Phillips, et al., 2003, p.481). Stakeholder theory encourages us to interpret examples of voluntarily disclosed CSR as indicative of which stakeholders matter most to an organisation and, thus, those which the organisation may be seeking to influence (Gray et al., 1996). Robert (1992) claims that CSR has been a relatively successful medium for companies, in particular, to negotiate their stakeholder relationships. Certainly, it is quite possible to interpret a proportion of CSR as commensurate with an organization operating in accordance with stakeholder theory.

According to Donaldson and Preston, stakeholder theory contains a three-way categorization of approaches: descriptive, instrumental and normative approaches (1995). Descriptive stakeholder approach is concerned with how managers and stakeholders actually behave and how they view their actions and roles (Donaldson and Preston, 1995). The aim is to understand how managers deal with stakeholders and how they represent their stakeholders' interests, because the corporation is viewed as a constellation of interests, sometimes competitive and sometimes cooperative. An instrumental stakeholder approach studies the organizational consequences of taking into account stakeholders in management examining the connections between the practice of stakeholder management and the achievement of various corporate governance goals (Donaldson and Preston, 1995), i.e. managing shareholder interests in order to maximize the outcomes for other stakeholders. In other words, it deals with how managers should act if they want to satisfy the possibly competing interesting of different groups of stakeholders. This approach assumes that the corporation is an instrument for wealth creation, with CSR conceived as a strategic tool to promote economic objectives (Garriga and Mele, 2004; Jamali, 2008). A normative stakeholder approach seeks to identify moral or philosophical guidelines linked to the activities or the management of corporations (Donaldson and Preston, 1995; Jamali, 2008), focusing on the ethical requirements that cement the relationship between business and society

(Garriga and Mele, 2004).

Social theories are problem specific, so when a theory is applied in another country with a different cultural background, it is worth testing whether it fits or not, or exploring how to adjust it (Munilla & Miles, 2005). In the words of Karl Popper: '*every rational theory, no matter what scientific or philosophical, is rational in so far as it tries to solve certain problems. A theory is comprehensible and reasonable only in its relation to a given problem-situation (1965, p. 199).*[49]' This is the organization-stakeholder interplay which can be seen as a socially grounded relationship which involves responsibility and accountability. Thus, the organization is accountable to all its stakeholders. The nature of that accountability is determined by the relationship(s) of that stakeholder to the organisation. Thus, to all intents and purposes, this is the normative accountability approach we have examined in depth (Gray et al., 1996). China has different philosophical and moral obligations, so this approach may be more suitable in China's case. What's more, because this research did not look in detail at the strategic social responsibility of companies, a normative stakeholder theory approach is employed.

3.7 Definitions of Stakeholders

3.1.1   Stakeholders in the English-language Literature

In order to picture a CSR overview of China, the stakeholder level of CSR is a manageable place to start. However, the concept '*stakeholders*' has received varying degrees of academic attention over time, and there is no universal agreement on who constitutes a stakeholder (Freeman, 1984; Evan and Freeman, 1993; Hill and Jones, 1992; Clarkson, 1995; Hummerls, 1998; Crane and Matten, 2004). Depending on stakeholders' relationships with companies, the definitions may be classified into four groups (see Table 3.2 in below), including a classification of all stakeholders as one group, sub-divided to two groups, three groups and then four groups expressed as a matrix.

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[49] Cited in Keeley, 1988, p.10

Table 6.2. Classification of Stakeholder Group(s)

The number of stakeholder groups	Key elements and key authors
One stakeholder group	any group or individual which can affect or is affected by a firm's activities—Freeman (1984)
Two stakeholder groups	economic or less-economic stakeholders—Clarkson (1995); internal or external stakeholders—Hopkins (2003)
Three stakeholder groups	primary, secondary, or tertiary levels of stakeholders—Gray et al., (1996); core, strategic, or environmental stakeholders—Carroll and Buchholtz (2006)
Four stakeholder groups	primary and secondary and social and non-social stakeholders—Wheeler and Sillanpaa (1997)

Since the term 'stakeholders' has been used in social responsibility literature, stakeholders are defined as a whole group of people. Since Freeman introduced his definition of a stakeholder in 1984, the concept of a stakeholder has been widely used in the academia. Freeman defines a stakeholder as '*any group or individual who can affect or is affected by the firm's activities*' (Freeman, 1984). Similarly, Gray et al. defines a stakeholder as '*any human agency that can be influenced by, or can itself influence, the activities of the organization in question*' (1996, p.45). Without known relationships between a company and its stakeholders, this kind of definition gives a guide to corporate stakeholders. However, this kind of definition cannot reflect the relatively important of different stakeholders, so stakeholders may be classified, according to their financial and legal influence on a corporation.

Depending on which criterion is used, there are two different ways to group stakeholders to two levels, including 1) economic or less economic stakeholders, and 2) external or internal stakeholders. Depending on stakeholders' economic positions in a company, stakeholders are classified as 1) economic or primary stakeholders, and 2) less economic or secondary stakeholders. As Clarkson states an economic stakeholder is one 'without whose continuing participation the corporation cannot survive as a going concern' (1995, p.106)—such as shareholders and investment analysts, and their information needs for decision-making. Less economic or secondary stakeholders defined as 'those who influence or affect, or are influenced or affected by, the corporation, but… are not engaged in transactions with the corporation and

are not essential for its survival' (Clarkson, 1995, p.107). From another perspective, depending on stakeholders' working places, stakeholders are divided into internal and external stakeholders (Carroll and Buchholtz, 2006, p.23), or called inside and outside stakeholders (Hopkins, 2003, p.37). Internal or inside stakeholders include business owners (managers and boards of directors) and employees, who are principle groups of internal stakeholders; external or outside stakeholders include the clearly important parties is such as the government, consumers, and community members.

The two-level stakeholder classifications easy to understand and to classify; however, in an alternative scheme, stakeholders are classified to three groups. Stakeholders are thought of as being of primary, secondary, or tertiary importance (Gray et al., 1996, p.66), or called core, strategic, or environmental stakeholders (Carroll and Buchholtz, 2006, p.71). The primary level or core stakeholders are a specific subset of strategic stakeholders who are essential for the survival of the organization. The secondary level or strategic stakeholders are those stakeholder groups that are vital to the organization and the particular set of threats and opportunities it faces at a particular point in time. The tertiary level or environmental stakeholders are all others in the organization's environment that are not core or strategic. One could conceptualize the relationship among these three groups of stakeholders by thinking of a series of concentric circles with core stakeholders in the middle and with strategic and environmental stakeholders moving out from the middle.

Scholars developed a complex matrix for category stakeholders. Based on two levels of stakeholders, Wheeler and Sillanpaa (1997) categorized stakeholders as primary and secondary and social and non-social stakeholders[50], as Table 3.3 shown in blow. Primary social stakeholders have a direct stake in the organization and its success and, therefore, are influential. Secondary social stakeholders may be extremely influential as well, especially in affecting reputation and public standing, but their stake in the organization is more representational of public or special interests than direct. Therefore, the level of accountability to secondary stakeholder may be

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[50] Cited in Carroll and Buchholtz, 2006, p.70

lower, but these groups may wield significant power and quite often represent legitimate public concerns.

Table 6.3. A Stakeholder Matrix in the West

	Primary	Secondary
Social	Shareholders and investors; Employees and managers; Local communities; Suppliers and other business partners	Government and regulators; Civic institutions; Social pressure groups; Media and academic commentators; Trade bodies; Competitors
Non-social	The natural environment; Future generations; Nonhuman species	Environmental interest groups; Animal welfare organizations

(Source: summarized from Carroll and Buchholtz, 2006, p.70)

However, no matter how to classify stakeholder groups, several key stakeholders are overlapped among the English-language literature, including shareholders (investors), employees, customers, suppliers, government, community, and natural environment.

Given the fact that China has different political and economic structure with the western countries, key stakeholder groups in China may differ from the Western. Therefore, it is worth to explore the classification of stakeholder groups to Chinese literature.

3.1.2   Stakeholders in the Chinese Literature

3.7.2.1 Overview of Chinese Literature

Due to the difference between methodologies and methodological assumptions in western countries and in China, when researchers from different backgrounds are analysing and interpreting data, they may have slightly different interpretations of the same data. This study was conducted by a researcher who is born in China, but educed at postgraduate research level in a western country. The researcher is aware of and has tried to minimize bias arising from methodological difference.

Amongst China's academics, the Chinese research on CSR started with the legal requirement to guarantee employees' rights and to meet international organizations' requests. This shaped academics focus on a narrowly-defined set of stakeholders—employees and customers, however, at that time the term of stakeholders was not explicitly used in Chinese literature. The narrowly-defined stakeholders were later expanded to include a much wider group of stakeholders, such as the community, environment, and customers. To understand who are the most important stakeholders in China, two things need to be taken into account: on the one hand, it is important to situate the analysis of Chinese social and cultural characteristics (see Chapter 2: background information); on the other hand, it is necessary to consider potential differences between stakeholder groups in China and western countries.

Compared with the CSR literature in English, CSR related literature wrote in Chinese has six key differences: 1) Chinese articles are much shorter than those published in English, being less than five pages, normally; 2) the number of references is limited, with usually fewer than 10 cited references per work; 3) the majority of articles lack either a theoretical framework or empirical evidence to support claim, and no research methods are given. For instance, the CSR theories and frameworks adopted by scholars in Chinese study are very limited[51], if compared with the variety of theories used in western literature, such as critical theory, market theory, game theory, accountability, institutional theory (Thomson, 2007). The most popular framework among Chinese scholars is Carroll's Pyramid model. Other theories have been introduced, for example, triple-bottom line, stakeholder theory, legitimacy theory, and three-tiered model; 4) only a few papers have introduced and/or referenced relevant definitions and/or concepts; 5) CSR is very often mentioned in connection with one of three concepts, namely, the creation of a harmonious society in China, corporate strategy or corporate culture; 6) articles written in Chinese very often combine a number of aspects listed below:

> a. Brief introduction to the background information on CSR in the West;

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[51] The most common mentioned framework is Carroll's Pyramid of Corporate Social Responsibility (1979) and stakeholder. The name of Oliver Sheldon (1924) has been mentioned (such as Zhou, 2009; Liu & Zhao, 2010; Tan, 2009). Also popular international CSR guidelines have mentioned, including SA8000, GRI, and Global Compact.

b. Stages in CSR development in China;

c. The importance of corporations taking social responsibility;

d. Suggestions on how corporations and/ or government promote and or undertake CSR;

e. The relationship between CSR and the development of a harmonious society;

f. The role of the government in encouraging corporations to assume social responsibility; and,

g. Potential difficulties and/ or problems with assuming social responsibility.

Three pairs of relations needed to noted, namely: building a harmonious society and taking social responsibility, Chinese culture and CSR in China, as well as CSR and corporate strategy.

The development of a harmonious society in China and taking social responsibility are inseparable. CSR plays an important role in building a harmonious society: (1) CSR inherently demands building a harmonious society; (2) CSR leads the way to achieve corporate sustainability; (3) CSR is the foundation of society stability (Liu & Zhao, 2010).   Building a harmonious society provides a social context to encourage corporations to take social responsibility (Han, 2010; Wang, 2006). In order to build a harmonious society and shoulder social responsibility, Zhou (2010) gave four suggestions: be people oriented, support scientific development, support reform and open policy, and support democracy and the rule of law. Chinese culture and thinking (see Section 2.3) had a great impact on the development of CSR in China, as well as Chinese society and corporations. In particular, Confucianism and Taoism (Daoism) are still widely influential in China, which is evidenced by their influence on corporate cultures and/ or corporate principles. For example, 'taking people as the foremost ('people oriented' policy and action)' is not only widely mentioned in corporate culture (Xie, 2008; Zhou, 2007; Wan, 2008; Zhou 2010), but is also a core requirement in the principle of scientific development as a way to build a harmonious society, which was raised in the Third Plenary Session of the Party's Sixteenth

National Central Committee in 2003. More specifically, the committee suggested through guidelines that corporations educated their employees with the aiming of promoting virtue as a corporate culture. Corporate social responsibility was to be underpinned by this notion of virtue (Huang & Wang, 2001). The integration of CSR into corporate strategy encouraged as a means to strengthen core competitiveness (Zhou, 2009).

3.7.2.2 Chinese Stakeholders

In the English literature, certain stakeholders are privileged (see section 3.7.1), and this may be in China; however, given the different social, cultural and political context in China compared with western countries, privileged stakeholders in China may differ from those in western countries. According to the frequency of mention in relevant paper, stakeholders in China are ranked in Table 3.4 in below.

Table 6.4. Important Stakeholder groups in Chinese literature

Ranked stakeholders	Authors
Products and service, employees, shareholders, community, and innovation	Chen (2009)
Corporate reputation, customers, and corporate strategy	Shi (2008)
Investors, products and services; government, society, employees, and corporate strategy	Zhou (2009)
Investors, products and service, employees, community, environment, and government	Liu & Zhao (2010)
Government, employees, customers, and competitors	Han (2010)
Investors, employees, environment, society, and corporate strategy	Zhang (2005)
Employees, shareholders, suppliers, customers, and society	Zhou (2007)
Products and service, society, and environment	Chen, et al. (2009)
Employees, customers, shareholders, competitors, and community	Liu (1999)
Shareholders, employees, suppliers, customers, local community, government, and environment	Zu (2000)
Employees, stockholders, customers, government, suppliers/ co-partners, society as a whole, community, and competitors	Gao (2009)

Based on Table 3.4, we could roughly rank stakeholders in China according to their importance as follows: employees, investors (shareholders), customers, the government, society, environment,

corporate strategy[52], suppliers, and competitors.

3.7.3 Stakeholder Comparison in Chinese and Western Literatures

Without comparing on stakeholders in China and western countries, it is impossible to imagine the differences between them. Based on Gao's (2009) research, which represents the Chinese case, and Maignan, et al. (2005), which represents the Western case, Table 3.5 shows both common ground and different differences.

Table 6.5. Focused Aspects Comparison on Important Stakeholders in China and the Western

Stakeholders	Common concerns	Chinese only concerns	Western only concerns
Employees	Providing opportunity for training and promotion	Concern for poor employees	Employee diversity
	Salary and welfare		Communications with management
	Safety and health		
Shareholders (investors)		Turnover or profit	Transparency of shareholder communications
		Paying more attention to long-term interest than short-term interest	Shareholder rights
		Bonus policy	
Customers	Product safety and quality	Providing goods or services at reasonable price	Services to disabled customers
		Improvement of sales-after service	Management of customer complaints
Government		Profit and tax submitted to government	
		Participating in government-led affairs	
Supplier/ co-partner		Valuing the relationship with suppliers and co-partners	Encouraging suppliers in developing countries
		Respecting supply contract	Encouraging minority suppliers
		Concern for co-partners' interests	
Environment	Energy saving		Minimizing emissions

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[52] Corporate strategy is not a stakeholder, but it has been mentioned by several authors, thus it is listed here.

(Society as a whole)	Environment pollution control		and waste
Community		Taking part in community affairs	Public health and safety protection
		Employment in community	Conservation of energy and materials
Competitor		Advocating fair competition	
		Anti-unfair competition	
		Respecting competitors	

As can be seen from the table above, both countries share interests in certain issues, however, no total concerns are overlapped in terms of concerns of China and the West. There are four relationships between them, as graphs illustrated in Fig.3.3. The red circle represents literatures from Chinese scholars, and the green one represents literatures from the western.

Fig.6.6 Illustrated relationships on Chinese and the Western concerns
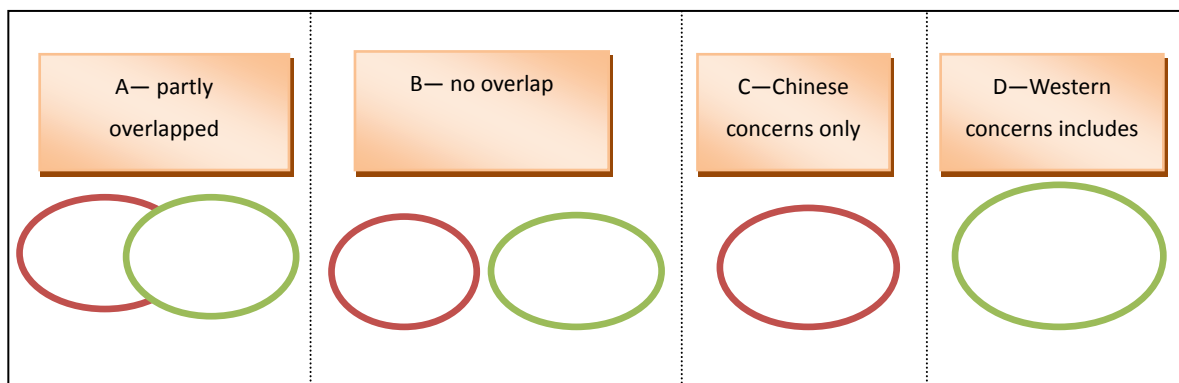
Concerns on employees, customers are belonged to type A—partly overlapped, which means only some concerns on employees and customers are in common in both countries, but some are different; shareholders, suppliers, and the community are in type B, which means there is no overlapped concerned issues between the two countries; the government and competitors are in type C, which only China concerns about; and, environment is the type D, which means that all Chinese concerned issues are included in the West ones. Thus, different stakeholders can be found in this research.

Table 6.6. A Stakeholder Matrix in China

	Primary	Secondary
Social	Government and regulators; Civic institutions; Shareholders and investors; Employees and managers;	Competitors; Suppliers and other business partners Local communities; Social pressure groups; Trade bodies; Media and academic commentators;
Non-social	The natural environment;	Environmental interest groups; Future generations; Non-human species

As can be seen from the table above, because of different importance of stakeholders between Chinese and western, Table 3.6 does not look similar with Table 3.3.

3.8 Reporting

3.8.1 CSR Reporting

Corporate social responsibility reporting, also known as social responsibility reporting (Gray, et al., 1996,), or total impact reporting (Mathews, 1984), is concerned with trying to present a comprehensive picture of the full extent of an organization's interactions with its stakeholders. Generally speaking, there are two broad forms of reporting, as Gray, et al. (1995a) claimed: 1) standalone corporate reports by companies or third parties; or 2) information on CSR in annual reports and other formats of communication on CSR, such as advertising and glossy brochures for the public. What all of these forms have in common is that they are opportunities for a corporation to represent itself and communicate with various stakeholders.

However, if, ambiguously, this research plans to collect all forms of disclosure, it is very likely that the result would be biased due to missing data. What's more, when there is more than one form of information, systematic research (Gray et al., 1995a) and the research could never be finished. Thus, this study's data were limited to standalone CSR reports published on the internet. This self-reporting is of information which enters the public domain and is predominantly concerned with organization-society interactions relating to the natural environment, employees,

communities and customers (Gray, et al., 1995 a). The more powerful the stakeholders for a company, the greater of the volume of the disclosure aim that group of stakeholders (Gray et al., 1995). Social disclosure is thus seen as part of the dialogue between the company and its stakeholders, and as Roberts (1992) observes. CSR has been a relatively successful medium for negotiating these relationships. Moreover, companies are under increasing legal and institutional pressure from different stakeholders to be transparent about the social, ethical, and environmental dimensions of their business practices (Dawkins, 2004).

There are three benefits to analysing CSR standalone reports. Firstly, CSR reports are the most significant premier communication channel between companies and their stakeholders. The reports could be combined information abstracted from all the other information published by companies or third party. This creates a summary the most important information which companies wanted to communicate with. Corporate social reporting has been a standard practice by which corporations disclose their practices with regard to environmental protection, labour conditions, and other aspects not directly related to their financial performance (Tang and Li, 2009). Secondly, if companies want any stakeholders to get easy access to information on social responsibility of companies, obviously, CSR reports would be the first choice. Research shows that communicating CSR practices to consumers leads to positive attitudes and increased purchase attention (Wigley, 2008). Thirdly, a CSR report reflects what CSR concept was understood by a company at a particular time: the more information there is on a stakeholder, the more important that stakeholder is to a company; on the contrary, if there is no information on certain stakeholders, they were neglected or omitted by a company. Researchers have thus been studying corporate social reporting as a proxy of companies' actual CSR practices and their PR strategies (Dawkins & Ngunjiri, 2008).

From the previous literature, there are two results are commonly true across the literature. The one is industries have more impact on the environment tend to publish more reports than the industries with less impact on environment (Gray et al., 1995; Zeghal & Ahmed, 1980; Lin et al., 2002; Hackston & Milne, 1996; Deegan & Gordon, 1996; Deegan and Blomquist, 2006);

Some industries are less likely to publish a CSR report, such as a tobacco industry (Palazzo and Richter, 2005), which is an industry that is not the CSR as it becoming common place as in other industries. The other is the larger size of company tends to publish more reports than the smaller size of company (Tang & Li, 2009; Gray et al., 1995; Zeghal & Ahmed, 1980; O'Dwyer, 2002).

Another difference between Western and Asian countries to bear in mind is that reporting systems may also be different, as a study by Lloyd (1996, 2002) suggested, although his books is focused on scientific reporting in ancient Greece and ancient China. He established an important principle on the reporting. In Greece, the traditional audience is the public. In other words, the information is disseminated, according to top-down model. In contrast, China followed a bottom-up model, as the traditional audience was the emperor himself. It may be worthy to explore whether this pattern is influence in Chinese reporting or not.

3.8.2   CSR Reporting in China

3.8.2.1   CSR Reporting Background Information

Social responsibility awareness seems to appear in the national media and export enterprises based in coastal cities in China. Table 3.7 gives a summary of the starting points of social responsibility in China.

Table 6.7. Early Stage of Social Responsibility in China

Emerging Time of Introduction	1985[53]
Media	The Media
First point of interested in academia	Legal (required by international companies or organizations)
Development process	From a single focused the legal aspect to include stakeholders at a later stage

[53] Hua (1985) published his report 'Social Responsibility for Corporations—a case of Nan Hua Chemical Company', which marketed the first use of the term 'social responsibility' in China, although this is not an academic article (cited in Chen, et al., 2009, p.45).

Widely used theories and frameworks	Stakeholder theory, triple bottom line, the Pyramid of CSR (Carroll, 1979), Three-tiered model of CSR (CED, 1971)
Stated focus in main body	Corporations (export enterprises)

Introduced by western corporations, the notion of CSR in China started as a term of social responsibility in the 1990s, which is a couple of decades later than in English speaking countries. Social responsibility firstly emerged in small-medium export companies in coastal cities in China. Taking social responsibility was required by their chain companies. In order to supply goods to international companies, those companies had to achieve international standards, such as SA8000[54]. Thus those export companies were required meet certain standards on employees' rights. Also the State noticed that damage to the environment had an impact on the people's lives and the economic development, thus the government tries to limit damage using by guidelines, regulations and laws, starting with protecting the environment and encouraging a sense of social responsibility. Gradually, increasing number of people on the internet have started to require their rights as customers, taxpayers and employees, as well as asking corporations, especially SOEs, to undertake their social responsibility. Due to pressure from various quarters, the State Grid Corporation of China, as the first central SOEs, published a CSR report in 2006, and since then the number of reports has been rapidly growing.

3.8.2.2 CSR Reporting Regulations

A narrower version of CSR reporting—environmental reporting existed in China before 2006 (the year associated with the emergence of CSR reporting), which was only for limited groups of stakeholders. Reporting in China founded originally in corporate environmental accounting and reporting, along with the implementation of national sustainable development and a harmonious society. Xiao summarized mandatory environmental reporting (2006, p.463) in Format A & B, which are in the 2nd and 3rd columns of Table 3.7, and the current researcher added new columns on 4th, 5th and 6th on CSR reporting. Environmental reports were required by local environmental protection administrations and local statistics bureau, with required reported information only

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[54] SA8000 is a certificate given companies which have adopted policies and procedures that protect the basic human rights of workers. (source: http://www.sa-intl.org/index.cfm?fuseaction=Page.ViewPage&PageID=937 (accessed on 6th September, 2011)

limited in environmental protection for high polluted companies. Format A was mandatory and not public (Xiao, 2006). Apart from Format A, one additional environmental report (Format B) has been required to be prepared and published from 2004 onwards by companies identified as 'dirty companies[55]' by the China State Environmental Protection Administration[56] (Xiao, 2006). Other companies are also encouraged to prepare and publish voluntary environmental reports on the Internet. However, CSR is required by the State and whole nation, with a global tendency to develop CSR requirements in relation to concerns beyond a narrow focus on environmental related information.   The environment is not the only focus for the government but also the public. The level of regulations is up to the national level (see details in Section 2.6 and Appendix A). Several important regulations or guidelines on environmental and social responsibility reporting are displayed in Table 3.8.

Table 6.8. Selected Regulations or Guidelines on Environmental and Social Responsibility Reporting in China

	Mandatory and non-public environmental reporting (Format A) (before 2004[57])	Mandatory and public environmental reporting (Format B) (after 2004[58])	Shenzhen Stock Exchange Social Responsibility Instructions to Listed Companies (09- 2006)	Guidelines to the SOEs Directly under the Central on Fulfilling Corporate Social Responsibilities (01-2008)	Notice of Improving Listed Companies' Assumption of Social Responsibilities , & Shanghai ' Stock Exchange Guideline on Environmental Information Disclosure by Listed Companies (05- 2008)
Purpose	State environmental administratio	To help the public supervise a company's	To encourage listed companies to release	To help central SOEs take their responsibility	To encourage listed companies to take social

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[55] Dirty companies are high polluted companies.
[56] China State Environmental Protection Administration has been upgraded to Ministry of Environmental Protection The People's Republic of China.
[57] The author did not give the specific year, and the researcher did not find the relevant information either.
[58] The author did not give the specific year, and the researcher did not find the relevant information either.

	n and conservation	environmental behaviour	information on social responsibility		responsibilities and release CSR information as well as environmental information
User	Local or state governmental agencies	Local and state governmental agencies, the public	The public	Local and state governmental agencies, the public	The public
Prepare	Companies operating in China	Mandatory preparer: 'dirty companies*' Voluntary preparer: companies other than 'dirty companies'	Companies listed on the Shenzhen stock exchange market	SOEs (especially central SOEs)	Companies listed on the Shanghai stock exchange market
Format	Uniform	Unspecified	Specified	Specified	Specified
Communication	Separate paper-based environmental reporting	Separate internet-based environmental reporting	Separated or combined reports, either paper-based or internet-based	Separate either paper-based or internet-based, standalone CSR reports	Separate or combined reports, either paper-based or internet-based
Verification	Local environmental protection administration	Local environmental protection administration	Shenzhen Stock Exchange Market	State-Owned Assets Supervision and Administration Commission of the State Council	Shenzhen Stock Exchange Market

(Source: The first two columns are adapted from Xiao, 2006, p.463 and the author added the rest of columns)

Format A and B focus only on environmental information, and Format B requires much wider environmental information than Format A. For example, Format A includes, environmental impact and environmental performance measured in physical units; Format B includes environmental policy, total pollutant emissions, environmental pollution prevention measures, environmental legal issues, environmental management activities, and voluntary environmental information. However, the more recent ones requires wider range of information on a social responsibility issues, such as environmental protection, employees' issues, health and safety, products and customers, and building a harmonious society.

In summary, there are three approaches to the development of social responsibility in China: bottom-up, top-down, and a mixture of those two. The bottom-up approach appears in the early stage of the development of social responsibility. This means that the media and international organizations were major influences on the development of CSR in China. The top-down approach means that the government is in dominant the development of CSR. A mixture of those two approaches means the combined influence of a wide range of stakeholders is pushing CSR harder than before in China.

3.9 Role of the Chinese government in the development of CSR in China

Government role in the development of Chinese CSR is an important question. Freeman (1984) discussed the role of legislative bodies as corporate stakeholders. Watt & Zimmerman (1978) developed a political costs hypothesis to argue that corporations employ social responsibility activities to reduce the risk of governmental intrusions, such as regulation, that may adversely affect a firm's value. The political costs hypothesis and the stakeholder concept both recognize the ability of government to have an impact on corporate strategy and performance. Thus, government can be viewed as a corporate stakeholder whose interests must be addressed by management. Higher levels of perceived governmental influence on corporate activity would be expected to lead to a greater effort by management to meet government expectations as a

strategy designed to satisfy government demands. Regulators consider that it is a legitimate role of government to regulate business in the public interest (Freeman, 1984). The political power exercised by the regulator takes the form of legislative enactment and regulations and the establishment of various governmental agencies to enforce these regulations. The volume of stakeholder-related legislation, especially environmental legislation, in China has increased dramatically in the last decade. The costs imposed on business by these regulations include compliance costs (i.e. costs involved in ensuring that business activities are carried out in an environmentally responsible manner) and severe penalties for non-compliance. A corporation must address the interests of the regulators' as part of its stakeholder management strategy given the regulators ability to impose significant costs on the firms. Higher levels of perceived regulatory activism are expected to lead to a greater effort on the part of management to meet the expectations of the regulators.

However, the Chinese government's role is not only as a regulator in society, but also investors as well. The government's role as a regulator is for the whole society; the Chinese government is a vital investor in SOEs, especially central SOEs. As a unique part of Chinese literature, some papers (such as, Liu, 2007; Chen, 2010; Dai, 2008) discuss the government's role in CSR in China. Not beyond expectation, the conclusion from the literature is that the Chinese government has strong power to encourage companies to take social responsibilities; especially the SOEs, the government has influence, as both the regulator and the investor. From a corporate perspective, some papers (Liu and Zhao, 2010; Zhang, 2005; Wang, 2006) discussed how corporations should act in order to assume social responsibility.

From the government perspective, the government role of encouragement of CSR is linked with the legal aspect. Liu (2007) gives three suggestions on how to implement CSR in China: 1) to change tax laws or regulations—when corporations donate a certain amount of money, they pay less tax; 2) to introduce CSR into corporate values; and 3) to strengthen the government's supervision of companies. Similarly, Chen (2010) suggests four ways for the government to encourage CSR implement in China: to command, to encourage, being co-operated, and to

support. More specially, the government needs to create good legal environment for corporations to undertake social responsibility; to encourage managers to do further study, especially on ethical or CSR aspects; and the government needs to strength the level of supervision on CSR-related issues. From different perspectives to stress the role of government in the CSR issue, Dai (2008) focused on addressing three aspects of central government impetus: central government is encouraging CSR by making laws and regulations, by giving political views on public speeches, and by co-operating on CSR projects with international institutions. The author also gives two reasons for the government to care about CSR: taking social responsibility helps China to achieve the harmonious development; and it also helps and gives a change to setup a responsible Chinese national image on the international stage (Dai, 2008).

Chinese companies are expected to take some government responsibility as part of their social responsibilities. Liu and Zhao (2010), from four perspectives, suggest companies' social responsibilities, including: 1) economic responsibility, which means that corporations should maximise profits, provide good products and service, solve social conflicts, reduce the gap between rural-urban income, make an overall plan for district/ region/ area development and coordinate profits from different parts; 2) environmental responsibility, which means that corporations should encourage a harmonious relationship between people and environment as well as a harmonious coexistence between man and nature; 3) legal responsibility, which means that corporations should encourage democracy and rule of law, maintain the stability and the order of the social organization mechanisms[59]; 4) philanthropic responsibility, which means that corporations should promote social fairness. Zhang (2005) gives very similar suggestions. Similarly, but from eight perspectives, Wang (2006) gives expectations on what kind of social responsibilities companies should shoulder. Some responsibilities are the same as the West, including responsibilities for products and service, customers, shareholders, employees, community, and environment; however, some responsibilities were not usually taken by companies in the West. For example, companies should support the government, in order to

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[59]The order of social mechanism includes the relationships inside of company which is put people foremost, and outside of the company, which encourage business operations in legal, protect lawful rights as well as the interests of customers.

create a stable society; and companies should increase job opportunities, in order to maintain a peaceful society. It seems that Chinese companies, especially SOEs, have to assume responsibilities which normally belong to the governments in the West.

Based on the literature and the political structure in China, the Chinese government would be a vital stakeholder for companies in the process of taking social responsibility, especially for State-Owned Enterprises (SOEs).

3.10 Chapter Summary

After reviewing the relevant literature from English-speaking countries and China, several questions are of central concern: 1) what is reported in CSR reports? 2) Who are the privileged stakeholders in Chinese companies? And what issues are those stakeholders interested in? 3) Does stakeholder theory offer a satisfactory explanation under the Chinese situation? 4) Are there any differences between China and the western countries in terms of CSR? If yes, why do those differences exist?

Based on the literature, the following findings might be reasonably expected:

1. Due to the long-term influence of the same Chinese culture, we expected the contents of CSR to be similar in all companies,   regardless of size, ownership, and industry;

2. Because the Chinese political system is different from the western system, the State has stronger power in China than in western countries to influence or even to control the reporting in companies in China, especially in SOEs;

3. Privileged stakeholders in China, and their main concerns, are not likely to be as the same as in the West;

4. SOEs, especially central SOEs, can perform much better than private companies and foreign-invested companies;

5. Larger companies are more likely publish more reports than smaller companies;

6. The purpose of reporting in China is still mainly to satisfy the most powerful stakeholders—the government;

7. Companies with a strong impact on the environment are expected to publish more reports than those companies with less of an impact on the environment;

8. CSR-related guidelines, regulations and laws are more likely play an important role to encourage corporations undertake social responsibility;

9. Employee-related information should be one of the major reported areas;

10. Donation can be one of a major social responsibility undertaken by corporations.

11. Chinese CSR disclosures are likely in difference from non-Chinese CSR disclosures

In order to find answers to those questions and test those expectations, the next chapter will introduce a method to produce the final results.

Chapter 4. Research Method

Contents

4.1 Introduction

Various methods have been introduced and developed to measure types and levels of social responsibilities taken by corporations. In the majority of recent studies, social responsibilities were measured in three main different ways, namely conducting interviews (Bansal and Roth, 2000; Islam and Deegan, 2008), distributing questionnaires (Spence & Gray, 2008), and analysing reports (Gray et al., 1995; Kolk, 2003; Deegan and Rankin, 1996; Gao and Heravi, 2005). Analysing CSR reports is useful in making corporate activity transparent to stakeholders. This study adopts this method, analysing non-financial stand-alone reports collected from websites through content analysis. A database was composed of web-collected stand-alone reports. These corporate reports were limited to the population of the Top 500 Chinese owned Companies in China (hereafter the Top 500 companies), which made data representative, reliable and repeatable. Content analysis, the most commonly

used research method in this research area (Milne & Adler, 1999; Gray, et al., 1995b, Buhr, 1998, Deegan, 2002), was employed in this study, and the content was measured by page measurement (Gray et al., 1995, 2001; Hackston & Milne, 1996; Newson & Deegan, 2002; Patten, 1991). A categorized theme was established based on a catalogue given on the website[60] of Centre for Social Environmental and Accountability Research (CSEAR thereafter) and in similar studies (Gray et al., 1995 a & b), and then adjusted, changed and developed by the researcher based on Chinese contents. The theme was delineated into 12 general areas of subjects, namely: background information; CSR related information; corporate management system; products, service & customers; health & safety; employees' information; innovation development; contribution to China's development; environmental issues; co-operation to win together; citizenship; and additional information.

This chapter is divided into six sections: 1) methodology of the research 2) internet research, 3) content analysis, 4) stages of processes samples, 5) population and sample, and 6) secondary data analysis.

4.2   Methodology

Before we discuss the method used in this research, it is necessary to firstly discuss the methodology employed in this study. The aim of methodology is '*to describe and analyse methods, throwing light on their limitations and resources, clarifying their presuppositions and consequences…*' (Kaplan[61], 1960s). Since the aim of the research is to know what companies reported, why they reported and who are their most important stakeholders, through content analysis of CSR reports the nature of this study is objective and non-experimental. Thus, this research is within the functionalist paradigm which will be explained based on Burrell and Morgan's (1979) social theories.

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[60] http://www.st-andrews.ac.uk/~csearweb/researchresources/csrdbasecateg.htm (Accessed on 4th July 2008)
[61] Citied in Brannen, 2005, p.312

Burrell and Morgan (1979) classify social science research as to whether it tends towards an objectivist or subjectivist view of society. Table 4.1 presents the subjective-objective dimension in the order of ontology, epistemology, human nature and methodology. Rooted from the Table. 4.1, Burrell and Morgan (1979) add the two dimensions of '*the sociology of radical change*' and '*the sociology of regulation*', then developed into four paradigms, as shown in Table 4.2. There are different perspectives to do research on social phenomena, because the nature of the social world could be seen a changing world or it is a stable, cohesive system.

Table 6.1. The Subjective-Objective Dimension: A Scheme for Analysing the Assumptions about the Nature of Social Science

The subjectivist approach to social science		The objectivist approach to social science
Nominalism	Ontology[62]	Realism
Anti-positivism	Epistemology[63]	Positivism
Voluntarism	Human Nature[64]	Determinism

Source: Burrell and Morgan, 1979, p.3

Burrell and Morgan (1979)'s framework is not only about positioning social theories, but also positioning researchers who are using the theories, and it is not necessary to be a clear cut between those two. For example, they state that no matter whether a social scientist is aware or not, 'they bring to their subject of study a frame of reference which reflects a whole series of assumptions about the social world and the way in which it might be investigated' (Burrell and Morgan, 1979, p.x).

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[62] Ontological issues—that is, ones to do with whether the social world is regarded as something external to social actors or as something that people are in the process of fashioning (Bryman, 2004, p.1).

[63] Epistemological issues—that is, ones to do with what is regarded as appropriate knowledge about the social world, one of the most crucial aspects is the question of whether or not a natural science model of the research process is suitable for the study of the social world (Bryman, 2004, p.1).

[64] Human nature—the relationship concerning human beings and their environment (Burrell and Morgan, 1979)

Table 6.2. Four Paradigms for the Analysis of Social Theory

The Sociology of Radical Change

Subjective	'Radical Humanist[65]'	'Radical Structuralist[66]'	Objective
	'Interpretivist[67]'	'Functionalist[68]'	

The Sociology of Regulation

Source: Burrell & Morgan, 1979, p.22

As Table 4.2 shows, Burrell and Morgan classify sociological theories along the two dimensions of regulation versus change and subjectivity versus objectivity, which divides sociology into four paradigm (Burrell and Morgan, 1979). In terms of assumptions about individuals, groups, societies, goals of study and accepted forms of evidence, in certain degree internal consistency exists. In Table 4.2 the functionalist and interpretivist paradigms are both rooted in the sociology of regulation; however, the functionalist paradigm approaches social science from an objective point of view, while the interpretivist paradigm seeks explanations of the social world at the level of subjective experience of the participant as opposed to the observer. The radical humanist paradigm seeks explanations of the social world at the level of subjective experience. The radical structuralist is concerned with radical change but from an objectivist point. Combined with questions which this research would like to ask, this study should fit in functionalist paradigm.

Because this study analyses reports, reasonably indicative method as of a company's approach for CSR, the study is more likely taking the objective than the subjectivist approach. Because, in reality, it is impossible to map in the absolute objective approach, the researcher aims to maintain a realist ontology, a positivistic epistemology, and somewhere between determinism and voluntarism in human nature. Also, this study is related in the sociology of regulation because objective and stable accounts. Thus it is functionalist.

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[65] It includes nominalist, antipostivist, voluntarism, and ideographic.
[66] It includes realist, positivist, determinism, and nomothetic.
[67] It includes nominalist, antipostivist, voluntarism, and ideographic.
[68] It includes realist, positivist, determinism, and nomothetic.

4.3 Internet Research

With access to the internet, interested individuals can acquire information anytime, and anywhere. The advantages, such as visibility, accessibility, versatility, interactive capacity, speed, and environmental friendiness (Adams & Frost, 2004; Xiao, et al., 2004; Scott and Jackson, 2002), and disadvantages of using the internet as a communication medium are summarized in Table 4.3.

Table 6.3. Advantages and Disadvantages of Using the Internet as a Communicate Medium

Advantages
Accessible 24 hours a day
Accessible from any networked terminal anywhere in the world
World's largest information retrieval system
Search engines assist users in identifying relevant documents
Can be updated frequently providing user with timely information
Information providers can identify how many users have visited their site and who those users are
Information providers can identify which parts of their site are the most visited
Data can be downloaded, cut and pasted and exported for user manipulation
Ability to provide a search facility for individual company sites
Allows cross-referencing through hyperlinks to, for example, prior year reports, relevant legislation/guidelines, government agencies, NGOs, other companies, press releases
Multimedia functions such as video, audio, graphics and 3D simulations give user and provider a variety of communication choices
Feedback can be given through email, interactive feedback forms, discussion area, conferencing
Low cost form of information dissemination given size of audience
Environmentally friendly
Disadvantages
Not everyone can access the internet
Resources required to develop and maintain the web-site
The information on the web can be vast and disorganized
Much of the performance data is not audited or verified
At present disclosure on web-sites is largely unregulated

(Source: Adams & Frost, 2004, p.3)

Millions of people have become accustomed to using internet search engines as a source of information. Compared with other traditional media, the internet allows companies to disseminate more information, more quickly and less expensively and quicker than ever

before (Marken, 1998, Snider et al., 2003). The internet has provided business with new avenues in which they can trade and communicate with external parties, with growing evidence that the internet has become an increasingly important media for corporate communication (Adams, 1999; James, 1999; Lane, 1999). Under these circumstances, the internet provides a suitable, and preferred, means for companies to communicate with stakeholders on CSR and other corporate reporting issues. The internet is producing a revolution in the way business is being undertaken

In China, internet usage is growing rapidly, although it will take some time for this technology to become a common communication medium. As the economy grows and living standards improve, computers and laptops are no longer luxury commodities in Chinese companies and families. Under these circumstances, China had a population of 477 million internet users[69] in March 2011. In terms of corporate computer users, more and more companies use the internet for business. The present writer's online research found that 2 out of 150[70] central SOE[71]s did not have their own websites at the end of March 2008. According to data given by the Ministry of Industry and Information Technology of the People's Republic of China[72], 99.8 percent of Chinese companies used a website for their business, compared with 44.2 percent of small to medium-size enterprises (SMEs) and non-SOEs. What's more, according to Xinhua News[73] (21st May 2010), at the end of May 2010, China's internet user population was 404 million, ranking first in the world; internet penetration in China reached 28.9%, which is above the world average. Chinese companies therefore have the basic infrastructure for publishing the reports online.

In Western countries, at the beginning of the 21st century, a primary focal point in environmental and social reporting development was the desire to publish reports online

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[69]

http://blogs.forbes.com/kenrapoza/2011/05/16/chinas-internet-population-powers-ahead-of-us-hits-477-million/ (accessed on 5th July, 2011)

[70] The number of Central Government controlled SOEs is reducing. At the end of June 2010, the number of those SOEs is 125, and then at the end of June 2011, the number is 120.
(http://www.sasac.gov.cn/n1180/n1226/n2425/index.html, accessed on 4th July, 2011)

[71] This type of corporation composed a part of the data in this research.

[72] http://www.mii.gov.cn/art/2008/03/04/art_2001_36680.html

[73] http://www.chinanews.com.cn/it/it-itxw/news/2010/05-21/2298211.shtml

(Shepherd et al., 2001; Scott & Jackson, 2002; Line et al., 2002; Adams & Frost, 2004). The general desirability of studying web-based corporate reports is also suggested by the facts that many millions of private investors across the world use the Web to research corporations and make direct equity investments, and that many professional investors use the Web as a supplement to other information sources (Snider et al, 2003). Adams and Frost (2004, p.4) also summarized some more advantages of using the internet as a communication medium for ethical, social and environmental information with stakeholders. See Table 4.4 as follows for details.

Table 6.4. Advantage of the Internet as a Communication Medium with Stakeholders

Can provide information to meet the demands of an ever increasingly diverse group of stakeholders
Provides an opportunity for an additional means of stakeholder dialogue with stakeholders who would not otherwise be easily accessible
The ability to link to external resources, such as guidelines and pressure groups, facilitates the incorporation of a broad range of issues for consideration into strategic decision making
Paper based reports can be kept short with links to the web-site provided to show where more detail can be found

(Source: Adams & Frost, 2004, p.4)

Also numerous studies have examined aspects of companies' self-presentation of their corporate social responsibility on websites (KPMG 2008, 2005, 2002; Adams & Frost, 2004). These investigations focused primarily on the number of CSR statements, the stakeholder groups to which CSR messages were directed, and the differences in types of CSR message across companies/ nations (KMPG, 2008, Maignan and Ralston, 2002). For example, Esrock and Leichty (1998) used a sample of Fortune 500 firms and found that 82% addressed at least one corporate social responsibility issue. A more recent study by the same authors showed that over 85% of these websites contained information for two or more publics (Esrock & Leichty, 2000). Maignan and Ralston (2002) compared the CSR and stakeholder issues from websites in the U.S. and Europe, revealing that countries differed significantly in the importance they attached to reporting socially responsible behaviours as well as the CSR issues they wished to emphasize. However, there is little research into the levels of internet use in reporting social and environmental information by top Chinese companies. An

understanding of Chinese corporate behaviour with regards to internet disclosure would therefore be a significant contribution to the knowledge of CSR. This study thus attempts to make a contribution by revealing recent CSR trends in China and examining the current CSR practices of Chinese Top companies.

4.4 Content analysis

Data collection for the database was achieved by means of a form of content analysis (Gray et al., 1995b), which has been widely employed in CSR research (Gray et al., 1995; Kolk, 2003; Deegan and Rankin, 1996; Gao and Heravi, 2005). Content analysis is usefully defined by Abbott and Monsen (1979, p.504) as: 'a technique for gathering data that consists of codifying qualitative information in anecdotal and literary form into categories in order to derive quantitative scales of varying levels of complexity'. Subsequently, Guthrie and Mathews (1985) developed Ernst and Ernst's studies (1976 et seq.) to provide some assessment of the volume of disclosure. The value of this lies in the assumption that the extent of disclosure can be taken as some indication of the importance of an issue to the reporting entity. Weber (1990, p.9) describes content analysis as "a research method that uses a set of procedures to make valid inferences from text." It is an objective, systematic and quantitative description of a text assuming that there is a relation between the frequency of the linguistic units and the interest of the text producer (Holsti, 1969; Guthrie and Mathews, 1985). Despite its limitations as discussed in Milne and Adler (1999) and Unerman (2000), it is particularly appropriate for this purpose because of its unobtrusive nature in analyzing narratives and its ability to measure the implicit importance attributed to an information category by the text (e.g., the annual report) producer. Content analysis provides a systematic method to engage with a disparate and diverse practice in a manner that has allowed this research to "do" something — draw graphs, plot trends, and make comparisons. An important part of content analysis is the ability of the instrument to be reliable and reproducible. In the words of Kaplan and Goldsen: "The importance of reliability rests on the assurance it provides that data are obtained independent of the measuring event, instrument or person. Reliable data by definition are data that remain constant

throughout variations in the measuring process" (1965, p.83-84). In order for CSR reports to be useful in making corporate activity transparent to stakeholders, the veracity of the information contained in the reports must be assured (Milne and Adler, 1999).

Objectivity, in this context, carries the stipulation that variables be defined so precisely that it will allow any item to be judged as either belonging or not belonging to a particular category. These categories must be defined precisely so that independent judges applying them to the same messages could achieve the same results. Using systematic categories and consistent application of the criteria for measurement, the study should be capable of replication with similar results. Systematic analysis requires that the inclusion and exclusion of categories must be done in accordance with applied rules (Holsti, 1969). An important aspect of using content analysis is the method of codifying the content of a report into categories based on the chosen criteria (Weber, 1988; Guthrie & Abeysekera, 2006)[74]. Each set of related categories should be exhaustive, mutually exclusive, and defined so that assigning an item to a category is not a distinctive feature; this distinguishes content analysis from ordinary critical reading (Guthrie and Mathews, 1985). A categorized theme was established based on a catalogue given on the CSEAR's website[75], and in similar studies (Gray et al., 1995 a, b; Guthrie and Parker, 1989; 1990; Hogner, 1982; Lewis *et al.*, 1984; Patten, 1992), and then adjusted, changed and developed by the researcher based on Chinese contents.

Therefore, an index can be constructed to make allowance for variations in the quality of individual disclosures. This research collected volumes of CSR as measured by the proportions in page measurement (Gray, et al., 1995). The total length of each report and each disclosure category was then expressed as a percentage of the total number of pages in the report. Trends were then identified in information relating to a 4-year period (2006-2010), in each of the categories—with the industry groupings enabling a comparison between disclosures on an inter-industry basis. Furthermore, by expressing the quantity of

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[74] Page counts are employed in this research. If there is no special explanation, the number under all the sub-themes is the number of pages contained in a report. If it is blank, it means the report did not contain that kind information.

[75] http://www.st-andrews.ac.uk/~csearweb/researchresources/csrdbasecateg.htm (Accessed on 4th July 2008)

disclosure as a percentage of the reports, the relative trends and comparisons between industry groups and categories can be analysed.

4.5 Data Collection

The report analysis was divided into three stages. Firstly, a sample report was obtained; secondly, all information from the report was coded, the coded information measured and calculated as a percentage of the report, and this percentage then transferred to an Excel spread sheet; finally, those codes were interpreted. The following information will introduce the stages and steps in detail.

4.5.1   Obtaining a Report

To obtain a report within a data population, three possible steps were taken: namely, a corporate website search, a professional website search, and a Google search.

1.   A corporate website search

The first stage taken was to establish that a report existed on a corporation's website to which the researcher had access. Several steps were taken to obtain a report: 1) following the Top 500 Chinese Companies list order, a corporate website was accessed; 2) information on the homepage was checked, since it frequently happened that a company put the most recent CSR report on its homepage to draw readers' attention; 3) it was necessary to search for information in the most relevant sections, namely corporate responsibilities, social welfare, volunteering, investors relations, and corporate culture; 4) the last step was to go through all the sections on the corporate websites. If no report was found in any of those sections in the third step, all the other possibly related sections were checked, such as health and safety, employee and products etc., in order to find the report. Every corporate website was searched at least four times[76]. The first round checking was completed sometime between the end of 2007 and early 2008; second and third rounds' checking was conducted

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[76] The latest checking is done by the end of February, 2011. All corporate websites have been researched by the end of February, 2011.

in 2009 and 2010; the latest round was completed by the end of February, 2011.   The websites were mined at least three times in each round. During each round of searching, the company for which no information was found was re-checked three times.

If there was still no evidence to show a CSR report existed, the next stage, a professional website search, was undertaken.

2. A professional website search

In this stage, two main professional CSR websites were mainly employed here to help to obtain more reports. One was CorporateRegster.com web, which is an international CSR reports collection website. Reports on the website are from a wide range of countries and are all published in English. Several steps were taken to get a report on this website, including the following: going to www.CorporateRegister.com, signing in, searching by country[77], and then finding reports for a company in China. The search results contained all reports published by any type[78] of company, including, for example, the Chinese branches of international enterprises, SOEs, private companies, and joint-venture companies. All those listed companies were large companies in China. However, not every company found on that website was belonged in the target population (i.e. Top 500 Chinese companies), so it was necessary to compare the list of reports with the data population list—the Top 500 companies, and to add any relevant missing reports to the database. Two steps needed to be taken in order to collect a report from the website. The first step was to check whether a company with a report on the website was in the list of the Top 500 Companies; if not, that was excluded from the population. If the company was in the list, the second step was to check whether the reports listed on the website matched the reports in the research database or not. If that was the same report which was already collected in the first step, the

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[77]

http://www.corporateregister.com/search/search.cgi?d=&n=0&ret=R&sub=All&nr=30&sec=All&cou=People's+Republic+of+China&yr=   (accessed on 25th November, 2010)

[78] Until 25th November, 2010, there were 110 reports available in total on that website. Reports are published by Top 500 Chinese Companies (2009), multinational companies in China, and other big corporations but not fall in the data population.

report was excluded; if the report was only available in an English version, and also the one collected in the previous stage was only in Chinese, that was included in the database, with a note saying an English version was available. However, if an English version of a report was the only version found for that company, that report would be downloaded and included in the database.

The other professional website used was www.Syntao.com [79], which is the leading Chinese CSR website. The Syntao website, www.syntao.com, contained 1294 reports from 761 Companies[80]. Searching for these 500 companies' names on this website, if a company's name appeared with report(s), the report(s) were compared with the database. If there was a new report, it was included in the database. Quite often more reports were found on this website than on corporate websites.

3. Google search

After the previous two steps, if no reports for companies were found, the research was then carried out on Google. The corporations' names and key words[81] of reports were cross checked on Google. If any other reports were discovered, these were added to the research database.

After processing those three steps, if not a single report from a company was found, it possibly meant no e-version or downloadable version of a report was available when the data search was carried out.

Once a report was found, it would be filed according to reported year, and then the report would be analysed.

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[79] http://www.sustainabilityreport.cn/index.asp (accessed on 25th November 2010)
[80] It updated on 22nd November 2010.
[81] Main key words here are corporate social responsibility report, social responsibility report, environmental protection report, social citizenship, and corporate responsibility report, in Chinese.

4.5.2   Population and Sample Selection

This study analyses stand-alone Corporate Social Responsibility (CSR) reports[82] in PDF[83] format from the Top 500 Chinese Companies. The list of China's Top 500 companies[84] (mainland China) for 2008, which was the population of this research, was released by the China Enterprise Confederation and China Enterprise Directors Association (CEC) in September 2009, based on operation revenue for 2008.

A large sample size helps to reduce the random factors that may influence the results and as such improves reliability, which is why the top 500 companies were used as a research population. In addition, these companies represent the top Chinese enterprises in the 17 main industries of China (see Fig. 4.1). The industry catalogue was based on KPMG's sector catalogue (KPMG, 2008) and adjusted for Chinese companies. A methodological difficulty was the classification of the companies into industries. All the companies were classified into one industry, according to their major businesses. If a firm had more than one main operation in several industrial spheres, it was classified into the 'others' category. 'Others' also included those companies which did not belong to any of 17 main categories. Fig. 4.1 below shows details of the industry classifications used in this research.

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[82] Corporate Social Responsibility (CSR) Report (short-named as a report) include all kinds of non-financial reports on corporate social responsibility including those with names as Social Responsibility Report, Sustainability Report, Corporate Citizen Report. See detail in Chapter 5.

[83] However, during the data collection, all kinds of formats have been collected, including PDF, PDF without pictures, online (including web report and e-book), Microsoft Word, and PowerPoint.

[84]   A list was available on various websites, and the one for this research was adopted is from the website as follows http://finance.sina.com.cn/g/20090905/16066712239.shtml

Fig.6.1 The Top 500 Companies by Industry
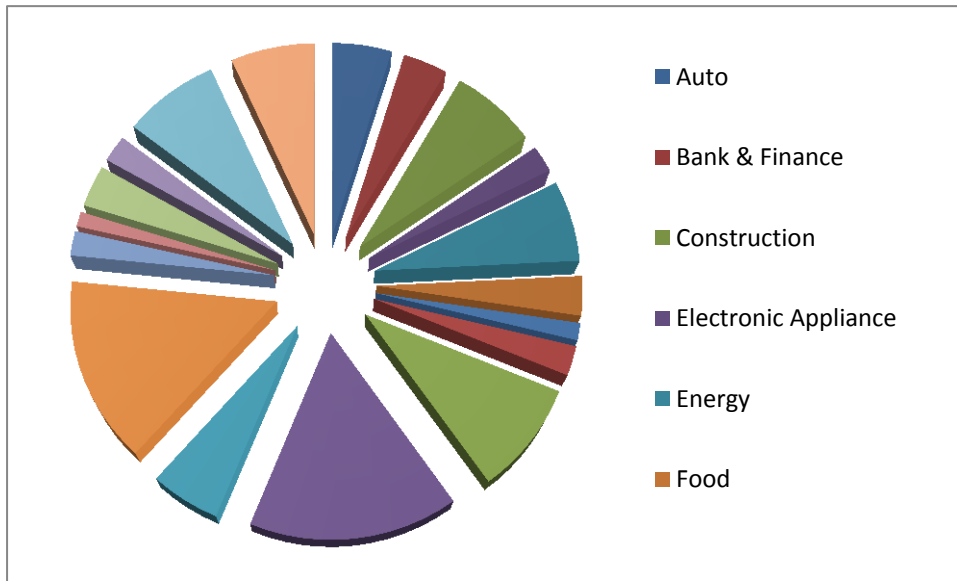
4.5.3   Availability of Corporate Website Data

To reduce research bias in the first stage of data collection, several rounds of web research[85] were carried out from time to time if a corporate website was not available during the initial research phase. As shows in Fig. 4.2, 16 out of 500 companies had inaccessible corporate websites at the end of February 2010. Of those 16 companies' corporate websites, 11 could not be found; the remaining five websites appeared to be available. However, three out of those five websites had broken links; the other two websites displayed the following warning '*this website will harm your computer, and so should not be accessed*'.

Fig.6.7 Details of Corporate Websites
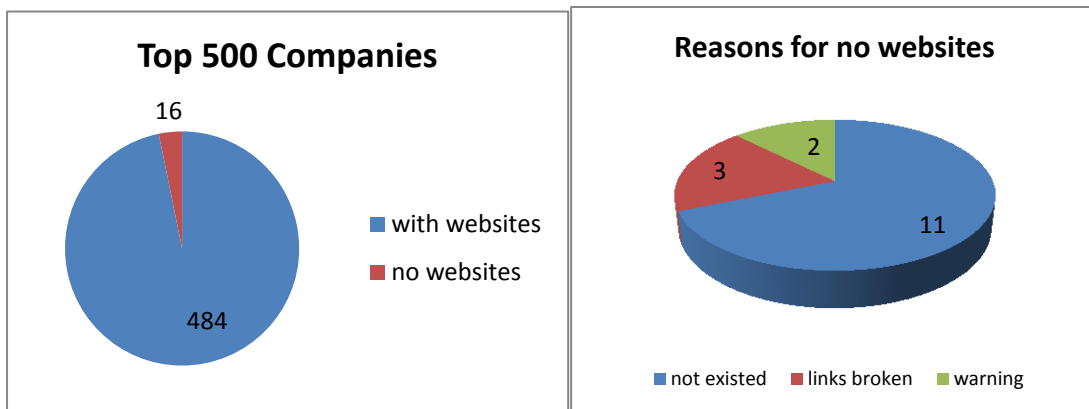
These 16 companies were either foreign invested companies or State-Owned Enterprises: 3 out of 16 companies were Foreign Invested companies, and the remaining 13 companies were State-Owned Enterprises. For the types of industries, transportation had six companies without a website (classed in the transportation sector); manufacturing, energy, and trade, retail & logistics sectors each had two companies without corporate websites; mining & steel and construction sectors each had one company without a corporate website; also the 'others' sector had tow companies with no corporate website. Table 4.5 gives the more details about these 16 firms without corporations' websites.

Table 6.5. A List of Firms without Corporations' Websites

Rank in Top 500 Co.	Name of Corporation	Reasons without Websites	Types	Industries
105	Beijing Railway Administration	no corporate website found	SOE	Transportation
147	Guangzhou Railway Administration	no corporate website found	SOE	Transportation
155	Tianjin Bohai Chem. (Group) Co. Ltd	no corporate website found	SOE	Others
156	Baoren (Kunshan) Co. Ltd	no corporate website found	F.I.	Manufacturing
166	Inner Mongolia Power (Group) Co. Ltd	with website, but could not login	SOE	Energy
171	Zhejiang Provincial Energy Group Company	no corporate website found	SOE	Energy
173	Chengdu Railway Administration	no corporate website found	SOE	Transportation
190	LG DISPLAY (Nanjing)	no corporate website found	F.I.	Manufacturing
214	Xian Railway Administration	no corporate website found	SOE	Transportation
259	Lanzhou Railway Administration	no corporate website found	SOE	Transportation
273	Chongqing Iron & Steel Co. Ltd.	warning	F.I.	Mining & Steel
323	Nanjing Trading (Group) Co. Ltd	no corporate website found	SOE	Trade, Retail & Logistics
326	Xiamen International Business Co. Ltd	the link appeared to be broken	SOE	Trade, Retail & Logistics

362	Jilin Jitai Co. Ltd	warning	SOE	Others
380	Kunming Railway Administration	no corporate website found	SOE	Transportation
484	Tianjin City Construction Co. Ltd.	the link appeared to be broken	SOE	Construction

Therefore, the total number of corporations' websites accessible from Great Britain was 468 at the end of February 2010. Thus the population of this analysis was 486 enterprises out of Top 500 Chinese companies, and the results were based on those 486 companies.

In order to reduce the number of missing reports, even if no corporate websites were accessible when the research was carried out, other ways to find reports were used (see Section 4.5.1 for details). As a result of widening the research, two pieces of valuable information for this study were found. According to internet information, a 2009 CSR report on Inner Mongolia Power (Group) Co. Ltd. was released, but no downloadable version was found, so that report was excluded from the database. The other was a four-page CSR report on Jilin Jitai Co. Ltd found, which was included in the database.

4.6 Process of Development of Research Themes

An important step in using content analysis is the method of codifying the content of a report into categories based on chosen criteria (Weber, 1988; Guthrie and Abeysekera, 2006). Structural criteria to facilitate analysis of corporate social activities should have the following two properties as a minimum. First, categories for classifying corporate activities should be stable over time, which make historical comparisons possible. Second, the definitions of various categories should be applicable across firms, industries, or even social systems, making comparative analysis possible (Sethi, 1978). Therefore, an index can be constructed to make allowance for variations in the quality of individual disclosures.

A categorized theme was firstly established based on a catalogue given on CSEAR's website[86],

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[86] http://www.st-andrews.ac.uk/~csearweb/researchresources/csrdbasecateg.htm (Accessed on 4th July 2008)

and then adjusted, changed and developed by the researcher based on Chinese contents. The list of themes (see Appendix C) was established. Several steps were conducted to develop the themes. Steps in the data collection in the database were as follows.

1. An initial theme list was provided by the list of categories on the CSEAR website, which contained 7 themes and 40 sub-themes[87]. This list is referred to as the CSEAR list to clarify information below.

2. Several lists of pilot themes were gradually built up. In order to set up a theme, a pilot research theme was carried out. From the database 20 random selected reports have been chosen. Those reports were from various industries were of different lengths and reported different years.

3. Then information from reports was coded based on the CSEAR list (see section 4.8 for details of steps to analysis a report). But when information did not fit into any of sub-themes, it was recorded into the 'others' sub-theme along with details of the information.

4. After several reports were coded, the researcher reviewed and adjusted the themes and sub-themes. Frequently, some new sub-themes were added based on the information provided in 'others' sub-themes. If a common piece of information in 'others' sub-themes was recorded several times, then a new sub-theme was set up and classified as a related theme. A new temporary theme list was then developed and was used in the next round of the coding development process.

5. Then the next round in the coding process was carried out using an updated coding list.

6. After five rounds, some new themes and sub-themes were added, and some unpopular sub-themes in Chinese reports were excluded. A final version of the theme list was established (as shown in Appendix C). Comparing with the CSEAR list and the study's final list, substantial changes were made in the process. The study's list would be seen as a completely new list.

7. All the reports, including reports used in pilot search, were coded using the final

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[87] They are including background data (11), social and environmental disclosure data (5), environmental data (7), consumer/ customer data (1), community data (2), employment data (13), and any other relevant disclosure (1).

themes list (see section 4.6 for details of steps to analysis a report).

The final themes list, as shown in Appendix C, contained 13 themes and 132 sub-themes included in this research. These 13 main themes included: background information[88], CSR information, environmental data, energy data, consumer data, economic data, government involvement, other stakeholders data, product data, community involvement, employ data, policy issues and other information. Not a single report found covered all 132 listed sub-themes. That is to say, it was common for a report not to contain certain pieces of information. A single piece of information was recorded and only once. The numbers of pages under sub-themes were recorded as a fraction. Explanations of some sub-themes were provided. If the title of a sub-theme is self-explanatory, no further explanation has been provided.

4.7 Steps to Analyse a Report

After a report in PDF form was selected, it was analysed sentence by sentence. Each sentence was coded according to the information within it. A record[89] of the code was added to the report using the comment function.

In order to measure the space taken by information belonging to particular codes, a screen ruler was used. This tool measures the distance between any two points on the document, and so gives the exact location and size of an element on a page. The screen ruler was used for several reasons: 1) it measures in pixels, millimetres, centimetres and inches; 2) it measures both horizontally and vertically; 3) it is highly customizable; and 4) it is free to use. What's more, without printing reports out, a screen ruler carries out the same measuring function on a computer as a normal ruler does on a piece of paper. Also it can be used anywhere that a computer is available. For the purpose of this research, millimetres were

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[88] It contains two parts of background information: background information on a report and background information about a company, and a corporate profile.

[89] The coded information included blank space.

chosen as a unit of measurement, because they are a common and universal measurement unit. In addition, the measuring was carried out on the same computer, a Lenovo laptop (Y510), so as to ensure consistency.

Next, the screen ruler was used to measure the exact space taken up by a unit of text assigned to a code. In order to do this, it was necessary to establish the standard page size of the report. The standard page size and the unit of text size were used to calculate the proportion of the page taken up by the unit of text. This method was used because the reports had different page sizes and so proportion measurement guaranteed comparability.

Then, each page was analysed according to the proportions of each theme code. These proportions were expressed as fractions. The formula to calculate the proportion was as follows.

Proportion of Code A in a page= $\dfrac{A_W}{\text{Horizontal X}} * \dfrac{A_H}{\text{Vertical Y}}$

Where:

A= Information in Code A;

A_W=the width of the unit of coded text;

A_H=the height of the unit of coded text;

Horizontal X= the width of report in the standard page;

Vertical Y= the length of report in the standard page.

Different rules were used to calculate the unit of information size on front and back pages and feedback forms. If all text belonged to one code, especially on front and back pages, its fraction was recorded as '1'. The same rule was applied to the feedback forms.

After calculating and recording all the coded information, calculated numbers were classified into 12 sections, as follows (see Table 4.6).

Table 6.6. Classified Information

Items	Detailed Information	Short Titles
Section 1	Background information	Background
Section 2	CSR related information	CSR
Section 3	Corporate management system	Finance
Section 4	Products, services & customers	Customers
Section 5	Health & safety	H & S
Section 6	Employees' information	Employees
Section 7	Innovation development	Sci. Dev.
Section 8	Contribution to China's development	Contri. State
Section 9	Environmental issues	Envir.
Section 10	Co-operation to win together	Win-win
Section 11	Citizenship	Citi.
Section 12	Additional information	Add.

Using a formula, all the calculated numbers were used and used once only in the formula.

$$Section\ X = \sum code\ n$$

Where: N= all codes in a sub-themes section[90]

When data had been coded and recorded on the spread sheet, the next stage, interpreting data, was carried out.

4.8 Secondary Data Analysis

Once all reports have been collected, they comprise two sets of data: one set is a general data collection on CSR reports from the Top 500 companies; another set is very detailed coded and analysed report' data. For the detailed analysed data, this research employed several statistic methods, including, to classify groups according to their meanings; to calculate proportions, to calculate number of the average, the mean, the maximum, the minimum and standard deviation (STDEV); to rank the importance of stakeholders; and to test a degree of correlation by using Pearson test.

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[90] Detailed codes for each section can be found in Appendix B-Codes of CSR Chinese Reporting.

In order to compare the data, several statistic methods are employed. Proportions are the number or amount of a group when compared to the whole. Averaged numbers are results by adding more than two amounts together and dividing the total by the number of amount. Maximum numbers are the largest amount or number in a range of data; by contrast, the minimum is the smallest one. Standard deviation (STDEV) represents the relationship between the data point and the mean. That is to say, a low standard deviation indicates that the data points tend to be very close to the mean, whereas a high standard deviation indicates that the data points are spread out over a large range of values. In order to test the degree of correlation (association) between the overall rank and other ranks, this research employs a Pearson correlation to test the relations. A result from the Pearson test is between -1 and 1: if a result is between 0 and 1, it means that the variables are positively correlated. That is to say, the overall rank and another rank tend to increase/ decrease together; if a result is between -1 and 0, it means that variables are negatively correlated. That is to say, when the overall rank increases, another rank decreases, and vice versa. Relevant formulas and/ or explanations are given in the Chapter 5.

Depends on research needs, samples could be classified into different groups, including sizes of company, types of ownership, industrial sectors, adopted guidelines, and whether a corporation is listed or not. Rank in the Top 500 companies implies the size of a corporation, which means the bigger of the number of the rank is, the smaller size the company is. In other words, the ranked No. 1 company is the largest company among the companies on the list; by contrast, ranked No. 500 company is the smallest size company on the list. Two guidelines—the most popular international and national guidelines—will be used to classify the options of adopted guidelines. According to corporate information, companies will be recorded whether they are listed companies or not; if a company is a listed company, it will be marked which stock exchange market(s) a company listed. The stock exchange markets include Shanghai (SH), Shenzhen (SZ), Hong Kong (HK) and/ or overseas (such as New York (NY)) Stock Exchange Market. Several terminologies need to be mentioned here: 'A-share companies' refers to shares traded in Renminbi on the Shanghai and/or Shenzhen Stock

Exchanges markets in mainland China; B-share companies means shares traded in foreign currencies in both or either of the markets in mainland China; and H-share companies refers to the shares of companies incorporated in mainland China and whose shares are traded on the Hong Kong Stock Exchange.

Once the theme list established, the secondary analysis could be conducted on the theme list. Because this research is one country—China, some contents of reporting could be 'contents with Chinese characteristics', which are unlikely to be found in western reports. Because the theme list is developed in relation to Chinese reporting contents (see Section 4.6 for the process of development of the research themes), the themes and sub-themes reflected the real contents of reporting. Special themes and sub-themes could cross all industrial sectors in different angles, but special themes could name in three general areas, legal 'hallmark', Chinese specificities, and different scope. 'Legal hallmark' has a twofold meaning: the contents of reports were trustworthy, and reports were informed by relevant laws, regulations, and guidelines, etc. National special means that some information is likely found only in the Chinese content, due to the stages of China's political, economic and social development. Different scope means that those information perspectives have been usually reported in both the West and Asia, but reports from China covered different information. All the meaning of themes and sub-themes will be examined by all those three general areas; and then, if fits in one of the general area, it will be classify into that general area. However, only a part of the themes and sub-themes fits the definitions, the other part of the list will not be sub-classified.

Then Chinese stakeholders could be analysed based on proportions of each theme. Based on the percentage of information reported under each theme, the importance of stakeholders could be ranked. Two themes on the theme list were excluded in the process of stakeholders analysis—background information and the additional information, because both themes were barely connected with any groups of stakeholders. All the other themes represented different groups of stakeholders. By using the same method, ranks of stakeholders could be

drawn by ownership, industry, and size.

4.9 Chapter Summary

This chapter starts from introducing methodology behind this research and also detailed introduced how to conduct this research, in order to answer questions which asked in Chapter 3, Section 3.10. By using those methods, the next chapter presents results of this research.

Chapter 5.   Results

Contents

5.1 Introduction

This chapter presents research findings. These findings were generated by this research in relation to the aforementioned extant literature on corporate social reporting. An overview of some points is as follows: 1) the number of reports released has been growing steadily; 2) the higher the rank of an enterprise, the more reports were published; 3) the majority of reports employed the term 'responsibility' in the report title, for example 'Corporate Social Responsibility Report' and 'Social Responsibility Report'; 4) the number of pages in reports differed greatly, with a trend towards an increase in length; 5) the evidence suggests that patterns in the reports may be systematically related to the industry's characteristics; 6) a relatively small number of companies adopted guidelines, standards, and regulations in their reports, but this number has been increasing yearly; There were no significant difference on proportions of reported themes between regulated reports and non-regulated reports; 7) SOEs did not lead the CSR development in China. The rest of this chapter describes the findings in greater details.

5.2 General Results

In order to give a full picture of CSR reporting in China, the results of this research contain two sets of data: one set is a general data collection on CSR reports from the Top 500 companies; another set is very detailed coded and analysed report' data[91]. That is to say, the first data set is based on 238 reports, and the second is based on 53 coded reports.

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[91] This research was originally designed for doctoral level of research; however, this study is being presented at MPhil level and therefore within a shorter time frame. Thus, the researcher only had limited time to code and analyse a limited number of samples. The researcher hopes to do further research on this.

5.2.1   Composition of Reporting Enterprises

Three types of corporations were included in this research, namely State-Owned Enterprises (SOEs), private enterprises (PEs) and foreign invested enterprises (FIEs). Out of the top 500 Chinese companies 106 released a report (see Table 5.1 below).

Table 6.1. Number of Reports by Ownership

Ownership	No. of Co. by Ownership in Total 500 Companies (Column A)	No. of Co. with Accessible Co. Websites (Column B)	No. of Co. Claimed Released Reports (Column C)	No. of Co. with Accessible Reports (Column D)	Ratio[1] of No. of Co. with reports on total No. of company	Ratio[2] of No. of Co. with reports in accessible corporate websites	Ratio[3] of No. of Co. with accessible reports in total No. of accessible reports
FIEs	41	38	7	6	17.07%	18.42%	5.94%
PE.s	96	96	17	17	17.71%	17.71%	16.83%
SOEs	363	350	82	78	22.59%	23.43%	77.23%
Total	500	484	106	101	21.20%	21.90%	100%

$$Ratio^1 = \frac{Number\ of\ Companies\ in\ a\ ownership\ which\ released\ a\ report\ (Numbers\ in\ Column\ C)}{Total\ Number\ of\ companies\ in\ a\ ownership (Numbers\ in\ Column\ A)}$$

$$Ratio^2 = \frac{Number\ of\ Comapnies\ in\ a\ owner\ which\ released\ a\ repor\ (Numbers\ in\ Column\ C)}{Corporations'Number\ with\ accessible\ websites\ (Numbers\ in\ Column\ B)}$$

$$Ratio^3 = \frac{Number\ of\ availb\ reports\ by\ ownerships\ (Coloumn\ D)}{Total\ number\ of\ availble\ reports^{92}}$$

Of 106 companies 82 were State-Owned enterprises, accounting for 77.23% of the total number of companies with reports; 17 private enterprises had at least one report; and there were 7 foreign invested enterprises with a report. However, five exceptions where the reports were not found in readable versions on any website published relevant information but could not be opened by the end of 2010. Thus, the total number of companies with accessible reports reduced to 101[93]. In the total number of accessible reports, State-owned

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[92]   The total number of reports is 101.

[93]   Of five companies four were SOEs and the other was FIE. Those five companies were from four industries, which included the transportations industry had two companies with inaccessible reports, and in the energy, food and pharmacy industry, each of those industries had one company with inaccessible reports. In total the five

enterprises were the dominant type among the Top 500 Chinese companies. Followed by private companies composed almost 17% in the total number of the total companies with reports, and less than six per cent of private companies released reports.

5.2.2   Numbers of Reports

The number of reports released has been growing steadily and reached an unprecedented peak in every year (as Table 5.2 shows). Most reports released by Chinese enterprises were available online. However, some reports consist of an easily accessible introductory press release while the complete report can not easily be found on the internet or may contain invalid contact information. These reports were located in wide variety of sections on different websites, for example, CSR, environmental protection, investor relations, and health and safety.

Table 6.2. Number of Reports per Year by Ownership

Reported year	FIE.s	PE.s	SOEs	Total No. of Reports in a year
2004	1	0	1	2
2005	1	1	7	9
2006	1	2	11	14
2007	3	8	29	40
2008	5	13	59	77
2009	6	13	68	87
2010	1	1	0	2
Multi-years	1	3	3	7
Total	19	41	178	238

Notes:
1. *All data were collected from publicly available material.*
2. *One report, 'Ma Steel Culture Report', was included in the figure of multi-years, because of an unspecified reporting date.*
3. *Year on the axis means the reported year, which is not as the same as a report's year of publication. The year of publication is normally the year after the reported year.*

companies published seven reports: each of the three companies published one 2009 report; and; the other two companies had two reports.

The number of reports released each year shows a steep upward curve as Fig. 5.1[94] highlights. Before 2006, very few reports[95] were released annually. The number of reports released in 2006 alone exceeds the total number of all previously published sustainability reports combined. The year 2006 was a turning year for CSR reporting in China, so that it became known as 'the first year of an era of CSR reporting in China' in the Chinese mass media. After 2006, there was a steep increase in the number of CSR reports[96] in China. Each year, a new record was established for the highest number of reports. At the end of 2010, 87 reports for reported year 2009 were available online, and 2 reports were titled as 2010 reports. Also 7 reports covered information from multiple years, which includes one report from Ma Steel, called '*Ma Steel Corporate Culture Report*', did not contain enough information to identify in any of the year of reporting.

Fig.6.1 The Number of CSR Reports per Year
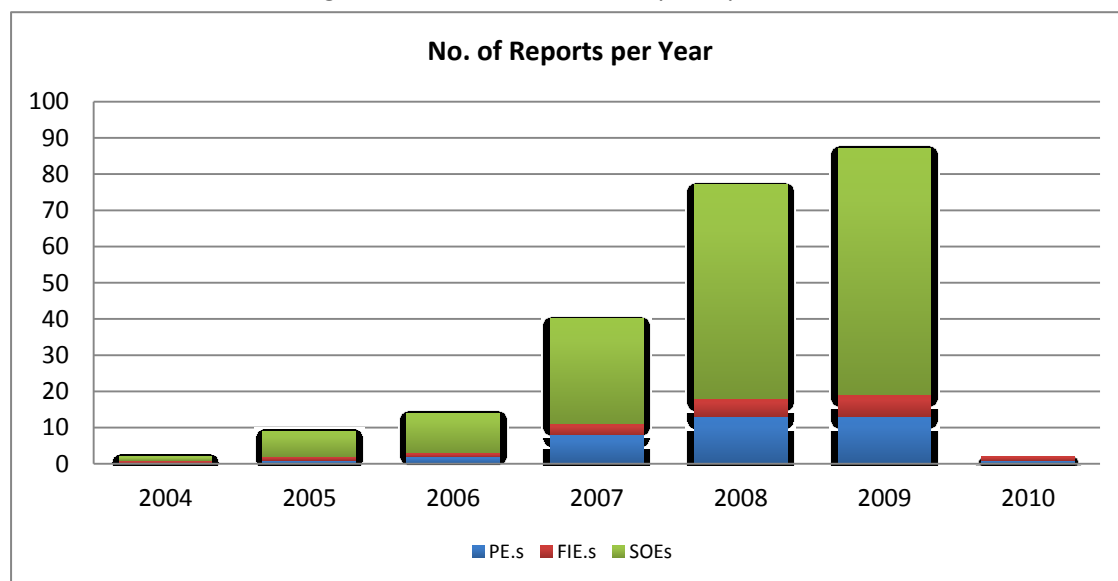
In terms of the total number of reports released by each company, the majority of companies published one, two or three reports until the end of 2010, and a few companies

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[94] Reported years were normally one year behind published years. Taking Fig. 5.1 as an example, reports in the reported year of 2005, were published in 2006. The one year gap behaviours reported year and year of publication is of all year.

[95] These reports were mainly titled as Health, Safety and Environmental Reports.

[96] According to the Chinese CSR database, 2174 reports from 994 companies were published, setting a new record in corporate social responsibility reporting in China. (http://www.sustainabilityreport.cn/index.asp accessed on 10th July, 2011). However, these reports included non-stand alone reports published by any company, including for example SOEs, FIEs, international companies, small and medium companies, etc.

published reports more than three year. Only two companies have released their reports over six years, as can be seen in Fig. 5.2. On average, each company, cross ownership, published just over two reports; however, private companies have published a little bit more reports than the other two types of companies, as can be seen in Table 5.3.

Fig.6.8 Published Reports Number per Ownership
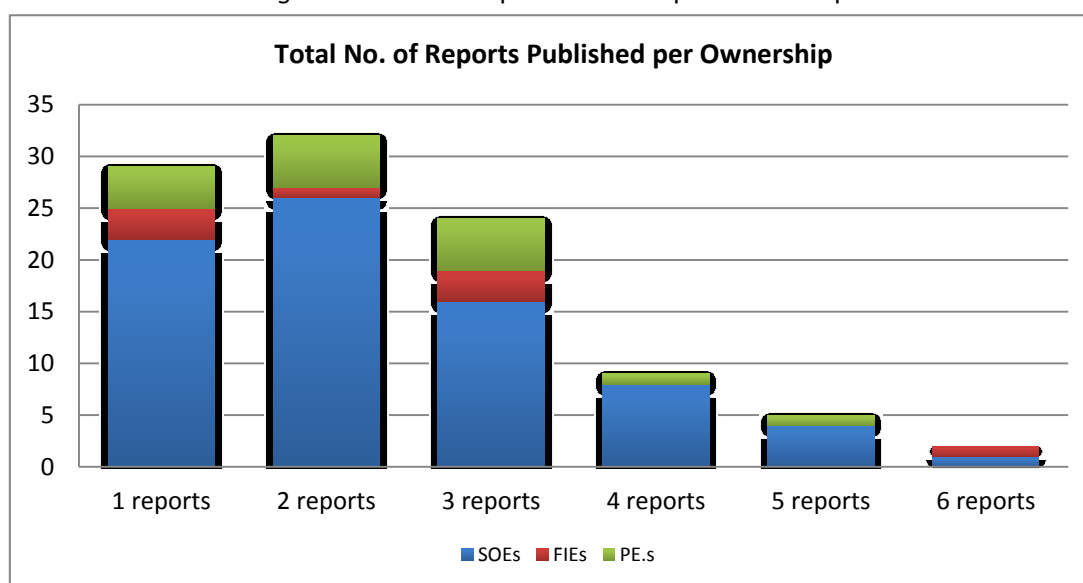
Table 6.3. Published Reports Number per Ownership

Each Co. published reports' No.	FIE.s	PE.s	SOEs	TOTAL
1 reports	3	4	22	29
2 reports	1	5	26	32
3 reports	3	5	16	24
4 reports	0	1	8	9
5 reports	0	1	4	5
6 reports	1	0	1	2
No. of Co.	8	16	77	101
No. of Reports	19	41	178	238
Ave. No. of reports published per Co.	2.375	2.5625	2.311688312	2.356436

5.2.3   Corporate Size Effect in Reporting

The tendency of reporting decreased along with the rank of companies, as shown in Fig. 5.3.

Fig.6.9 Size Effects in Reporting

Corporation Published a Report
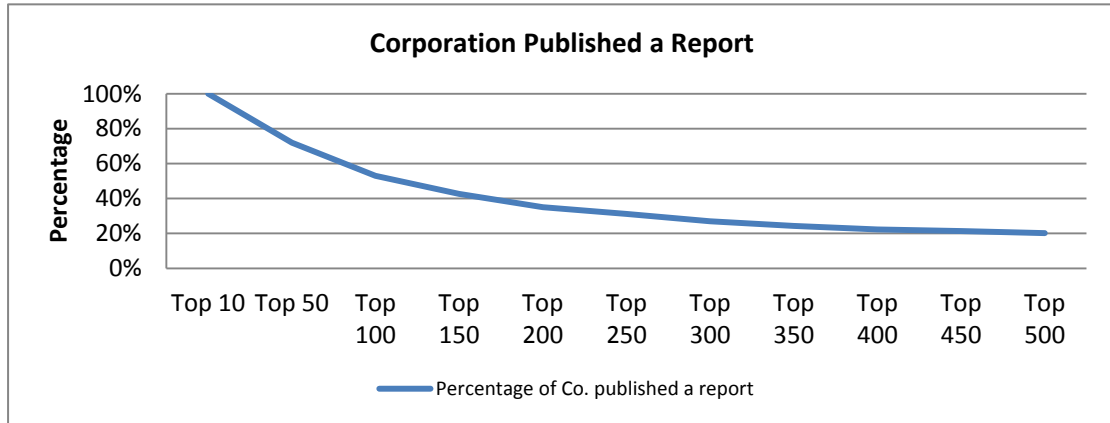
All the Top 10 companies published their reports; 72% of the Top 50 companies had reports available online; slightly more than half of the Top 200 companies published reports; and just over one fifth of the Top 500 companies released reports, see Table 5.4 below.

Table 6.4. Size Effects in Reporting

	No. of Co. in the top with available reports	Percentage
Top 10	10	100.00%
Top 50	36	72.00%
Top 100	53	53.00%
Top 150	64	42.67%
Top 200	70	35.00%
Top 250	78	31.20%
Top 300	81	27.00%
Top 350	85	24.29%
Top 400	89	22.25%
Top 450	96	21.33%
Top 500	101	20.20%

5.2.4   Titles of Reports

A number of different titles have been used by companies to report their social responsibility activities in total there were nine titles; namely, culture report (short for 'C.'), corporate citizenship report (short for 'CC'), corporate responsibility report (short for 'CR'), corporate social responsibility report (short for 'CSR'), social responsibility report (short for 'SR'), environmental report (short for 'ER'), environmental protection report (short for 'EP'), sustainability *[sic]* development (short for 'SD'), and sustainability report (short for 'S.'). By

looking at the contents of reports, no significant difference was discovered. As shown in Table 5.5 and Fig. 5.4, CSR and SR were the most popular titles, together accounting for over 75% of all report titles. The third most popular title was sustainability report. The six other titles were used by a few reports and normally in the early years of CSR reporting.

There is no real difference on contents of reporting with different titles. The selection of names for their reports is usually quite casual, subject to the influence of the external environment and/or the senior management of enterprises. This is best exemplified by the Environmental Reports of enterprises in Dalian. Since the Municipal Environmental Bureau took the lead in promoting environmental and social reporting amongst local enterprises, all participating enterprises named their reports 'Corporate Environmental Report'.

Table 6.5. Titles of Reports

(in another document--one black page)

Reports Titles	CSR			SR			S			SD		CC		EP	ER	CR	C.	
Ownership	FIEs	PE.s	SOEs	FIEs	PE.s	SOEs	FIEs	PE.s	SOEs	FIEs	SOEs	FIEs	SOEs	PE.s	SOEs	PE.s	SOEs	Total No. of Reports in a year
2010		1					1											2
2009	4	8	25		2	33	1	2	7	1	2			1			1	87
2008	4	8	21	1	2	28		1	7		2		1	1		1		77
2007	2	4	10		3	12			5		1	1	1	1				40
2006		1	2			5			3		1	1		1				14
2005						2			4			1		1	1			9
2004												1			1			2
Multi-Years		1			2	2			1			1						7
Ownership	10	23	58	1	9	82	2	3	27	1	6	5	2	5	2	1	1	238
Total No. for each title	91			92			32			7		7		5	2	1	1	238
Percent of each title	38.24%			38.66%			13.45%			2.94%		2.94%		2.10%	0.84%	0.42%	0.42%	100.00%

Fig.6.10 Titles of Reports

Titles of Reports

CSR 38%
SR 39%
S 14%
SD 3%
C C 3%
EP 2%
ER 1%
CR 0%
C. 0%
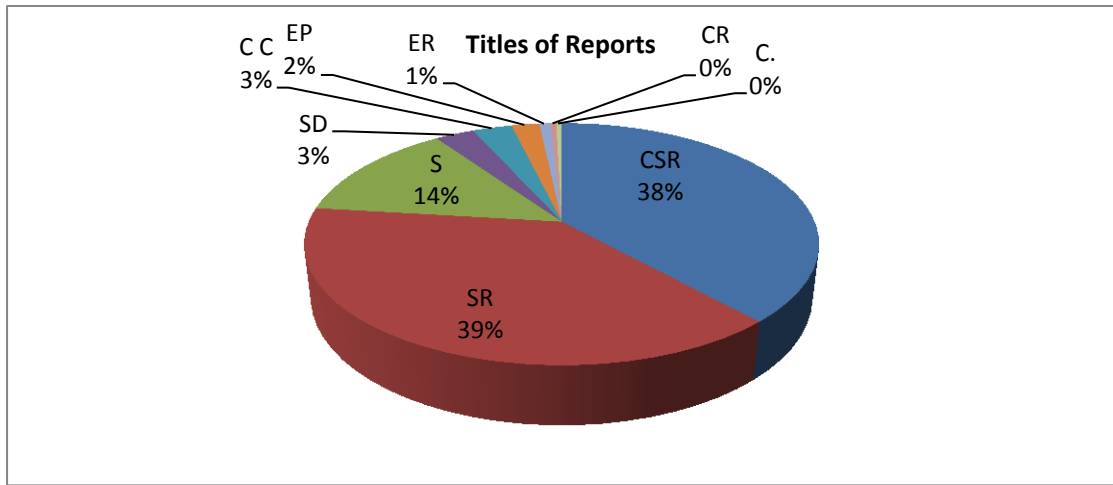
5.2.5   Length of Reports

As it can be seen in Fig. 5.5, generally speaking, although the number of pages fluctuated during the period, there was still an overall upward trend. The average number of pages of all reports was almost 57 pages. The average number of pages per year was lowest in 2004 reports, but by 2010 it had almost doubled (as shown in Fig. 5.5), reaching a peak of 64 pages (if multi-year reports are excluded). Between 2004 and 2006 there was an upward trend in the number of pages per year, followed by a moderate fall in the following two years. The average number of pages per year in 2005 and 2008 were similar. The number of pages increased markedly after 2008.

Fig.6.11 Average Numbers of Pages per Reported Year
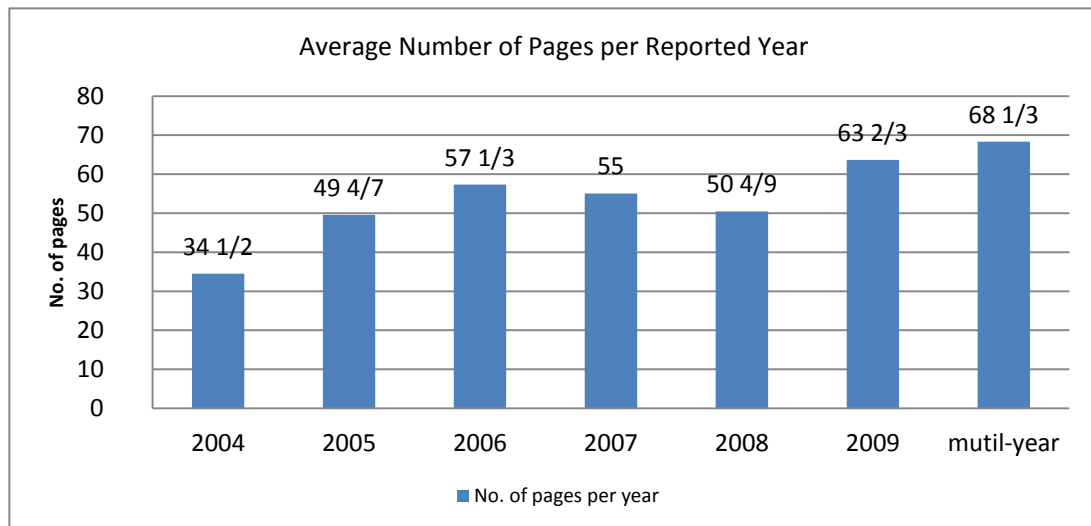
Reports from companies in China vary greatly in length. The number of pages fell into a wide range (as shown in Fig. 5.5), from less than 10 pages up to more than 140 pages. The shortest ones were under 10 pages, for example the three-page 2007 CSR report released in February 2008 by Anhui Huaxing Chemical Industry Co. Ltd., a listed company on the Shenzhen Stock Exchange. In contrast, the longest reports have over one hundred pages, for example, the 126-page Social Responsibility Report (1998-2007) of China Merchant's Bank and the 144-page Minmetals 2009 Sustainability Report.

Fig.6.12 A Range of the Number of Pages of All Reports
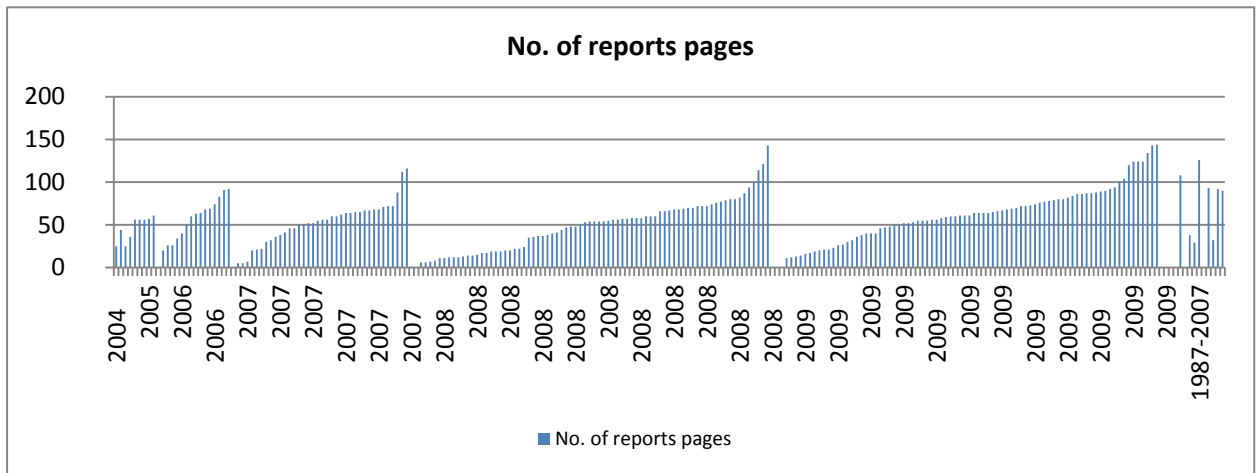
Notes: The break points shown in the figure were because those reports were e-reports or online version reports. No numbers of pages were recorded for them.

5.2.6   Formats of Reports

All reports were one of those five formats, as shown in Table 5.6 below. The majority of reports were reported in PDF format, either with or without pictures[97]. A dozen reports only existed in as online version, and two reports were in Word format. One report was unusually found in PowerPoint format, and could be material prepared for a presentation.

Table 6.6. Formats of Reports

Formats of Reports	No. of reports
PDF	189
PDF without Pictures	30
Online	15
Microsoft Word Format	3
PowerPoint	1
Total No. of reports	238

5.2.7   Industries Effects on Reports

The number of reports released by various industries can be seen in Table 5.7. At least one report from each industry has been produced. In the pharmacy, textile[98], tobacco & alcohol

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[97] If without pictures, it could be transformed the format from the Word document directly.
[98] Some companies from textile industry have issued CSR reports as a group since 2008, and a CSR textile

industry, and trade, retail & logistics industries, only one company from each industry published a report. In contrast, 17 out of 34 companies in the energy sector published a report, which were the highest number of company in an industry with a report. In the telecommunication, electronic appliance and bank & finance industries, half or more than half of companies published reports. In the transportation and mining & steel industries 12 and 9 companies respectively published reports, that is to say, approximately 41% and 11% of companies. Less than five reports have been found in the other ten industries, such as auto, construction and manufacturing industries.

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industry guideline was released in 2008, called China Sustainability Reporting-Guidelines for Apparel and Textile Enterprises (CSR-GATEs). But only one textile company published a report in the research population.

Table 6.7. Types of Industries VS. The Number of Reports

(Two pages in blank—another file)

Types of industries	FIEs			PE.s			SOEs			
	Total No.[1] of Co.	No. of co. with a report[2]	Publish ratio	Total No. of Co.	No. of co. with a report	Publish ratio	Total No. of Co.	No. of co. with a report	Publish ratio	Industrial Publish Ratio[3]
Trade, Retail & Logistics	1	0	0.00%	2	1	50.00%	32	0	0.00%	2.86%
Textile	1	0	0.00%	2	0	0.00%	13	1	7.69%	6.25%
Tobacco & Alcohol	2	0	0.00%	3	0	0.00%	8	1	12.50%	7.69%
Construction	4	0	0.00%	7	1	14.29%	25	2	8.00%	8.33%
Manufacturing	3	0	0.00%	14	1	7.14%	25	3	12.00%	9.52%
Pharmacy	1	0	0.00%	4	0	0.00%	5	1	20.00%	10.00%
Mining & Steel	10	0	0.00%	15	0	0.00%	54	9	16.67%	11.39%
Others	5	1	20.00%	17	3	17.65%	54	5	9.26%	11.84%
Non-ferrous	1	0	0.00%	5	0	0.00%	21	5	23.81%	18.52%

metals										
Auto	0	0	0.00%	8	1	12.50%	16	4	25.00%	20.83%
Food	2	1	50.00%	4	2	50.00%	8	1	12.50%	28.57%
IT	0	0	0.00%	4	3	75.00%	7	1	14.29%	36.36%
Transportation	2	0	0.00%	5	0	0.00%	22	12	54.55%	41.38%
Insurance	1	1	100.00%	0	0	0.00%	6	2	33.33%	42.86%
Energy	2	0	0.00%	8	0	0.00%	24	17	70.83%	50.00%
Telecommunication	0	0	0.00%	1	1	100.00%	5	2	40.00%	50.00%
Electronic Appliance	2	2	100.00%	4	2	50.00%	5	2	40.00%	54.55%
Bank & Finance	2	1	50.00%	3	2	66.67%	12	10	83.33%	76.47%
Total	39	6	15.38%	106	17	16.04%	342	78	22.81%	

Notes: 1. The total number of companies means 487 companies with accessible corporate websites rather than the total 500 companies.

2. In the number of company with a report, reports means readable reports, so the total number of companies with readable reports is 101.

$$3. \text{ Indusrial Published Ratio} = \frac{\text{the number of firms in a industry which published a report}}{\text{total number of firms in the same industry}}$$

Fig.6.13 Types of Industries VS. The Number of Reports

(one blank page)

Reports Published Ratios Comparsion by Ownerhsip

Legend: FIEs, PE.s, SOEs, Total publish Ratio

Categories: Trade,..., Textile, Tobacco &..., Constructi..., Manufact..., Pharmacy, Mining &..., Non-..., Auto, Food, IT, Transport..., Insurance, Telecomm..., Energy, Electronic..., Bank &..., Others
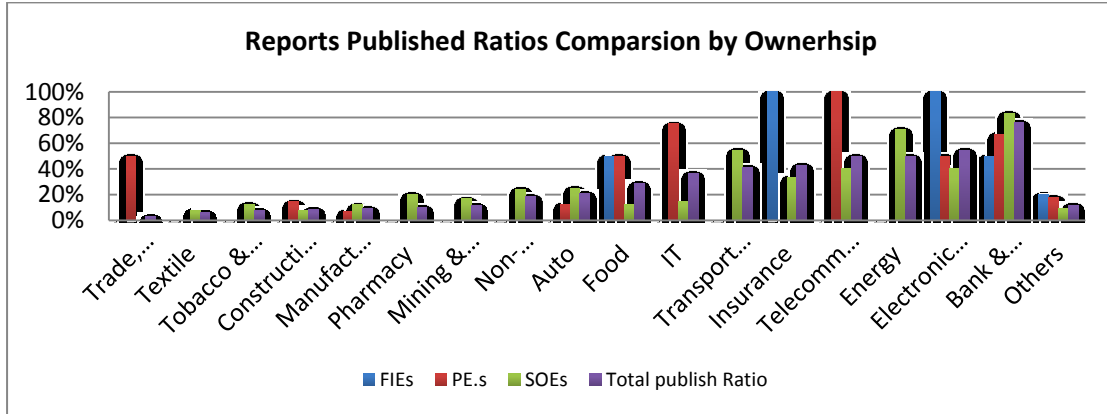
5.2.8 Adopted Guidelines in Reports

By the end of 2010, 101 out of the top 500 companies had released at least one report per company. Of those 101 companies 63 adopted at least one guideline in their reports. Moreover, 45 different guidelines were mentioned, including 11 international standards, 23 national or industrial guidelines, and 11 corporate or institutional guidelines.

Of the 238 reports, 51 used the Global Reporting Initiative (GRI) guideline, which was the most popular international guideline. The second most popular guideline was published by SASAC[99] for SOEs, which mentioned by 25 out of 49 SOEs. Moreover, 13 reports adopted China CSR reporting Guidelines—CASS-CSR 1.0[100] being the most popular national guideline. Six companies even had their own corporations' CSR guidelines.

5.3 Results based on Detailed Content Analysis

Following the overview of the Top 500 Chinese companies reporting characterises, this section gives a more detailed view of reporting in China. Results in this section were based on very detailed analysis of 53 reports, a full list of which is in Table 5.8. All 53 reporting were randomly selected from the 238 report data set, and are cross sector, and cross ownership and cross reported year.

Table 5.8 comprises the following parts: a case record for a report, names of corporations, a rank in the Top 500 companies, types of ownership, industrial sector, adopted guidelines, and whether a corporation is listed or not. Compared with a wide range of guidelines introduced in Section 2.6, only two guidelines are listed here, GRI and GO[101] (Guide Opinion), because they are the most popular international and national guidelines, as shown in section 5.2.8. Most companies (or their subsidiary companies) are listed companies. The case record

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[99] SASAC stands for State-Owned Assets Supervision and Administration Commission of the State Council.
[100] CASS-CSR 1.0 published by Research Centre for Corporate Social Responsibility Academy of Social Sciences in December 2009. On 31th March 2011, an upgraded guideline, CASS-CSR 2.0 with software, was released. http://www.chinacsrreports.net/html/DongTaiXinWen/DongTaiXinWen3.htm (accessed on 1st July, 2011)
[101] The full name of Guide Opinion (GO) is 'the Guide Opinion on the Social Responsibility Implementation for the State-Owned Enterprises Controlled by the Central Government' (see section 2.8.2.1 for details)

is an identification of a report in this study, which is used to identify reports. No evidence has been found four of the companies are listed companies (nor their subsidiary companies): State Grid, China Southern Power Grid, HBIS[102], and Suning.

All coded themes were originally measured and coded by pages in a spread sheet. In order to have a clear view of which themes were more reported than others, the number of pages was converted to percentages (see Section 4.7 for detailed measurement), as shown in Table 5.9. The table is in the order of case records. The total percentage of each report is 100%. The percentage shows what percent information has been reported in a report. If the number is 0%, it means that no information was reported under that theme.

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[102] HBIS is short for Heibei Iron & Steel Group Co. Ltd.

Table 6.8. A List of Detailed Analysed Reports

(in document called Tables & Fig. for Chapter 5—leave 4 pages in blank)

Table 6.9. Themes percentage measurement
(leave 3 pages in blank)

At the bottom of the table, the Ave. row shows a theme's average reported percentage; the Max. means that the maximum percentage of a reported theme; the STDEV (standard deviation) shows degree of variation away from the average (or 'mean'). See the following sections for further explanations.

5.3.1 Themes Analysis

When this study was carried out, the researcher noticed that some contents of reporting were 'contents with Chinese characteristics', which are unlikely to be found in western reports. As a result, several themes and/ or sub-themes with 'Chinese characteristics' were included in the theme list for this study, and this section introduces these ones. Because the theme list was developed in relation to Chinese reporting contents (see Section 4.5 for the process of development of the research themes), the themes and sub-themes reflected the real contents of reporting (see the full theme list in Appendix C). The special themes and sub-themes cross all industrial sectors, and some examples are mentioned in three general areas, namely legal 'hallmark', Chinese specificities, and different scope, as follows.

5.3.1.1 Legal 'Hallmark'

'Legal hallmark' has a twofold meaning: the contents of reports were trustworthy, and reports were informed by relevant laws, regulations, and guidelines, etc. For example, in order to demonstrate the characteristic of trustworthiness, boards of directors (Code[103] 1.5) declare that there is '*no false record, misleading statement or major omission in the contents of reports*', a statement which can normally be found in financial annual reports. These formulaic words could be found at the very beginning of a report, and sometimes on the page immediately after the cover page. In order to prove that they had been prepared formally, some reports not only named standards adopted to report information (Code 1.6), such as GRI, but also referred to other laws or standards for specific reporting areas, such as safety standards (Code 5.4) and hiring policy (Code 6.2).

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[103] A code included in this chapter matches the one used in the theme list of this study; and the number is the matching code in the Appendix. The rule applies in this section.

5.3.1.2 *Chinese Specificities*

National special means that some information is likely found only in the Chinese content, due to the stages of China's political, economic and social development. Three Chinese specificities have to be mentioned here: 1) One special customer group—farmers—was highlighted in some reports. Because 'Three-Nong (三农)', which means agriculture, rural areas and farmers, plays a significant role in the China's development, corporations tailored special services and products to farmers' needs (Code 4.3); 2) Themes 7 and 9[104] were themes which corresponded to national development aims—scientific concept of development and building a harmonious society (see chapter 2 for relevant background). The innovation theme mainly involved the topic of research and development, and 'contributing to the State development' theme recorded information under similar titles in reports; 3) In terms of community involvement, there were three sub-themes which did not appear in western reports, namely supporting post-disaster reconstruction (Code 12.2), education support (more specific is building 'Hope School') (Code 12.11), and pairing-assistance (Code 12.8). Chinese companies, especially SOEs, were heavily involved in post-disaster reconstruction. Because China experiences various disasters every year, if companies help the government to rebuild local communities after disasters, it benefits local communities, companies and the government. Assisting education development appears to be a popular way of assisting local communities' development. Companies built what are known as, 'Hope Schools' in chosen areas, and are responsible for supporting them afterwards. The pairing-assistance theme means SOEs have to help at least one poor local region to achieve all-round, as opposed to economic, development. In order to do that, companies have to invest not only in finance, but also other resources as well, such as human resources and technologies. All those behaviours show that companies shouldered a wide range of social responsibilities, and also helped the government to release some social burdens.

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[104] Theme 7 was 'innovation & scientific development' and theme 9 was 'contributing to the State development'.

5.3.1.3 Scope Different

Different scope means that those information perspectives have been usually reported in both the West and Asia, but reports from China covered different information. Some examples are as follows:

1. Explanations of the CSR concept. CSR explanation (Code CSR) was normally mentioned at the beginning of a report to demonstrate that this is a CSR report and corporations treat CSR very seriously. Some reports addressed CSR-related information to demonstrate how corporations understood CSR.

2. Building corporate image. Several element of reports focused on building corporate image, such as branding corporate image (Code 4.4), lists of honours, including names of environmental certification (Code 10.1.7), employees' awards (Code 6.11), honours (Code 13.2); Corporate image--Corporate logo (Code 1.3). Some companies' reports introduced their corporate logo in reports, such as DaTang, Minmetals, and Huaneng. It is not only the sign/ image of a corporate logo, but also with explanations of the meaning of the logo, and even reason(s) to choose colour(s) for the logo.

3. Lawful treatment of employees. Reporting employees' perspectives, reports mentioned laws and regulations here and there in the employee section. For example, reports mentioned that giving benefit to employees is based on laws, such as sub-themes 6.10 and 6.11.

4. Product supply guarantee. Guaranteed supply of products (Code 4.1.1) was usually related to national economic development, and so the guaranteed products were in such energy sectors as coal, crude oil and electricity.

5. Environmental protection. A wide range of issues were related to environmental concerns; however, there were some specific characteristics. For example, some reports listed (1) financial investment in environmental protection (Code 10.1.5); (2) conservation of nature resources (Code 10.1.8), which included demonstration projects and eco-compensation mechanism; (3) developing a circular economy (Code 10.1.9); and (4) recycling energy and sources (Code 10.1.10). Those points were

under the environmental protection section of a report; however, the information on 'using recycled paper to print a report' (Code 1.1.3) was located on either the front page or the back cover. The majority of PDF reports included very similar information like 'this report is made from recycled paper'. Some reports stated the information on a whole page, while others placed it on the back page with other corporate information, such as contact details, etc.

6. Co-operating with local governments. Few reports covered relationships with suppliers (11.3) and competitors. However, companies reported co-operations with local governments, including Chinese local governments and overseas. Some companies even published separate CSR reports on other countries to show co-operation with overseas governments, for instance, CNPC CSR Report in Sudan[105] (2009), CNPC CSR Report in Indonesia [106] (2010), and Sinosteel Corporation Sustainability Africa Report[107] (2008).

The majority of those 'Chinese' themes are more or less related with problems or difficulties in China. The following sections present results on the characteristics of Chinese reports.

5.3.2   Average Reported Information

Based on all percentages shown in Table 5.9, the average reported percentages for each theme can be calculated, as shown in Fig. 5.8.   A short version of theme titles is shown on legends which match theme titles displayed in Table 5.10.

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[105]

http://www.cnpc.com.cn/resource/cn/other/pdf/09%E4%B8%AD%E5%9B%BD%E7%9F%B3%E6%B2%B9%E5%9C%A8%E8%8B%8F%E4%B8%B9.pdf   (in Chinese, accessed on 10th October, 2011)
[106] http://csr.cnpc.com.cn/resource/cnpccs/img/report/cnpc_in_indonesia_2010.pdf (in Chinese, accessed on 10th October, 2011)
[107]

http://www.sinosteel.com/templates/images/index_8.16/%E9%9D%9E%E6%B4%B2%E6%8A%A5%E5%91%8A_%E8%8B%B1%E6%96%87%E7%89%88.pdf (in English, accessed on 10th October, 2011, this report are available in Chinese, English and French)

120

Fig.6.14 The Average Reported Information on Each Theme

Average reported themes for all the reports
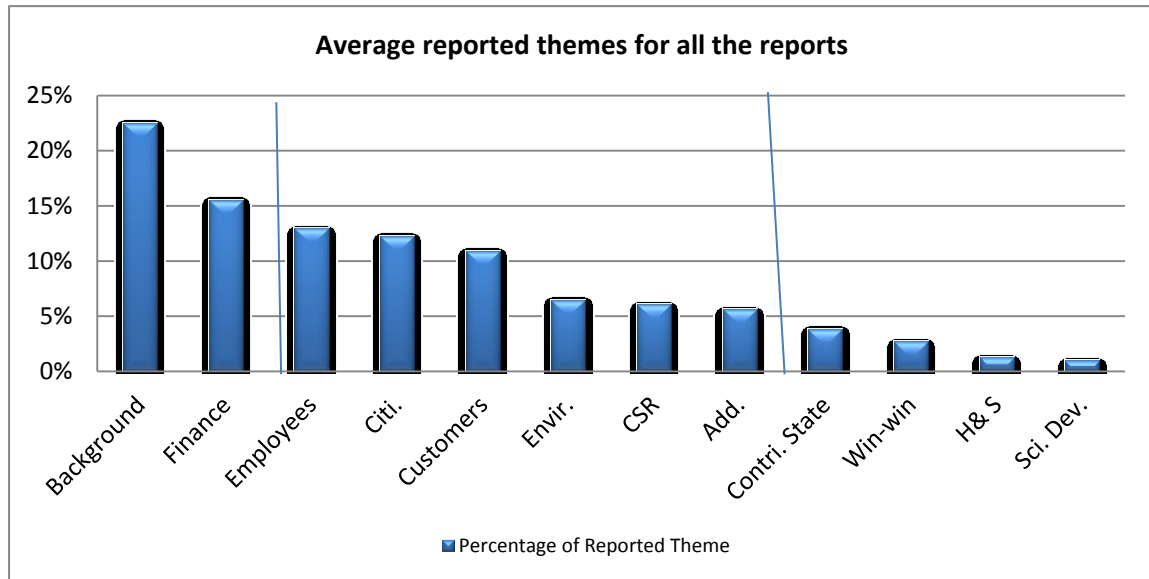
Notes: This list of theme titles matched those in Appendix C.

Table 6.10.   Short Version of Theme Titles

Theme Titles	Short Titles		Theme Titles	Short Titles
S1, Background information	Background		S7, Innovation & Scientific Development	Sci. Dev.
S2 &3, Economic effects, corporate governance & corporate management	Finance		S9, Contribution to State building/ development	Contri. State'
S. CSR	CSR		S10, Environmental protection, saving energy & addressing climate change	Envi.
S4, Products, Service & Customers	Customers		S11, Corporations to win together	Win-win
S5, Health & Safety	'H&S'		S12, Community Involvement and citizenship	Citi.
S6, Employees' rights and employees' development	Employees		S13, Additional information	Add.

As can be seen in Fig. 5.8, there were three levels of reported information, which can be categorised as, highly exposed themes (with above 15% proportion), generally reported themes (with between 15% and 5% proportion), and under-reported themes (with under 5%

proportion). Two themes were in the exposed themes, with over 15 per cent reported information: background information and finance & management information. Most themes were generally reported, with between five and ten per cent of information, including such themes as CSR, production, service & customers, employees' rights, environmental information, citizenship and additional information. Four sections were under-reported themes with less five per cent information, including, health and safety, innovation & scientific development, contribution State building, and corporations to win together.

One possible explanation for why background information represents a large proportion in a report checklist(s) was included in this category. If a report included a GRI checklist and/or Global Compact checklist, it accounted for 4-10 pages out of 56 pages[108] in a report, which is 6%-9% of the total report. However, the background information is not related to any particular group of stakeholders, so when we analysed who Chinese stakeholders are, those two parts of information were excluded.

Average reported themes by reported years can be compared as shown in Fig. 5.9. There are two graphs in Fig. 5.9—A & B. Graph A includes a multi-year report, whiles Graph B does not. Graph B excludes the multi-year report because, on the one hand, there was only one multi-year report included in the detailed analysed data set, which can not represent the proportions of each theme in multi-year reports; on the other hand, it is unlike the other reports.

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[108] The average number of pages per report is 56.

Fig.6.15 Average Proportion of Each Theme by Year

(A, with a multi-year report &B, without a multi-year report)

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From Fig. 5.9, it can be seen that there were no significant differences between proportions for the different years. The following sections compare the reports from other angles.

5.3.3   Standard Deviate Data on Each Theme

As can be seen in Fig. 5.10 (A & B), the majority of themes were in the same range of standard deviation that is between around 4% and 8%, which means, on average, the percent of the majority of themes were close to the mean percentage. However, the standard deviation for the background information theme was a much higher number than the others. This indicates that the relative value of reported background information was very different among the reports.

Fig.6.16 Overall Standard Deviation for Each Theme (A)
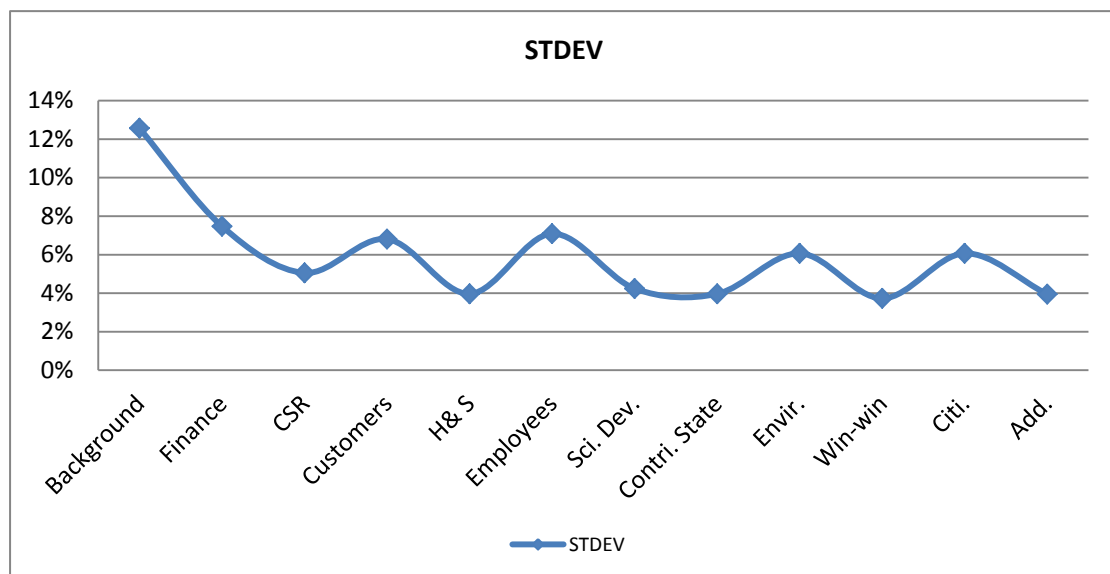
Overall Averaged[109], Maximum and Stand Deviation for Each Theme (B)

Ave. for all reports   Max for all reports   ▲ STDEV for all reports
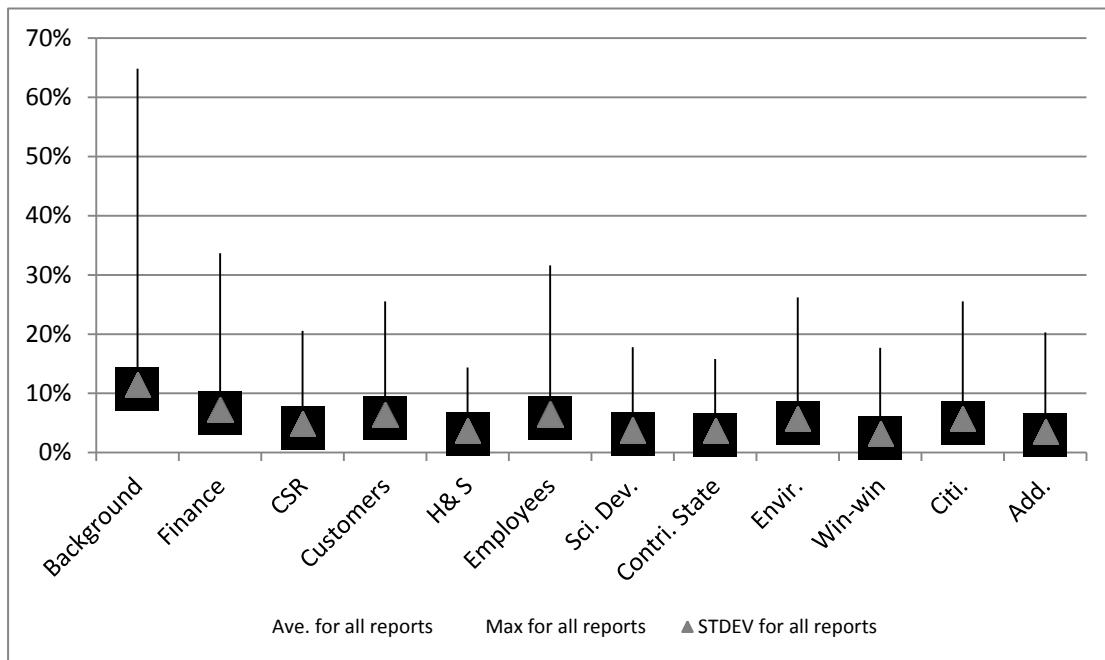
In the previous sections an overview was given on averaged information, the following sections examine specific characteristics of reports, before looking individual reports.

5.3.4   Influence of Ownership on Reported Themes

All the reports were grouped by corporate ownerships, i.e. FIEs, PEs, and SOEs; and the averaged proportions for each theme calculated, so ownership differences could be compared (see Fig. 5.11 below).

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[109] The averages number is the lowest line point; the maximum is the highest point, and the stand deviation shows as the shape of triangles in the graphs. This applies all the similar graphs in this chapter.

Fig.6.17 Ownership Comparison

(1 blank page)

Percent themes by ownership
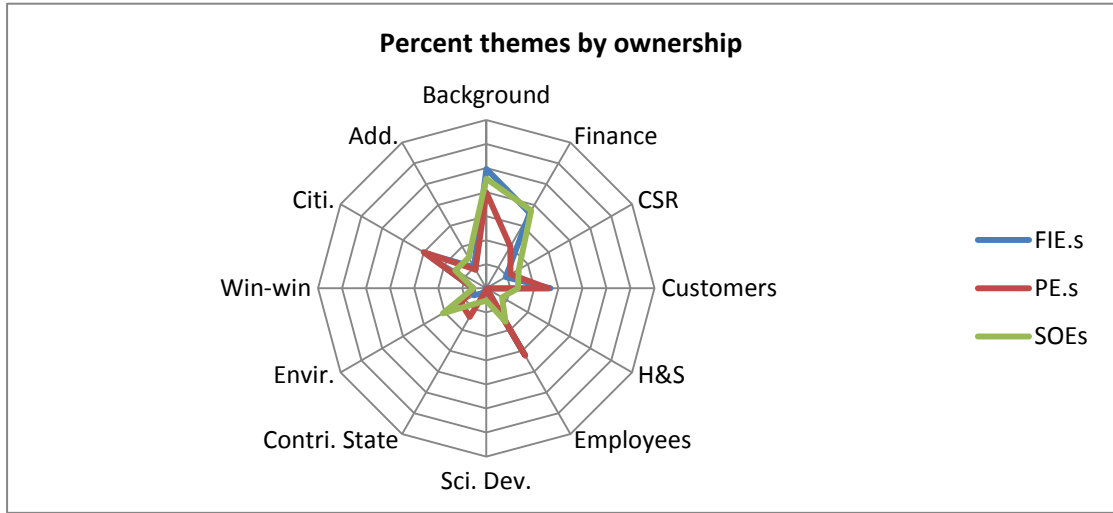
From the figure it can be clearly seen that the proportions for FIEs and SOEs were similar with each other, and the proportions for the private companies were different to those for FIEs, and SOEs. Private companies were more focused on customers, employees, contribution to the State and citizenship, and focused on reported on background, finance and CSR understanding less.

The following sections present individual reports as examples.

5.3.5   Individual Information VS the Averaged Information

Having provided an overview of all the reports, some examples of individual reports are examined in the following sections. For all the following graphs, the number in the graph title is the case record number in this research (which can be found on Table 5.8, on section 5.3); the name in a graph title is either a corporation's name or the name of an industry. The maximum scale in the following graphs is normally 35%, with small numbers are exceptions; and the unit of scales is 5%. If graphs are not labelled scales, it means the graphs are in the standard scales—35%. If labelled, the graphs were in exceptions. First, information from individual reports is compared with averaged information in order to investigate the amount of variation in the data set.

It can be clearly seen that those are differences, if average percentages based on all reports (as shown in Fig. 5.9 (in section 5.3.2)) and a percentage from a single report are shown in radar charts. Proportions from a few reports were shown a little variation in comparison with the averaged information, as shown in Fig. 5.12; however, proportions from the majority of reports were shown significant variation in comparison with the averaged information (see in Fig. 5.12 in below). The blue graphs in both figures show the information for a corporate report; and the red graph shows the averaged information for all reports.

Fig.6.18 Examples of Reports with Little Variance from the Average

(leave 1 blank page)

A small number of reports reviewed the similar patterns of the averaged information, for example, the first two graphs shown in Fig. 5.12, a China Southern Power Grid 2009 report (No.13) and a Ping An 2009 report (No. 30). Those two reports were most similar averaged proportion of information. The Case 13 radar chart in Fig. 5.12 shows that the proportions of finance, customers, H&S, contribution to State and additional information themes were almost the same as those of averaged information; proportions of background, CSR, Sci. Dev., environment, win-win and citizenship themes were different, but within one unit of difference. In Case 30, the proportions of information on most themes was similar to those of averaged information, except for proportions related to on background, CSR, customers, employees, scientific development and contribution to State themes which were slightly difference. However, the thematic of proportion of the majority of reports were very different to those of averaged information, as Fig. 5.12 shows.

Fig.6.19 Examples of Reports Shown Variation

(leave 2 blank pages)

Those blue graphs display wide variation with averaged information, and no two blue graphs, as shown in Fig. 5.12, are the same. This shows that the majority of reports were varied significantly with the averaged information, as is the case of examples shown in Fig. 5.12. Certain thematic proportions were much greater than the averaged proportion; for example, the proportion of background information reported in Case 10 and 24 were much greater. Even in case 24 over 60% of information covered was background information. However, not all reports had such a significant only focused on background theme; other reports had different thematic focuses. For instance, the proportion of customers and citizenship in case 29 was far greater than that on the average. Also case 47 reported much more information on employees, scientific development, and contribution to the State than was the averaged information. In contrast, compared with the average information, certain proportion of information in a report was under reported. For example, no environmental protection information was released in case 29 and case 47.

It can be concluded that it is impossible to find a pattern regarding the kind of information corporations release in their reports.

5.3.6   CSR Contents for the Same Company in Different Years

If it is a little similarity in reporting thematic patterns of the individual reports from different companies, this section tests if there are similar patterns in reports from the different reported years in the same company.

5.3.6.1   Examples of Similar Patterns

Some corporations' reports had similar thematic reporting patterns in different reported years, as can be seen in the selected examples in Fig. 5.14. In another words, in a number reported years, those companies tended to publish similar proportions of information in each theme, as examples shown by the examples in Fig. 5.14. Take China Huaneng as an example, the thematic proportion for 2006, 2007 and 2008 were exactly similar.

Fig.6.20 Examples of Similar Thematic Reporting Patterns

(leave 2 blank pages)

(China moible)

(Huaneg)

(CNOOC)

(Minmental)

There is a tendency for companies to have similar thematic reporting patterns in different reported years; however, there were still differences among these reports in given companies. Take China Mobile's reports as an example. Year on year, the proportion of information on finance reduced; in contrast, the proportion of information on environmental issues increased. As the company, CNOOC, demonstrates the 2006 graph appears very different in terms of finance and citizenship themes, compared with the graphs for the 2007 and 2008 reports. Regarding finance sections, the 2006 proportion was small, and then jumped dramatically in both 2007 and 2008 reports; in contrast, the 2006 report disclosed a large proportion of information on theme of citizenship, but the 2007 and 2008 reports had less than half the proportion of information on citizenship themes. As for the Minmetal, no single theme followed the same pattern in the 2008 and 2009 reports, except neither of them released any information on contribution to the State. Small difference between reports in a company may because of following reasons, including: 1) it is not actually much difference within 5% when it is converted to number of pages. For example, 5% difference of 70 pages counts for 3.5 pages; 2) not a reporting model would be followed, when starts to report. It is likely that the information at the first report is a trial version of reporting, and the information was not balanced; 3) it would be the notion of CSR was narrowly understood, most focused on citizenship, donations, and hope school. For example, CNOOC 2006 reported much more information on citizenship than other themes; and 4) the differences may be caucused by the way of editing of reports. For example, in 2007 China Mobile Citizenship there are more pictures enclosed than other reports from the company, which added 5% difference on the proportion of reporting in 2007 and 2006 and 2008.

Reports of given companies had largely similar pattern in different reported years. In a word, reports had identical pattern.

5.3.6.2 *Examples in Dissimilar Patterns*

The majority of reports of reports show a great deal of variant in reported years, as shown in Fig. 5.15.

Fig.6.21 Examples of Shown in Variant by Different Reported Years

(one blank page)

As can be seen in Fig. 5.14, wide variants in the proportion in the thematic showed in both cases, with exception of the scientific development theme, which were not reported on. In other words, graphs in both cases are very different. In the case of China Southern, the proportion of thematic information reported in 2007 and 2008 differed by around 10%, as can be seen from the themes of background, finance and environment. Compared with China Southern, reports from Industrial Bank did not show a high degree of variation. However, the relative of proportion of information on given themes were more similar in the Industrial Bank reports in 2009 than 2008. Reported information of each section in 2009 was greater balanced in reported themes than the report in 2008. A possible reason for reports in various proportions is that companies have different views of CSR reports. In other words, companies' view on CSR is developing over time, thus the contents of CSR reports are changing over time.

Thus, reports from some companies have little consistency in among reported years.

5.3.7 Reporting Tendency by Industry

Rather than looking at individual reports, it would be interesting to group reports by industry. Some trends could be seen in Fig. 5.16. Some industries reports' showed marked variance in terms of proportion of thematic information for example bank & finance, airline and insurance industries, as shown in Fig 5.16. However, other reports tended to publish very similar proportion of information in each section, for example, the mining & steel and telecommunication industries.

Fig.6.22 Examples of Reported Tendency by Industry

(3 blank pages)

5.3.8   Reporting tendency in the Same Industry by year

In order to find industrial patterns, for each industry this section compares different reports from various companies in a same industry over time. Take the energy industry as an example (as shown in a series figures in Fig. 5.17). The energy industry has been chosen for four reasons: 1) there were more coded reports in this study for energy industry than any other industries; 2) the energy industry has a great impact on the environment; 3) it is closely related to the government, since many of energy companies are SOEs, and thus are directly or indirectly controlled by the government; and 4) companies in the energy industry were pioneers in CSR reporting. For example, the State Grid was the first SOE to publish a CSR report in China.

In reported year 2006, there was a large gap in the proportions of thematic information among different companies in the energy industry. Over time, the differences generally became smaller. A thematic theme became increasing established in the energy industry; while it is not the case of other industries, for example the airline industry.

Fig.6.23 Proportions of Thematic Information in the Energy industry (2006-2009)

(2 blank pages)

5.3.9 Environmental Impacts by Industry

If we catalogued industries according to their impact on environment, one group industries with heavy impact on the environment, including auto, construction, energy, mining and steel, non-ferrous metals, and transportation. Another group of industries have less impact on the environment, including bank and finance, electronic appliance, insurance, telecommunication, and trade, retail and logistics. The others industry was not included in either of environmental impacted groups, because it was a mixed nature. Some industries only had one report analyzed in detail, and its case record number is given in the graph. Fig. 5.18 shows the thematic focus of the by two environmental groups. There are three figures in Fig. 5.18. The first one (Fig. 5.18 A) shows the same graphs as the second one (Fig. 5.18 B), but with a different scale: the maximum scale in the first one is 70%; but the maximum scale in the second one is 35%. It is because the background information for the industries with high environmental impact was above 35%, which is the standard scale for this study. The first graph gives a full picture of those industries. In order to easily compare the difference between the two groups of industries, the scale was reduced to 35% in the second graph.

Comparing the two graphs in Fig. 5.18 (B), industries with a heavy impact on the environment reported more on environmental protection and scientific development; industries with less impact on the environment reported more on employees, citizenship, customers and CSR.

Fig.6.24 Environmental Impacted by Industry

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5.3.10   Guideline influences –GRI and Guide Opinion

As shown in previous sections, it is hard to find similar patterns of themes in the reports, either by year or by industry. This section investigated on the influence of regulations on reported themes. Based on regulation(s) referred to in reports (see Table 5.8 for details), all reports analysed in detail were grouped into four categories, namely, GRI and GO, GRI only, GO only, and neither of those two. Based on different regulations, Table 5.11 shows the results of averaged proportions, maximum proportions, and standard deviation by each theme. A graph shown averaged results of different regulations—Fig.5.19 follows.

From the graph, three lines can be clearly seen, because the line for the GRI+GO group was totally overlapped by the line for the GO group. This maybe because only one report which referred to GO did not refer to GRI, so results for the GRI+GO group and the GRI group do not differ greatly. It can be clearly seen from the figure that the four groups' pattern are very similar. However, if only observe individual report, it would be seen that regulated reports have a similar pattern; however, there was no clear pattern among non-regulated reports.

This suggests that regulations had little influence on reporting in the sample, as can be seen from a series graphs in Fig. 5.19. Those graphs includes graphs of comparisons on standard deviations, maximum and averaged numbers among GRI+GO, GRI, GO and non- regulations.

Table 6.11.   Regulation Comparison Data

Fig.6.25 Regulations Compression

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Fig.6.26 Regulations Comparison

(1 blank page)

Regulations Comparision (by groups)

Background

Finance

Add.

CSR

Citi.

Customers

Win-win

H&S

Envir.

Employees

Contri. State

Sci. Dev.

GRI+GO

GRI

GO

Non
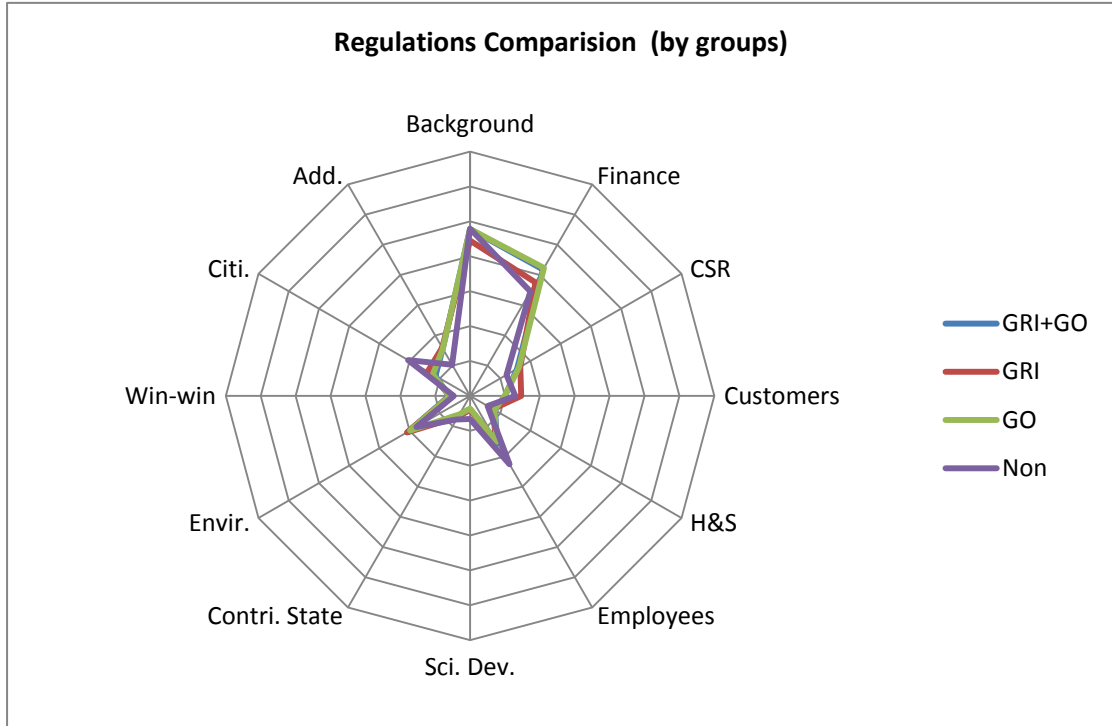
Fig.6.27 A Series Graphs Shown Little Difference on Regulations

(4 blank pages)
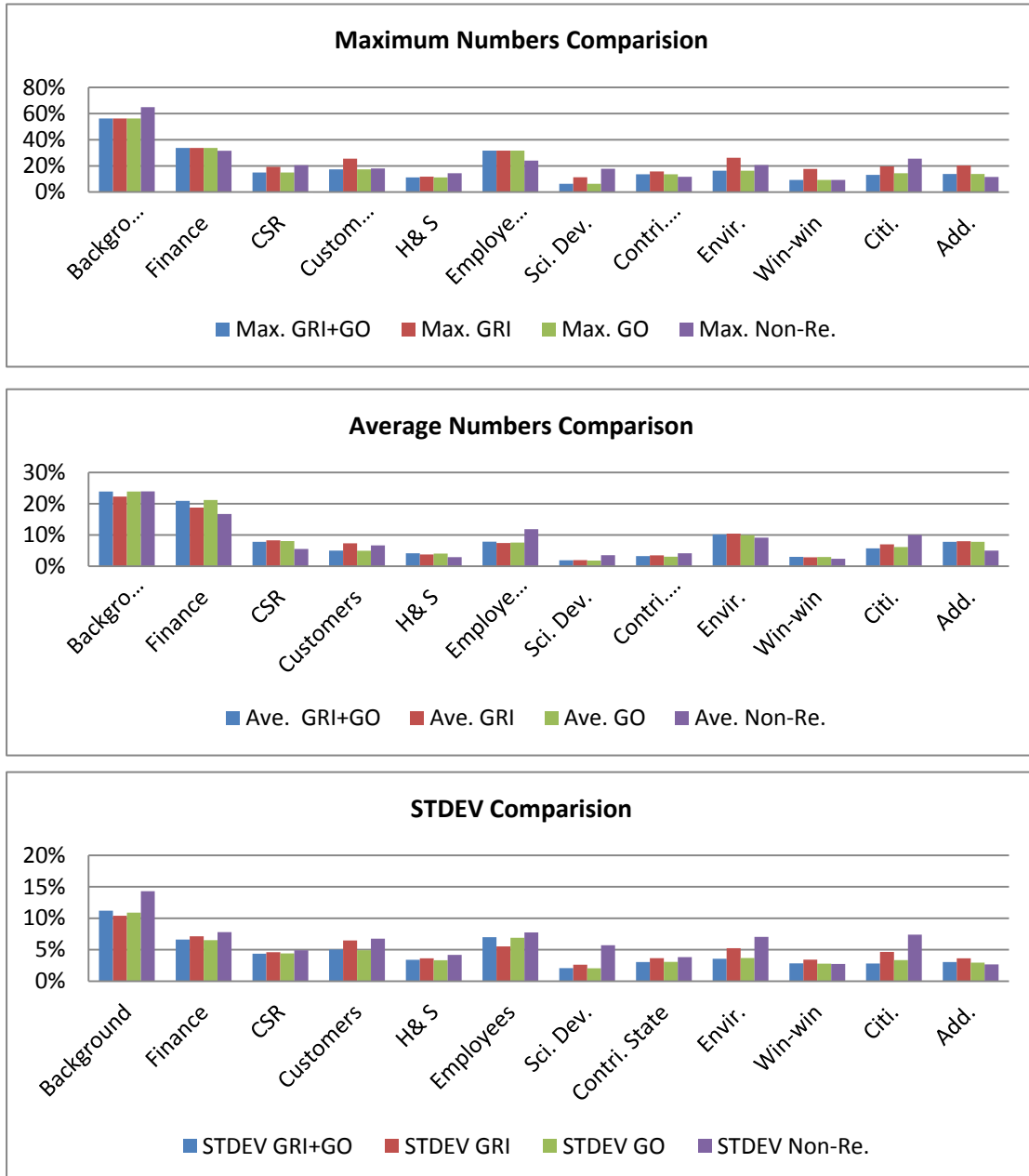
5.4 Chinese Stakeholders

Based on the percentage of information reported under each theme (see Table 5.9), the importance of stakeholders could be ranked. Two themes on the theme list were excluded in the process of stakeholders analysis—background information and the additional information, because both themes were barely connected with any groups of stakeholders. All the other themes represented different groups of stakeholders. Based on the nature of each theme, the other ten themes were matched with a specific group of stakeholders as shown in Table 5.12.

Table 6.12.   Themes Matched Stakeholders

Themes	Stakeholders		Themes	Stakeholders
Finance	Investors		CSR	CSR understanding
Customers	Customers		H&S (on the product side of health and safety)	Customers
Employees	Employees		Scientific development	Competitors
Contribution to the State	Government		Environment	The natural environment
Win-win	Business partners		Citizenship	Communities

5.4.1   Stakeholder Importance by Report

The importance of stakeholders for each report could be ranked, as shown in Table 5.13.

Table 6.13.   Stakeholder Importance Ranking

(2

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The stakeholder rank in Table 5.14 was ordered by case number and by theme. Each stakeholder group was scored between 1-10: the most important stakeholder group in a report was scored 1, the least important stakeholder group was scored 10. In other words, the importance of stakeholders group decreased when its score is higher. If two stakeholder groups were ranked the same, it means they had the same percentage of disclosed information. If there was no information on a certain theme in a report, it was recorded as 0 and ranked as the least important stakeholder. It is hard to trace any tendency among reports, if only considered on the individual level. Thus, based on those individual ranks, an average rank was calculated. The averaged importance of stakeholders can be seen in Table 5.14 below.

Table 6.14.   Averaged Importance of Stakeholder Groups

Rank	Stakeholder	Matching Theme
1st	Investors	Finance
2nd	The natural environment	Environment
3rd	Employees	Employees
4th	Communities	Citizenship
5th	CSR understanding	CSR
6th	Customers and products	Customers
7th	The Government	Contribution to the State
8th	Products	Health and safety
9th	Business partners	Win-win
10th	Competitors	Scientific development

As can be seen in Table 5.14, the main stakeholder group was that of investors. The government only ranked 7th, and the least important stakeholder was competitors.

5.4.2   Stakeholder Group Ranking by Ownership, Reported Year and Sectors

After have an overview of the importance of stakeholders, it is useful to group reports by ownership, reported year and sector. Table 5.15 shows stakeholder ranking by ownership and reported year. The first column in the table is the overall rank with titles (as shown in Table 5.15).

Table 6.15.   Stakeholder Rank by Ownership and Reported Year

(1 blank page)

The overall rank with matching theme	Ownership			Reported Year				
	FIEs	PEs	SOEs	2006	2007	2008	2009	Multi-year
1-Finance	1	1	1	2	1	1	1	5
2-Envir.	2	4	2	1	2	3	2	8
3-Employees	7	8	3	4	3	6	3	1
4-Citi.	5	5	4	3	4	4	5	3
5-CSR	4	2	5	5	6	5	4	7
6-Customers	3	3	6	7	5	2	6	6
7-Contr. State	9	7	8	8	8	7	10	4
8-H & S	0	9	7	6	7	8	8	0
9-Win-win	6	6	9	9	9	9	7	0
10-Sci. Dev.	8	0	10	10	10	10	9	2

Fig.6.28 Stakeholders by Ownership

(1 blank page)

Stakeholders by Ownership
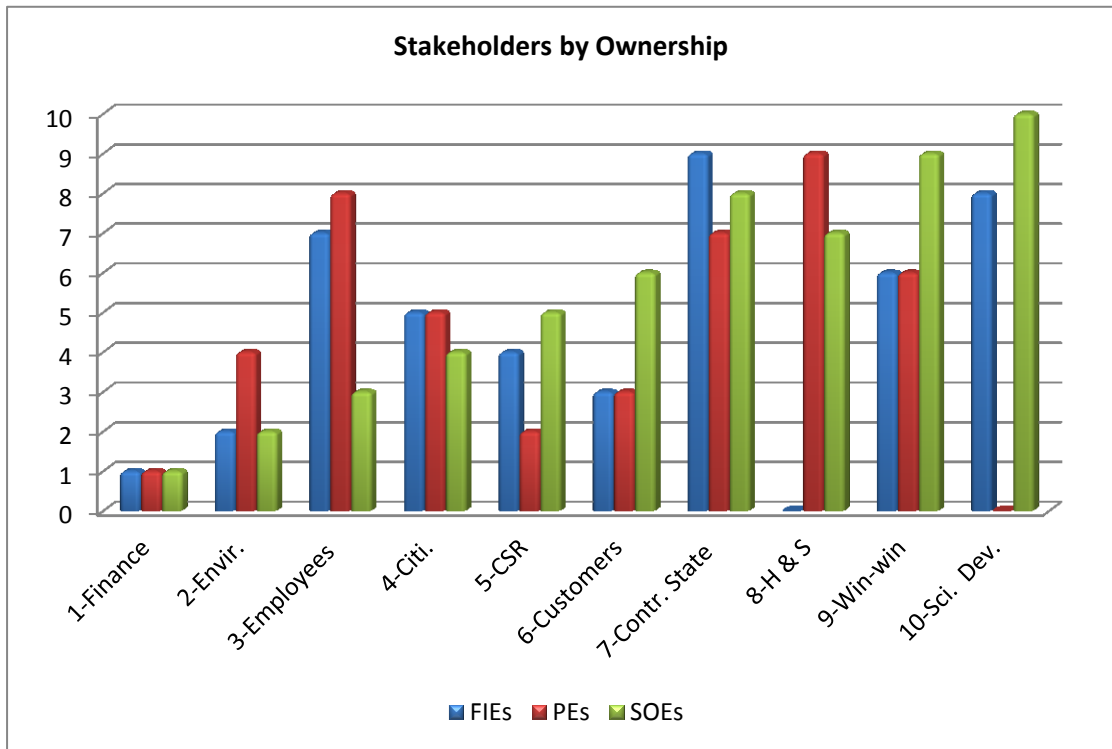
Fig.6.29 Stakeholders by Reported Year

(1 blank page)

Stakeholders by Reported Year
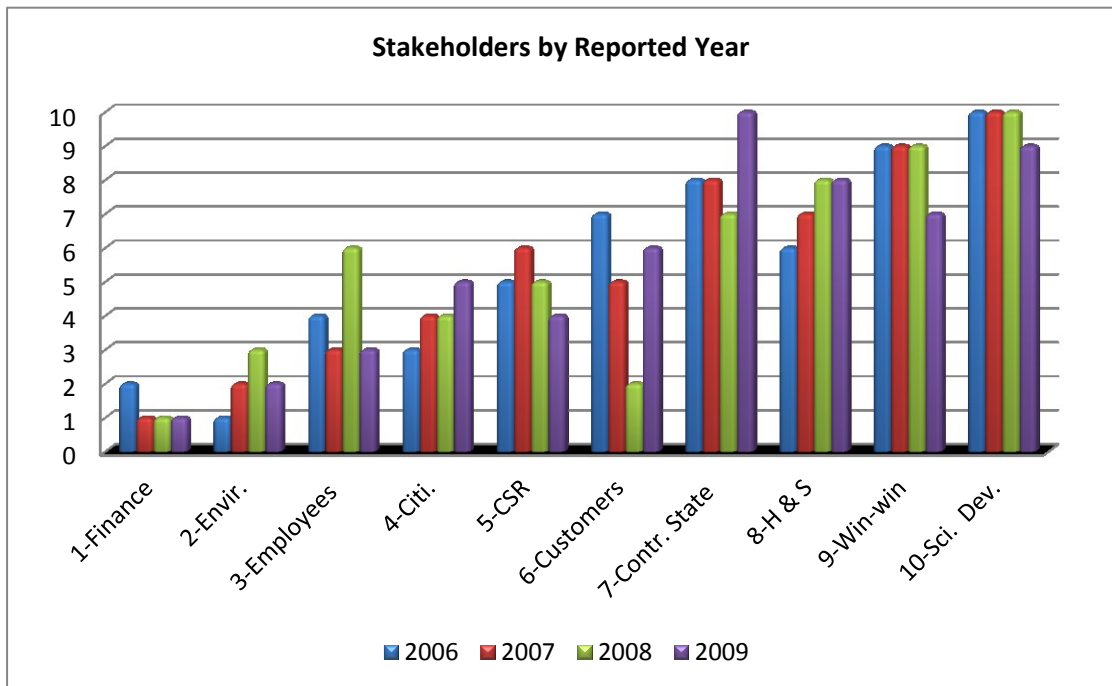
From the Table 5.15, it can be seen that, in terms of ownership, the SOEs' stakeholder rank almost perfectly correlate with the overall rank, compared with the other two ownerships (see Fig.5.22 above). In terms of reported year, except the multi-year report, all the other ranks from other reported years were closely correlated with the overall ranks (see Fig. 5.23).

However, it is hard to see degrees of correlation between the overall rank and the ownerships' ranks and reported years' ranks from the graphs above or from the numbers in Table 5.15. In order to test the degree of correlation (association) between the overall rank and other ranks, this research employs a Pearson correlation to test the relations. An example of a positive correlation and an example of a negative correlation are shown in Fig. 5.23.

Fig.6.30   Examples of Pearson Tests

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Based on ranks in Table 5.15, correlations between the overall rank and individual ranks were tested using the Pearson test. The results are shown in Table 5.16.

Table 6.16.   Results of Pearson Tests for Ownership and Reported Year

Ownership	Result		Reported Year	Result
FIEs	0.406061		2006	0.939394
PEs	0.10303		2007	0.975758
SOEs	0.987879		2008	0.842424
			2009	0.90303
			Multi-year	-0.54885

As the numbers shown in the table above demonstrate, the stakeholder rank from SOEs was in an almost perfect correlation with the overall rank; however, the stakeholder rank from the multi-year report was in negative correlation with the overall rank. In other words, ranks of importance from the overall rank and the multi-year rank were nearly opposite. However, the result from multi-year report can not be representative of multi-years' reports, because only one multi-year reports has been analysed in details. What's more, multi-years' reports are different from other single years' reports, because a multi-year report contains too much corporate information based on previous several years. Thus, it could be ignore the results from the multi-year report in this research.

After reviewing stakeholder rank cross ownership and reported year, we now move to stakeholder ranks cross industry. Stakeholder rank by industry is shown in Table 5.17 with rank in numbers and Fig. 5.24 for graphs.

Table 6.17.   Stakeholder Rank by Industry

(1 blank page)

Fig.6.31 Stakeholders by industry

(1 blank page)

Comparison of Stakeholders by Industry

Legend:
- Auto (No. 24)
- Bank & Finance
- Construction
- Electronic Appliance (No.41)
- Energy
- Insurance
- Mining & Steel
- Non-ferrous metals
- Telecommunication

Categories: 1-Finance, 2-Envir., 3-Employees, 4-Citi., 5-CSR, 6-Customers, 7-Contri. State, 8-H & S, 9-Win-win, 10-Sci. Dev.
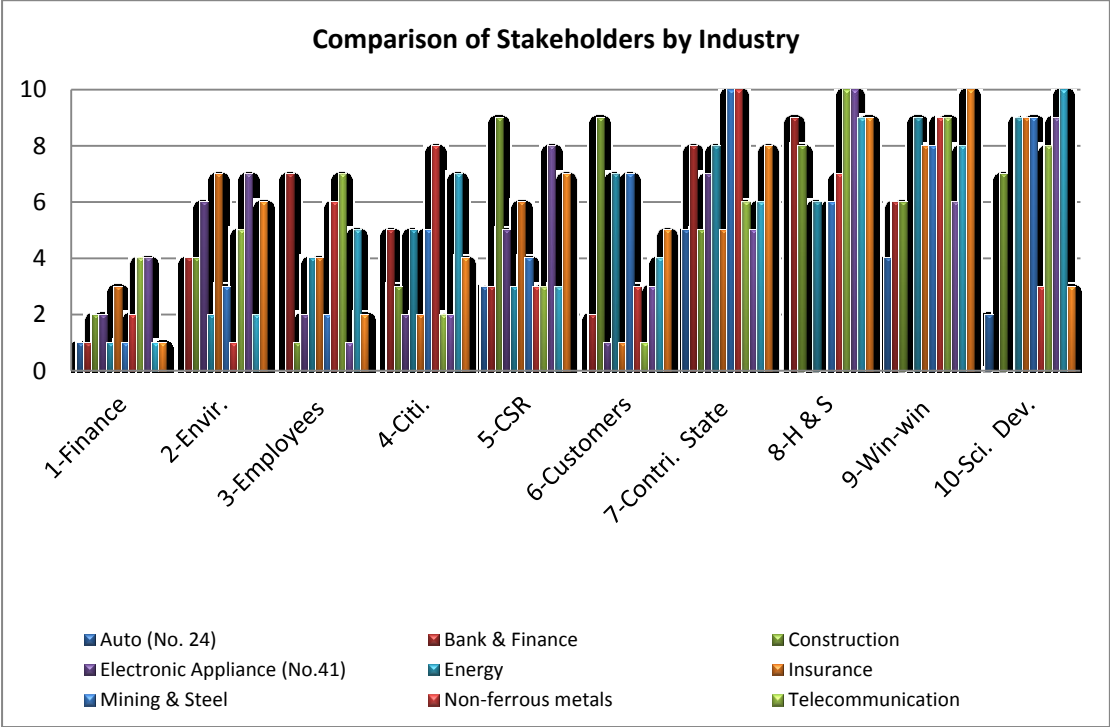
It is hard to find a stakeholder by industry tendency from observing either Table 5.17 or Fig. 5.25. Results of Pearson tests (in Table 5.18 below) could explain why it is not easy to observe a tendency. No clear tendency can be found, as the results from Pearson tests showed ranged between -0.5 and 1. In other words, some industries were highly positively correlated with the overall rank, for example, the energy industry and the mining and steel industry. The majority of industries had positive correlations with the overall rank, as shown in the Table 5.18. Uncommonly, the stakeholder rank from the electronic appliance industry had the only negative correlation with the overall rank. From the table it can be seen that, industries with less impact on the environment had lower correlations with the overall rank, for example, the insurance industry and the bank and finance industry. Also different ownerships may be another influential factor. Reports from foreign-invested companies and private companies were likely to have lower correlations with the overall rank. For example the report of the electronic appliance industry is from a private company, and reports of the insurance industry are published by a foreign invested company (see Table 5.13).

Table 6.18.   Results of Pearson Tests on Industries

Industries	*Energy*	*Mining &Steel*	*Transports*	*Construction*	*Telecom.*	*Trade*
Results	0.919007	0.878788	0.854545	0.6382	0.539394	0.527273

Industries	*Auto*	*Non-f.*	*Insurance*	*Bank*	*Ele. App.*	*Others*
Results	0.473148	0.437128	0.2727273	0.139394	-0.417559	0.551515

From previous tests, it can be seen that guidelines nearly have no influences on averaged CSR reported themes. Also it seems that reports followed both GRI and GO is closer to the average than reports only with one regulation. Based on results of Pearson tests, it confirms that finding. However, all data are in high consistence with the averaged.

Table 6.19.   Results of Pearson Tests on Regulation

Regulation	Results
GRI+GO	0.975758
GRI	0.927273
GO	0.951515
Non-Regulation	0.915152

5.4.3 A Chinese Stakeholder Matrix

Based on analyse a stakeholder in previous sections, a stakeholder matrix can be drawn based on Chinese reports.

Chinese Stakeholder Matrix based on Chinese Reports

	Primary	**Secondary**
Social	Investors & shareholders; Employees & managers; Communities & citizenship	Customers & products; The Government; Business partners & Suppliers; Competitors;
Non-social	The natural environment; CSR information	Health & Safety;

As can be seen from the table above, overall, investors and employees were the most important stakeholders for a Chinese company. The government appeared be to less important for a company. The least important stakeholders were business partners and competitors.

5.5 Chapter summary

In response to questions this study raised in Chapter 3, based on the results, a summary of answers are as follows:

1. The long-term influence of shared the same Chinese culture did not have a huge influence on the contents of CSR, because differences exist in a wide variety of reported contents and the focused areas across size, ownership and industry.

2. Based on the evidence, generally speaking, the Chinese government did not have much stronger power than the western countries to influence reporting in China. If we only look at the numbers of reports by ownership, reports published by SOEs dominated; however, if we look at ratios of reports in each industry, it was not difficult to find out that the ratio for SOEs was not so much higher than the ratios for other industries.

3. Privileged stakeholders in China were similar to those in the West; however, a more detailed comparison follows in the next chapter.

4. There is little evidence to show that guidelines, regulations and laws either encouraged corporations to release reports, or frame the content of reporting in China.

5. Based on current evidence, it is possible to draw a conclusion that, overall, SOEs perform better than private companies and foreign-invested companies. The main reason, so far, is that scores from SOEs were the closest to the average scores.

6. Evidentially, companies with a strong impact on the environment did not always publish more reports than those companies with less of an impact on the environment. However, the companies with a heavy impact on environment did report more information on environmental protection related issues than the other companies.

7. Larger companies published more reports than smaller companies.

8. It is hard to give a definitely answer on whether the purpose of reporting is mainly to satisfy the government. On the one hand, based on the stakeholder rank, the government was not the premier stakeholder; however, Chinese reports did report information related to the government. Thus, it is not possible to answer this question with a simple 'yes' or 'no', and further discussion follows in the next chapter.

9. Employee-related information is one of the major reported areas.

10. Donation is one of the most important social responsibilities undertaken by corporations. Donation was included in all reports analysed in detail.

Thus, based on findings from this chapter, the next chapter will provide a deeper analysis of Chinese reporting as well as a comparison with some western-related research.

Chapter 6. Conclusions

Contents

6.1   Introduction

The purpose of this chapter is to discuss and further explore the questions which were asked in Chapter 3, including: 1) what the extent of reporting in China? 2) which stakeholder groups are the most important stakeholder groups in China? 3) what is the content of CSR reports in China? And 4) what factors are associated with CSR reporting in China, in terms of culture, political and legal system, ownership, size and industry? In order to do so, this chapter recaps the most important issues arising both the literature and the empirical findings. However, the order of information in this section is determined by the importance of questions, rather than by the order in section 3.9. The key points of discussion are as follows: section 6.2 compares findings

regarding stakeholder groups in the literature and this study; section 6.3 compares findings related to issues of concern for stakeholders in the literature and this study; section 6.4 gives a brief conclusion on CSR Chinese companies of CSR understanding; section 6.5 gives possible factors which potentially influence Chinese CSR reporting; and the last section, section 6.6, is a summary of this chapter.

6.2   Stakeholder Comparison

Compared with the western literature and Chinese literature, western scholars have defined stakeholders to four levels, according to different standards, one group of stakeholder (Freeman, 1984), two stakeholder groups (Clarkson, 1995 and Hopkins, 2003), three stakeholder groups (Gray et al., 1996 and Carroll and Buchholtz, 2006), and four stakeholder groups. However, no matter how to define stakeholder groups, a foundation is stakeholder is investors.

While definitions given by Chinese scholars are normally one level, Chinese definitions did not rank in various and randomly. For example, Chen (2009) defines important stakeholders include products and service, employees, shareholders, community and innovation. Han (2010) recognise important stakeholders include the government, employees, customers and competitors. Also, Liu (1999) thought employees, customers, shareholders, competitors and community are most important stakeholder groups.

In order to ascertain similarities and differences related to stakeholder findings in the literature from the West and China and from this empirical study, this section compares stakeholder groups ranking in western and Chinese literatures and stakeholder groups' ranking based on the study. Table 6.1 shows those three groups of stakeholders from the different sources.

Table 6.1. Stakeholder Group Comparisons

(1 blank page)

The table above has the same format of stakeholder matrix which was first used in Section 3.3, to make the results easy to compare. Table 6.1 categorized stakeholders into four groups: primary-social, primary-non-social, secondary-social, and secondary-non-social. Each of these parts of matrix comprises stakeholder groups with the same rank from the three sources: western literature, Chinese literature and this research. The first column of stakeholder groups in each block is a summary based on western literature (see Table 3.3). The second column of stakeholder groups in each is summarised from Chinese literature (see Table 3.6). The third column in each block is the rank of stakeholder groups developed from this research (see Table 5.15).

In the table, similarities and differences are displayed in different fonts. The yellow highlighting shows similarities among the stakeholders. If stakeholders are highlighted in yellow, it means they have in the same rank in the three sources. However, if stakeholders are highlighted in pink, green or grey, this indicates differences between results from the literatures and the results from this empirical study. The pink-highlighting means that stakeholders appeared in both western and Chinese literatures, but were barely mentioned in Chinese reports. Pink highlighting may also indicate that a group of stakeholders appears in both western and Chinese literature, but are ranked differently in the literatures. By contrast, green-highlighting indicates stakeholders appeared only in the empirical results. Grey-highlighting identifies is a unique stakeholder group only mentioned in the western literature.

Stakeholders shown in bold and italic fonts were mentioned in all three sources, but ranked differently. The stakeholder group shown in bold—suppliers and other business partners—appears in both the western literature and the results of this research, but ranked differently in those two sources. More specifically, the *'suppliers and other business partners'* stakeholder group was listed as a primary stakeholder in the western literature; however, the group was ranked almost last in the secondary stakeholder's category in this study. Stakeholders shown in italic were all in the Chinese literature, but ranked differently in this study and in the western literature.

As can be seen from the Table 6.1, surprisingly, stakeholders' ranking in this research is very similar with that of stakeholders in the western research. Interestingly, the ranking of stakeholders in the Chinese literature and in this study have nearly nothing in common, with the exception that the natural environment was listed as a primary stakeholder in the non-social catalogue.

There is little literature which seeks to place empirical finding concerning stakeholders in China within explanatory framework. Moreover, there no literature in western literature and Chinese literature empirical findings in related with stakeholders. A possible explanation for this is that, on the one hand, the western stakeholder matrix was originally from Wheeler and Sillanpaa' (1997) stakeholder framework (see Section 3.7.1); on the other hand, the empirical stakeholder matrix was based on Chinese CSR reports, and the majority of Chinese reports adopted Carroll's pyramid framework as a definition of CSR and thus the foundation of understanding of CSR in Chinese contents. Thus, both stakeholder matrixes were rooted on the Western studies. It is reasonable that the two stakeholder matrixes between the western literature and this empirical study are very similar.

In terms of the Chinese literature, a possible explanation of the dissimilarity between stakeholder matrixes in the Chinese literature and the empirical studies is that the Chinese literature lacks support from empirical studies and are only built on assumptions (Section 3.7.2.1). Thus, not surprisingly, many issues addressed by Chinese scholars (section 3.7.2.1) did not apply to Chinese reports.

It can, thus, be concluded that western theories, especially theories from American scholars, not only have a strong impact on Chinese scholars, but also on Chinese CSR reports.

There is a view that most reporting is still 'greenwash' and being undertaken to improve reputation without substantially changing practices, to placate and manipulate stakeholders, and to gain competitive advantage, rather than our of any real concern for society and the

environment.

6.3   Stakeholder Concerns

There are differences between the western stakeholder concerns and Chinese stakeholder concerns. As can be seen the summary from the literature in Fig3.1 and Fig. 3.2, stakeholder concerns in the West are in a wide range, including such as, building culture (May and Zorn, 2003), caring employees (Holme, 1999), and protecting environment (Frederick, et al., 1992), etc. By contrast, from Chinese literature, it seems there were no specific concerns given, but given general idea on care about stakeholders (Li, 2006; Zu, 2000; Qu, 2003).

Having overviewed stakeholder ranking, it is necessary to compare stakeholder concerns in western literature, the Chinese literature and this study (see Table 6.2 below). Two sets of data are shown in Table 6.2: one set is developed from the themes of this research (see details in Appendix C), and the other set is summarised from western and Chinese literature (see Table 3.5). The table below compared non-reported contents in Chinese reports and in the literature (detailed content of Chinese reports was analysed in Section 5.3.1).

Table 6.2. Comparison of Stakeholders' Concerns

(2 blank pages)

As can be seen from the table, the majority of concerns were covered in all three sources. Although some concerns were named differently, the meaning was the same or very similar. This may be because of global reporting guidelines' influence on reporting, so that disclosed information tends to be similar in the West and China.

However, some concerns differed between this empirical study and the literatures. The green-highlighted concerns were only mentioned in the empirical study, but were not mentioned in either literature (see Section 5.3.1 for details). By contrast, the difference between the empirical results and the literatures was highlighted in red. The red-highlighted perspectives mean that those were very briefly mentioned in the Chinese reports. This undisclosed information in the Chinese reports could have two explanations. One explanation could be the lack of relevant information in companies. In other words, Chinese companies are not involved with certain activities, so there is no relevant information to report. For example, Chinese reports barely mentioned disabled employees in their reports, because very few disabled employees work for them. Thus, companies did not have relevant information to report. The other explanation could be that companies were unwilling to release certain information, for example transparency-related information.

In conclusion, on the one hand, influenced by global standards, Chinese CSR reports covered the majority of GRI guided contents; on the other hand, stakeholder concerns reflected national concerns. Because CSR reporting is a voluntary activity, companies can select which information is made public. Further research could thus be conducted into what kind of information is missing from reports.

6.4   CSR Definition in China

Based on the analysis in previous sections, a definition of CSR in China is not easy to abstract from the reports. However, key points of the definition given in Section 3.4.2 have been tested and confirmed by the empirical study. Three key points included, 1) western theories and scholars are not only widely influential in Chinese academia, but also have a strong impact on

Chinese CSR reporting; 2) the concerns of shareholders, society and employees were all important in the present research; and 3) Chinese concerns are added to CSR concepts, including such concerns as 'Hope School', post-disaster reconstruction and 'Three-Nong' (see details in section 5.3.1.2).

It can be concluded that the understanding of CSR concepts in China is deeply influenced by western definitions but reflected within the country. However, it is not possible to summarize a Chinese CSR definition based on the current research, so further study is needed.

6.5   Influencing Factors on Chinese Reports

Following on from section 5.5, this section discusses some possible influences on Chinese reporting, namely, culture, the government, ownership, industry and corporate size.

6.5.1   Culture (heritage)

Evidentially, few similarities of reporting were found cross ownership, industry and size, so Chinese cultures did not have a great impact on overall CSR reporting in China. As Ip (2009) pointed out, Chinese cultures differ in various regions), so it was not surprising that Chinese companies only share general principles of Chinese culture.   However, evidence of cultural influence could be found in two stakeholder concerns of Chinese CSR reports: traditional charitable behaviour—donations, and people oriented—employees, which information nearly all reports have been published.   In other words, donation and employee-related information were 'must have' sections in CSR reports. Those two types of information were not only mentioned in every report, but also were forward a high proportion of content, as shown in this research.

Reasons that companies care about donation and employees in China may be influenced by Chinese culture. Influenced by Confucianism, donation in China has a long history, which can be traced back to the Song Dynasty, if not earlier (section 2.3.2), when it was known as charity behaviour. Over time, those traditional *'charity behaviours'* have not only been carried on to

modern society, but also these behaviours are widely taken on new form in corporations, and no longer simply involve rich businessmen donating material. Donation in modern Chinese society includes, for example, financial, technological and managerial support for needy people and local communities. As for caring for employees, on the one hand, in the Chinese history context, this has been influenced by Chinese thought for over to 2000 years (section 2.3.2). More recently, on the other hand, corporations' taking care of employees is likely to be linked with the idea of 'enterprises running society' (see section 2.5.1.1). What's more, it is also required by the current Chinese situation. China is building a social welfare system, so during this transition period, enterprises have to shoulder some social burdens, such as tackling unemployment, which should be taken by the government.

Thus, research on the relationships between culture and CSR reporting is not an easy task. If further research concerns relationships between culture and CSR reporting, it could be easier to start this by examining employee-related and donation themes, rather than looking at whole reports. Also research on the influence of on local Chinese CSR reporting could be an interesting research area.

6.5.2   Guidelines

Evidences show that guidelines were not regulated report theme, we could call it 'guideline inefficiency', with two evidences. The first one is although a number of national laws, regulations and guidelines (hereafter called 'guides' for short) have been introduced by the government and international and national institutions (as can be seen in Appendix), only a limited number of guides were referenced.   Also tests shows that there were nearly no difference on the proportion of averaged report themes between regulated reports and non-regulated reports. To investigate reasons for such unexpected findings, it may be a good idea to link with the Chinese government role.

6.5.3   The Chinese Government

The Chinese government plays two roles in SOEs— as a regulator and an investor. Thus, it is

necessary to separate those two government roles, in order to get a clear picture of the power of the government.

As a regulator, the government's power is equally spread amongst all types of ownership, and the influence is reflected through legal systems. The Chinese government has been thought to have greater power over Chinese companies than western governments have over theirs, but there was no clear evidence that whether the government had a significant influence on reporting in China in current studies. On the one hand, national laws, regulations and guidelines (hereafter called 'guides' for short) might be expected to have a strong impact on Chinese CSR reporting given their number 233. However, considering that the number of guides published by the government to encourage companies to release CSR reports excesses to 233 (see Appendix A), the number of reports released should be much higher than the current number.   Also, there is a little evidence to suggest that international CSR guidelines had an impact on regulating the contents of Chinese reports.   On the other hand, a wide range of international and national guides have been referenced by reports (see section 5.3.8), which is evidence that corporations are following the guides. In some reports, there was even a reported sub-theme 'compliance to law' (theme code 2.7.2). However, the evidence presented in *'compliance to law'* section was often inefficiency to show compliance with the law. The evidence shows that in the role of investor, the government was not as important as it was suggested to be (Chen, 2010; Dai, 2008; Wang 2006; Zhang, 2005).

If we look beyond appearance for the essence of the power of guides, the power does not come from the guides themselves. It comes from the power of the institutions/ organizations that made the laws, regulations and guidelines, and relationships between institutions / organizations and companies. In other words, if the institutions/ organizations are in a position to make companies suffer serious consequences, when the companies do not follow their guides, the guides are powerful. However, if there are no consequences when companies do not follow a guide, the guide is merely a blank paper.

From other perspective, it seems that the government would have stronger power on SOEs, since the government play two roles—the regulator and an investor—on SOEs. However, on the other side, the government has to consider the consequences after conducts a new guide which could effects on SOEs, thus the government needs to balance the two power and benefits between the two roles. As the regulator, the government represents the whole nation; however, as an investor, the thing the investor cared the most is making profits. Thus, when the government needs to balance those two interests, it is hard to carry on social responsibilities.

From SOEs' view, because the special role in the national economic, SOEs could negotiate with the government on some issues, and add some pressures on the government. Moreover, the role of CEOs in SOEs is not a purely economic position; CEOs usually have equivalent positions in the government. Thus, as a SOE's CEO, his/her goals are not purely focused on economic goal, but also sometime having political emissions. Thus, the influence between the government and SOEs are two ways, as Fig. 6.1 shows. Since SOEs are normally in leaders' positions cross in most industries in China, SOEs' influences on non-SOEs are powerful.

Fig.6.1 Relationship between the Government and Companies in China
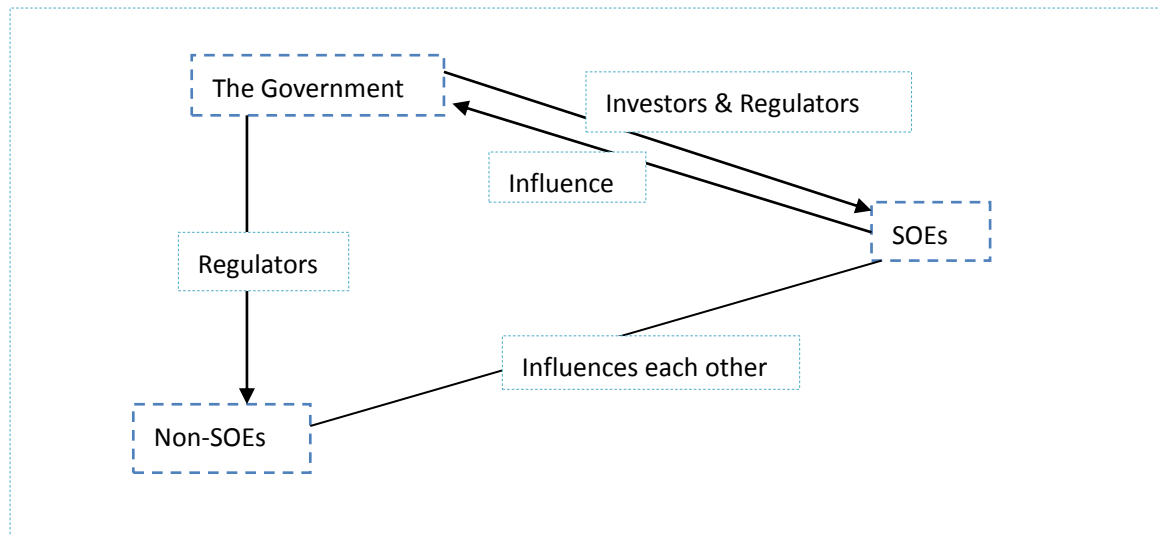
However, it is impossible to have a clear cut division between the two roles of the government. For example, evidently the government has an impact on CSR reporting in SOEs, but it is not possible to determine whether the impacts are from the government's political power or its

financial power. Also based on the current results, it is difficult to weight up which type of government power is more important than the other. Thus, further research should be conducted to determine the power of the government and finally find out which one is more influential on CSR reporting in China. To do so, further research needs to involve interviewing the board of corporate directors and governors.

6.5.4   Reporting to the authority

Based on the evidence, compared with environmental reports, rooted on Xiao's finding (2006), generally speaking, CSR reports are not only reported to one authority—the government as before, as Lloyd's finding (1996, 2002); reporting in China tends to be more open to the public. Some reports even enclosed an envelope for feedback purposes, which implies that companies have started to listen to public opinion. Thus, the traditional reporting pattern is changing from only reporting to the authority to reporting to the public.

6.5.5   Ownership

Based on current evidence, it could be concluded that, overall, SOEs perform better than private companies and foreign-invested companies. The main reason, so far, is that scores from SOEs were the closest to the average scores. However, this conclusion is questionable, because the numbers of reports from different ownerships were not equal. The number of reports from SOEs dominated, so that it is not surprising that SOEs had big influence on the averaged numbers.

This research tried to generalize difference in reporting by ownership; however, the results can not be generalized without bias because of the limited nature of the samples. On the list of the Top 500 Chinese companies, SOEs are in the majority and also more SOEs than the other types of ownership (section 5.2.2), published their reports.   Thus, it is less likely to get the same number of reports from different ownerships in the same size range.

Thus, in order to confirm findings on the influence of ownership type, further research is necessary. There are two ways to carry on further research: 1) type choosing different sizes of

companies in order to compare the difference between ownership types. However, this may cause potential problems, since sample companies need to be selected, such as medium size companies. It may not confirm findings based on large companies, and also it may not be possible to generalise results, because of pre-selected samples; or 2) comparing top large companies in China with large companies among the world. Global top companies would be chosen from various ranks, such as Fortune Global top companies, the largest companies from UK or from US.   However, if samples are guaranteed in the same size, it can not be the national study—China. Thus, the bias can not be avoided in this research.

6.5.6   Industries

As shown in Chapter 5, it could not simply be said that industries with greater impact on the environment tend to publish more reports in China, which was concluded in previous research (Gray et al., 1995; Zeghal & Ahmed, 1980; Lin et al., 2002; Hackston & Milne, 1996; Deegan & Gordon, 1996; Deegan and Blomquist, 2006).

Possible explanations of the results not confirmed by previous literature are that, on the one hand, generally speaking, in the world, the definition of CSR is changing, and companies' understanding of CSR is changing. In other words, in the early stage of CSR development, CSR was heavily associated with protecting the environment and easily measured and reported to the public; however, now the definition of CSR is widely understood by both academia and companies. On the other hand, for China, when CSR was introduced, the CSR definition was well developed, and several guidelines had been developed over years, thus the CSR introduced into China is well developed.

At least one report was released by all categorised industries in this study.   In terms of number of reports, industries with little impact on the natural environment (hereafter 'light/ low directly impact industries'), such as bank and finance industry, published more reports than industries with heavy impacts (hereafter 'greater/ high directly impact industries'). However, reports from greater impacted industries published more information on environment protection than light

impact industries. However, several reasons might influence industries to publish reports.

For greater impact industries, if companies in an industry are still heavily protected by the government, those companies, which lack competition within the industry and are under little global pressure, are less likely to publish CSR reports. For example, not a single railway company published CSR reports, and did not even disclose CSR-related information on their corporate web pages (if they had one). By contrast, two companies in the tobacco & alcohol industry released two reports. Industries labelled as contributing to 'bad' health or unhealthy life styles do not normally expose the companies themselves to the public; however, facing various international and national pressures, one companies with two reports in the tobacco and alcohol industry released CSR reports.

For light impact industries, influence from significant events or accidents could be an important factor in changing the attitude towards CSR reporting. For example, the influence of the 'China milk scandal[110]' started in 2008. The influence did not only affect one company but gained the whole industry a bad reputation. Possibly as a result of the scandal, CSR reporting in the industry has been postponed. There are two dairy companies in the list of the Top 500 Chinese companies. Both of the companies published CSR reports, and they were pioneers of Chinese CSR reporting. However, since the scandal explored, coincidently, neither company has published any more reports. Indeed, one report can not be downloaded anymore.

Reported themes could be the reason for bad news to have more influence on light environment industries' CSR reporting than on greater environmental impact industries. More specifically, light environmental impact industries' products are likely to be related with people's daily lives, so their products are in the spotlight. Also their reporting themes, which are largely focused on products and customers, are rather limited. Thus when problems are related to their products, nothing would be worth reporting. This is because a basic responsibility of a company is to produce reliable products. If a company can not even achieve this basic responsibility, other

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[110] http://news.bbc.co.uk/1/hi/7720404.stm (accessed on 1st October, 2011)

responsibilities can not exist.

However, greater environmental impact industries' products, such as oil, mining and steel, are less likely related with people's daily life than the other industries. Thus, the products' quality is not central to the public's concern. Also, those companies normally have a wider range of products than other industries; thus, even if companies are involved in accidents, those companies still have other themes to report, such as other products, environmental protection and contribution to the State.

Thus, it is worth investigating on the influence of significant events or accidents on CSR reporting in different industries in the future.

6.5.7   Corporation Size

In terms of the size of the reporting enterprises, large-sized enterprises took the lead in reporting, which the relation between size and reports is found in previous studies (Belkaoui and Karpik, 1989; Hackston and Milne, 1996; Freedman and Jaggi, 1988; Roberts, 1992; Alnajjar, 2000). Larger companies published more reports than smaller companies, which is a strong finding across all studies. This is equally true for Chinese CSR reports in this study.

6.6   Chapter Summary

This chapter has given further explanation of the research questions. The next chapter gives a final summary of this research, and includes three parts: limitations of this research, further research and some suggestions.

Chapter 7.   Limitation and Recommendations

Contents

As a final chapter, this chapter will give a summary of this in four aspects of research, namely: key findings, limitations of the study, further research and recommendations, and the contribution of this research.

7.1 Key Findings

From previous chapters, findings based on this empirical research were introduced in detail. Thus, this section is going to briefly stress several key findings.

7.1.1 Guidelines

Guidelines did not play an important role in regulating Chinese CSR reports. Evidence shows that there were no significant differences on average reported theme information, despite of a large number of regulations introduced by Chinese governments and industries associations.

7.1.2 Industries

The difference between light environmental impact industries and heavy environmental impact industries was not in the number of reports published by an industry. The difference lies in the themes reported. The light environmental impact industries reported less information on environment-related information than heavy environmental impact industries. By contrast, reports from the light environmental impact industries were more focused on customer-related information than the other industries.

7.1.3 Ownership

In terms of ratios of published reports by ownership, State-Owned enterprises did not publish more than the other two types of ownership. In terms of reported themes, averaged themes for all reports were closer to the averaged themes for SOEs than the other types. Thus, SOEs' reports lead in terms of CSR report contents, but were not in the lead in terms of number of publications.

7.1.4   International VS National Impacts

Chinese culture or heritage was not a significant influence on CSR reporting. Comparing heritage with global initiative reporting, the latter has more influence on CSR reporting. Thus, international influence is more marked than national heritage on CSR reporting.

7.1.5   Stakeholders & Stakeholder Concerns

The important stakeholder group ranking of this empirical research is more similar to the rank in western literature than the one in Chinese literature. The majority of stakeholder concerns discussed in western and Chinese literature are mentioned by Chinese reports. However, a few exceptions regarding stakeholder concerns were briefly mentioned in Chinese reports; by contrast, some stakeholder concerns are only mentioned in Chinese reports.

7.2 Limitations

Like any research, this study has some limitations, which mainly concern two aspects—the sample and the method chosen.

7.2.1   Sample

There were two main limitations concerning the sample, first the data collection, second, the content analysis.

7.2.1.1   Data Collection

Data collection had two main limitations: sample size and sample type. In terms of sample size, data was collected only from the top 500 Chinese companies, however, in just one database[111] there were over 2300 reports from 1033 companies at the end of October 2011. In terms of sample size, the sample drawn on standalone reports only, however, the majority of CSR reports in the database are combined with annual reports, which were published by listed companies. Those reports were required by the two stock exchange markets, is not voluntarily basis. Some listed companies are subsidiaries of the top 500 companies. Thus, important information should

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[111]This database could be the largest CSR reports database in China.
  http://syntao.com/ReportList.asp   (in Chinese, accessed on 20th October, 2011)

be included in the reports by the head companies. These companies are on the top 500 companies with standalone reports in PDF format were analysed in this research. For further research, it is worth comparing standalone reports with other types of reports in relation to disclosure of information. However, research on disclosures is another research question. However, maybe a few reports are missing from the website collection, because a few reports may only have hard copy versions.

7.2.1.2   Limited Detailed Analysed Reports

Because of limited research time, this research only analysed a limited number of reports. It is a shame the data set of this study did not include all the reports I have collected. It would be better if I have given enough time to code and analyse all reports.

7.2.2   Method

The results of the stakeholder analysis were obtained from content analysis rather than interviews. The researcher tried to get access to interviews with company officials within the research sample, but was unable to get agreement from these officials. The researcher interviewed eight[112] interviewees in the early stages of this research, but those interviews did not fit in the research. For further research, it would be better to get access to interviews, and confirm this result.

7.2.3   English version and Chinese version

There are some reports with in English information or English versions of reports. The length of English and Chinese versions is very similar, but the English version tends to be a little longer. This needs to be confirmed by further research.

7.3 Further research

There are several areas worth doing further research in, as noted in the previous chapter. A summary is as follows.

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[112]   The eight interviewees include five managers from small and medium companies, and three local governors.

1. Further research could thus be conducted into what kind of information is missing from reports rather than what has been reported;

2. A study could be conducted comparing CSR disclosure and standalone reports in China;

3. It could be interesting to do research on the relationships between globalization, Chinese culture, corporate values and CSR reporting;

4. The roles of the government are not as expected, so further research should be conducted to determine the power of the government

5. Which factors are more influential on CSR reporting in China is under-researched. To do so, further research needs to involve interviewing the board of corporate directors and governors;

6. It is worth investigating the influence of significant events or accidents on CSR reporting in different industries in the future;

7. Investigating the differences arising difference from reporting languages, for example, English and Chinese versions of reports, is worthwhile;

8. Finally, a case study of reports could illustrate the diversity of Chinese CSR reports.

7.4 Recommendations & Suggestions

After this research, several things areas of further research can be recommended or suggested.

7.4.1 Guidelines

This study found that a number of guidelines may direct CSR reports. Guidelines could be international ones, such as GRI, as well as national guidelines, such as GO. In principle, guidelines of different types do not contradict each other. That is to say, an international guide could provide a general principle; however, national guides, tailored to the national context, could work better in one country. Moreover, for some industries, it may be necessary to have additional guides, besides general international and/or national guides, to regulate reporting in certain areas.

7.4.2   The Government

Several suggestions concern the government could make. In terms of legal concerns, on the one hand, it is necessary update the quality and quantity of laws and/or regulations, in order to respond to emerging situations; on the other hand, more important than making new laws is their execution. As can be seen in this research, CSR-related laws and regulations nearly cover every aspect of corporate operations. However, the power of execution of laws needs to be enhanced, and should be applied to all companies equally.

The power of the government could come from sources other rather than legal one. Forms of 'soft laws' (see Chapter 2, Fig. 2.2) includes national developing goal. For example, in recent years, the Chinese government has fully committed itself to an almost scientific approach to economic development, working hard to build a society that conserves resources and protects the environment. These goals are well-aligned with core CSR objectives. This is something that the developed countries in the West would take from China—a developing country. Without current efforts to achieve social responsibility as a national goal, corporations are little more than profit-seeking machines. National strategy—to achieve CSR in a society—is not a responsibility of corporations, but also the responsibility of the nation. That is what the West could learn from China as well.

Provincial governments will be encouraged to take the lead by responding to frameworks and policies from Beijing while focusing on attracting regional foreign investment, improving human resources and working conditions, and stewarding the natural environment.

7.4.3   Media

In order to encourage corporations to take social responsibility, we would add power from other institutions, such as the media (see Chapter 2, Section 2.6.2.2). Greater media coverage raises companies' visibility, thus making corporations and the public more aware of CSR's importance, as a similarly it proved by Pinkston and Carroll (1996) and Maignan and Ralston (2002)—media shaping CSR notion Brown and Deegan (1998)'s research that a positive association between the

levels of environmental disclosure and media coverage of various industries' environmental impacts. As a result, increasing media exploration encourages CSR development.

7.4.4 CSR Concept

Understanding of the CSR concept in China needs to be widened to encompass areas other than employees and donations. Also companies should realize that CSR is not a form of corporate advertisement; taking CSR seriously could guide companies' behaviours in daily operations and gradually integrate CSR into corporate cultures and strategies.

7.4.5 Culture & Globalization

When the influence globalization increases, the influence of national culture reduces. However, as a nation, China needs to combine globalization and national culture by selecting the essence and discarding the dross. In this period of global transition, it is not right to totally accept one and discard the other one. Both are equally important, but we need to find a balance point to integrate them.

7.4.6 CSR Framework and/or Theory & Method

It is necessary to introduce a wide range of frameworks and/or theories to Chinese academia and/or corporations, but with adjustments. Relevant western frameworks and /or theories may not perfectly fit the Chinese case, so all 'imported' theories need to be tested through conducting empirical studies.

Depending on research requirements, qualitive and quantitive research methods are equally good methods. The reason for using a method or mixed methods is to choose the one which could best help answer the research questions.

7.5 Contributions

This research has made four main contributions.

7.5.1   Literature

Generally speaking, this study enriches the literatures of both the West and China. This study provides a very detailed analysis of reports and considers not only what has been reported, but also what has not been reported, which is rare in the literature. This approach could be used to explore a new research on CSR reporting. On the one hand, in terms of western literature, this study introduces Chinese CSR empirical studies into English language literature; on the other hand, in terms of Chinese literature, it introduces a wide range of western literature to Chinese academia, and it is a very detailed empirical study.

7.5.2   Method

This research developed a national CSR theme list which is based on contents of Chinese reports, which could be used to make national comparison of CSR contents. Also an environmentally friendly method was adapted to analysis report—online measurement using a web ruler, which saves printing out reports on paper.

7.5.3   Findings

Some findings from this research have not appeared in previous literature. For example, 1) it is not generally true that industries with strong impact on the environment tend to publish more reports than lower impact industries. The difference is in reported themes. In other words, different industries have different focus regarding reported contents; 2) Averaged report contents in regulated reports and non-regulated reports were shown to have very similar patterns.; 3) SOEs did not lead CSR reporting in China, as previous literature suggested; 4) The role of the government, as a regulator and as an investor, is complicated in terms of encouraging CSR in China.   Findings from this research suggest interesting awareness for further research in China.

7.5.4   Globalization, Chinese Culture & Corporate Value

In previous literature, Chinese culture and global influences were addressed separately as significant influences on CSR report. A few studies have made a comparison between the influence of globalization and national culture; this research brings the connection. Relative to globalization, Chinese culture did not have a strong influence on CSR reporting nor on corporate value. Relationships between those three aspects need to be investigated more in the future; this research shows a new research angle.

This study gives detailed insight into Chinese CSR reports. Some results are confirmed by previous literature; however, some results are contradicted by previous literature. Thus, further research is needed on CSR reports in China.

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[i]The data is collected from websites.

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Appendix A—Important laws, Regulations and Guides

In recent years many indigenous CSR initiatives have emerged in China. The Chinese CSR initiatives have included laws and regulations, governmental instructions and guidelines, non-governmental standards and organizations. The recent growth in Chinese CSR initiatives deserves analysis, especially given that China's international image is usually associated with human rights abuses, substandard products, and serious environmental pollution. This part briefly introduces some important laws (such as Company Law (2006)), international guidelines (such as GRI (2006)) and national guidelines (such as Guide Opinion by SASAC), which have been in traduced in order to encourage the development of corporate social responsibility in China. Also, corporations need reliable laws, evenly applied, with transparent information, to create effective markets (Rolland & Bazzoni, 2009).

1. Company Law

Because the 1994 Company Law was criticized for its inability to cope with the changing economy in China, new company law took effect on 1st January, 2006. The amended law requires companies, among other things, to abide by social ethics, business ethics, honesty, and trustworthiness, as well as fulfilling social responsibilities. Business ethics and social responsibility are explicitly referred to in laws and regulations governing corporate behaviours. The 2006 Company Law gives explicit recognition to CSR. Article 5 states, '*In the course of doing business, a company must comply with laws and administrative regulations, conform to social morality and business ethics, act in good faith, subject itself to the government and the public supervision, and undertake social responsibility*' (Arts. 5, Chinese Company Law (2006)). Overall, the concept of CSR was partially embodied in the 1994 Company Law, although the term 'social responsibility' was absent, in the example of Article 14 in 1994, '*a company must not only comply with the law but also observe business ethics*'. However, an important purpose of the company law was to activate the profit-seeking motivation of SOEs. Article 5 in 2006 therefore purposefully declared that '*a company shall operate independently and be responsible for its own profits and losses.*' Given this macro-economic background, the Chinese legislators were unlikely to place the idea of CSR in a conspicuous position.

In addition to the general principle concerning CSR, the 2006 Company Law also improves employee rights in corporate governance, which may help to illustrate the intention of Article 5. In the legislative process, many NPC delegates and consulted entities recommended the improvement of employee participation in corporate governance. As a result, Article 52 and 118 require the board of supervisors to include employee representatives; and the number of employee representatives should not be lower than one third of the supervisory board. A minimum number of employee representatives on the supervisory board was not required in the 1994 Company Law; the lack of such as minimum number was often given as one of the major reasons for ineffective employee participation in corporate governance. Moreover, the 2006 Company Law also restates the importance of labour protection by adding that '*the representative of the trade union may in accordance with the law enter into a collective contract on behalf of employees with the company in*

respect of wages, work hours, welfare, insurance, labour safety, etc.' Company Law (2006) is a clear-cut stand of the governmental to develop CSR in China.

2. Environmental Laws

As the backbone of the national sustainable development strategy and undertaking social responsibility, environmental protection is an important element. The Environmental Protection Law of the People's Republic of China[1] was made effective on 26th December, 1989. The Environmental Protection Law as well as other environmentally related laws and regulations have significant implications for environmental accounting and reporting since being published. Some laws and regulations increased companies' environmental compliance costs[2], such as emission fees, fines for breaking environmental laws, pollution prevention cost, appropriation of retained earnings for pollution prevention funds, and environmental protection auditing. Others[3] were set to enhance a company's green behaviour', reduce environmental compliance costs through, for example, tax reductions and tax exemptions on investments in pollution prevention and energy saving technologies and also focused on sales revenues from the recycling of goods.

Since 2007, the State Environmental Protection Administration (SEPA, now the Ministry of Environmental Protection of China) has begun a series of measures concerning corporate environmental reporting. In 2007, the SEPA promulgated the Regulation on Environmental Information Disclosure (hereafter 'the Regulation'), which took effect on 1st May 2008[4]. The Regulation mandates environmental agencies and heavy-polluting companies to disclosure certain environmental information to the public[5].

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[1] The Environmental Protection Law of the People's Republic of China was effective on 26th December, 1989. http://www.law-lib.com/law/law_view.asp?id=6229 (Chinese and English of the law, accessed in September, 2010)

[2] as the Environmental Protection Law regulated, http://www.law-lib.com/law/law_view.asp?id=6229

[3] Such as, Law of the People's Republic of China on Energy Conservation was into effect on April, 2008. http://www.gov.cn/flfg/2007-10/28/content_788493.htm (in Chinese)

[4] The Ministry of Environmental Protection of the People's Regulation of China, No. 35, 2008, A name of English translation: the Regulation on Environmental Information Disclosure,

[5] The Regulation imposes disclosure obligations on environmental agencies and companies, but this article discusses corporate disclosure only. For companies, there are two kinds of disclosure: voluntary and mandatory. The Regulation encourages all companies to voluntarily disclose the following information: (1) environmental guidelines, annual environmental goals and results; (2) annual resources consumption; (3) the condition of environmental investment and environmental technology development; (4) the types, discharge amount, and density of pollutants; (5) the construction and operation of environmental protection facilities; (6) waste processing and recycling; (7) any voluntary agreement concerning environmental protection with the environmental agencies; (8) the performance of corporate social responsibility; (9) any other information. According to the Regulation, companies any voluntarily disclosure the environmental information through media, internet or publishing corporate environmental annual reports. The Regulation further authorizes environmental agencies to award companies that voluntarily engage in environmental reporting. Environmental agencies may publicly applaud disclosing companies through major local media and give them priority in financing or subsidies.

But when a company is on the environmental agency's list of companies whose pollutant emission exceeds national or local standards, the company is mandated to disclose the following information to the public: (1) the names, discharge methods, discharge density, aggregate amount, the exceeding amount of major pollutants; (2) the construction and operation of environmental protection facilities; (3) emergency plans for environmental disasters. The company is required to disclose through local major media to the public within 30 days when the environmental agency releases the list. Environmental agencies (central and local) are required to disclose lists of heavy-polluting companies under the Regulation. In short, certain heavy polluting companies are under obligation to disclose environmental information to the public.

3. Soft laws—General Principle of Corporate Social Responsibility

Significantly, the Chinese government is engaging in major CSR initiatives, including UN Global Compact and Global Reporting Initiative Guidelines. There are two reasons for the Chinese government to be a part of those initiatives: first, China's arrival as a player in international CSR initiatives bodes well for establishing a truly global movement; second, and significantly, it may be that the voluntary efforts to establish norms around business conduct will contribute to greater respect for rule of law in China.

3.1   International Guidelines

3.1.1 Global Reporting Initiative (GRI) Guideline

The global reporting initiative (GRI)—the GRI is an independent international multi-stakeholder not-for-profit entity that provides guidance for organisations to use as the basis for disclosure of social reporting. Social reporting disclosure is a key aspect of corporate commitment to CSR, and the GRI as a universally—applicable, comparable framework that allows all users to understand disclosed information regardless of their country of origin. The GRI also works in tandem with the United Nations (UN) Global Compact.

3.1.2 UN Global Compact

The UN Global Compact is a voluntary agreement that corporations can adopt or commit to and thereby agree to adhere to the guidelines outlined in the compact. The global compact is the world's largest corporate citizenship and sustainability initiative with over 130 countries participating. The global compact's values, sourced in the UNDHR (1948), make this measure one of increasing importance for CSR performance reporting for a globalised world, especially where global companies are striving for CSR activities that reflect global or universal values. Adherence means that a corporation agrees to produce an annual communication in the form of a progress report to ensure ongoing accountability of corporate behaviour that reflects the tenets of the global compact. Implications of commitment to this adherence for a corporation will invariably involve the use of online communication reporting.

3.2   National Guidelines by Authorities

3.2.1 'Guide Opinion' by SASAC

Because SOEs play an important part in Chinese economic development, State-owned Assets Supervision and Administration Commission of the State Council (thereafter SASAC) issued an order (rather than a guide) to central state-owned enterprises on 4th January 2008, as the No. 1 SASAC's document. This document was called '*the Guide Opinion on the Social Responsibility Implementation*

for the State-Owned Enterprises Controlled by the Central Government'[6] ('Guide Opinion' (GO) hereunder). The Guide Opinion is an important legal document explaining the Chinese central government's attitude toward CSR. In this guideline, there are four catalogues, which include first, fully understanding the important meaning of central SOEs shouldering social responsibility; second, leading ideas, general requirement and the basic principles; third, main contents; fourth, main measures, and the following 20 articles for details. The government wants SOEs to take more responsibility for developing a sustainable country.

In a separate press[7], the SASAC also explained the background information concerning the promulgation of the GO. The CSR principles for the Chinese SOEs should be consistent with the international trend but also should be compatible with the national and organizational reality in China. In other words, the GO is based on international definitions of CSR but adapted to the 'the Chinese contexts of characteristics'.

Overall, the GO basically covers most of the common topics appearing in international CSR standards. But it is noticeable that the GO does not include human rights protection as the core contents of CSR.

3.2.2 Regulations from Stock Exchange Market

Stock exchanges play a significant role in shaping policies, although they are not functional government bodies. The two Chinese stock exchanges, the Shenzhen and Shanghai Stock Exchanges, have also taken action in promoting CSR disclosure. On 25th September, 2006 the Shenzhen Stock Exchange released the Guide on Listed Companies' Social Responsibility[8] (henceforth 'Shenzhen Guide'). The guidelines require all listed companies to comply with the law and business ethics and to protect rights and interests of their stakeholders, to protect the environment and natural resources, and to contribute to good social causes. '*The [Shenzhen] Guide is promulgated based on Company Law and the Securities law with the purposes of achieving scientific development, building a harmonious society, advancing toward economic and social sustainable development, and promoting corporate social responsibility*[9].'

The Shanghai Stock Exchange also launched CSR disclosure initiatives. In May 2008, it promulgated the 'Guide on Environmental Information Disclosure for Companies listed on the Shanghai Stock Exchange' (henceforth 'Shanghai Guide') and 'Notice on Strengthening Social Responsibility of Listed Companies[10]' (henceforth 'Notice'). Under the scheme provided in the Shanghai Guide and the Notice, certain public companies are required to disclose environmental information in a timely manner to the public and all companies are encouraged to publish CSR reports in addition to annual

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[6] http://www.sasac.gov.cn/n1180/n13307665/n13307681/n13307724/13333515.html (in Chinese, the last accessed on 1st September, 2011)
[7] http://www.sasac.gov.cn/n1180/n13307665/n13307681/n13307724/13333527.html (in Chinese, the last accessed on 1st September, 2011)
[8] http://www.szse.cn/main/disclosure/bsgg/200609259299.shtml (in Chinese, the last accessed on 1st September, 2011)
[9] Art. 1 of Shenzhen Guide
[10] http://www.sse.com.cn/sseportal/webapp/cm/keyWordSearch (in Chinese, the last accessed on 1st September, 2011)

financial reports. In December 2008, the Shanghai Stock Exchange further accelerated the development of CSR disclosure by mandating three types of listed companies to issue the CSR annual report from the fiscal year of 2008 onwards. The companies include companies that are listed in the Shanghai Stock Exchanges Corporate Governance Index, companies that list shares overseas, and companies in the financial sector.

Therefore, corporations on both stock exchange markets have to shoulder their social responsibilities.

3.3   CSR National Industrial Standards

Global supply chains play an important role in disseminating the concept of CSR in China. Multinational companies' code of vendor conduct and other similar responsible production standards, such as SA8000, are the main instruments for introducing CSR into China. However, with the increasing awareness of the importance of CSR, some of China's own responsible standards have been released, particularly with regard to labour standards. Also it is good for industries to have their own standards and to gain leverage against the western standards by forming associations and developing their own standards.

3.3.1 CSC9000T

The CSC9000T (China Social Compliance 9000 for Textile and Apparel Industry), which has been developed by the China National and Textile and Appeal Council and other representatives of Chinese corporations[11], is a social management system. CSC900T is designed in social parlance to imitate ISO14000, the internationally-recognized environmental management tool. CSC9000T provides objectives in the areas of management system, employment contract, child workers, forced or compulsory labour, working hours, wages and welfare, trade unions and collective bargaining, discrimination, harassment and abuse, and occupational health and safety.

3.3.2 Industrial Guide

In addition to the CSC9000T for the textile and appeal sector, a set of cross-sector standards have also emerged in China. In April 2008, eleven industrial associations[12] jointly promulgated the Social Responsibility Gide of the China Industrial Companies and Industrial Associations ('the Industrial Guide' hereafter)[13]. According to the preamble in the Industrial Guide, '*the behaviour principles, the goals, and the indicators set forth in the Industrial Guide are compatible with the current reality of*

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[11] Details on the official website of CSC900T, http://www.csc9000.org.cn/cn/ (in Chinese, the last accessed on 1st September, 2011)

[12] Associations includes in coal, mechanics, steel, petroleum and chemicals, light industry, textiles, building materials, non-ferrous metals, electricity, and mining industries.

[13] The English translated name: The Social Responsibility Guide of the China Industrial Companies and Industrial Associations, 17th April, 2008, http://www.cnmn.com.cn/Show_20132.aspx

China's socioeconomic and industrial development.' It further states that '*from a global view, given the cross-national differences, developed countries and developing countries have different systems and standards of social responsibility*.' Therefore, the associations '*endeavour to propose a set of corporate-level and industrial-level guidelines that connect with the international trend, match China's reality, and possess Chinese characteristics, thereby promoting and advancing the implementation of social responsibility by the Chinese industrial companies and industrial associations*.' The Industrial Guide can be regarded as the most comprehensive CSR standards in China so far. According to the Industrial Guide, all industrial companies and industrial associations should establish a comprehensive CSR system. The comprehensive CSR system should include the management system, the institutional system, the information system, and the monitoring system.

Appendix B: Selected Definitions of SR or CSR as Quotations

No.	Author(s)	Year	Definitions	Dimensions
1	Bowen	1953	'Entrepreneurs have the responsibility to orientate on expectations, aims and values of a society.'	Business ethics
2	Davis	1960	The businessman's decisions and actions taken for reasons at least partially beyond the firm's direct economic or technical interest.	Beyond economic or technical interest
3	Frederick	1960	Businessmen should oversee the operation of an economic system that fulfils the expectation of the public.	Fulfil expectation of the public
4	McGuire	1963	The corporation has not only economic and legal obligations, but also certain responsibilities to society which extent beyond these obligations.	A winding included responsibilities beyond economic and legal obligations, ones
5	Walton	1967	The concept of social responsibility recognises the intimacy of the relationship must be kept in mind by top managers as the corporation and the related groups pursue their respective goal.	It is a manager's ensure that a company is mindful of related groups expectations when helping the company to achieve its own goals.
6	Committee for Economic Development (CED)	1971	Business functions by public consent and its basic purpose is to serve constructively the needs of society to the satisfaction of society	A company functions to help society to achieve its needs, and evaluated by society.
7	Andrews	1971	The intelligent and objective concern for the welfare of society that restrains individual and corporate behaviour from ultimately destructive activities, no matter how immediately profitable, and leads to the direction of positive contributions to human betterment.	Long term of welfare of society is more important than profits in short term.
8	David and Blomstrom	1975	Social responsibility is the obligation of decision makers to take actions which protect and improve the welfare of society as a whole along with their own interests.	Society welfare should be included long side of corporate interests.
9	Epstein	1976	Corporate social responsibility relates primarily to achieve outcomes from organizational decisions concerning specific issues or problems which (by	Corporate stakeholders' interests

			some normative standard) have beneficial rather than adverse effects upon pertinent corporate stakeholders.	
10	Paluszek	1976[14],	CSR is seriously considering the impact of the company's actions on society.	Corporate impact on society
11	Sethi	1978	The firm's obligation to respond to the externalities created by market action.	Response externalities
12	Carroll	1979	CSR is a multi-dimensional construct, consisting of four types of responsibilities: economic, legal, ethical, and discretionary.	Four types of responsibilities
13	Drucker	1984	The proper social responsibility of business is to tame dragon, which is to turn a social problem into economic opportunity and economic benefit, into productive capacity, into human competence, into well-paid jobs, into wealth.	Turn a problem into an opportunity
14	Wood	1991	Business and society are interwoven rather than distinct entities.	Business and society are inseparable.
15	Frederick, Post & Davis	1992[15]	A principle stating that corporations should be accountable for the effects of any of their actions on their community and environment.	Social and environmental accountability
16	Holme	1999	The continuing commitment by business to behave ethically and contribute to economic development while improving the quality of life of the workforce and their families as well as of the local community and society at large.	Specific ethical and economic responsibilities for workforce and family, workforce and local community, and workforce and society.
17	Jackson and Hawker	2001	CSR is how you treat your employees and all your stakeholders and the environment.	Employees, stakeholders, environment
18	McWilliams and Siegel	2001	further social good beyond the interest of the firm and that which is required by law	Beyond legal and profit obligations
19	Foran	2001	Define CSR as the set of practices and behaviours that firms adopt towards their labour force, towards the environment in which their operations are embedded, towards authority, and	Authority and society

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[14] Cited in Carroll and Buchholtz, 2006, p.34
[15] Cited in Moir, 2001

			towards civil society.	
20	EU White Paper	2002	A concept whereby companies integrate social and environmental concerns in their business operations and in their interactions with their stakeholders on a voluntary basis.	Corporations impact on social and environment Stakeholders Voluntary basis
21	Ferrell et al.	2002	…as an organisation's obligation to maximise its positive impact on stakeholders and to minimise its negative impact, whereas business ethics comprises principles and standards that guide behaviour in the world of business.	Ethics are not determined by something is bigger than business.
22	Hopkins	2003[16]	CSR is concerned with treating the stakeholders of the firm ethically or in a responsible manner.	Stakeholder
23	van Marrewijik	2003	Company activities voluntary by definition-demonstrating the inclusion of social and environmental concerns in business operations and in interactions with stakeholders	Voluntary, social and environment, stakeholders
24	May and Zorn	2003	CSR is, at the core, about the simultaneously contested and consensual nature of the relationship between organizations and culture(s)	Confirming and non-confirming relationship in organizations and culture(s) are bother contested and consensual.
25	Carroll and Buchholtz	2006	CSR is seriously considering the impact of the company's actions on society.	Impact on society
26	Donna Wood, et al.	2006[17]	A global business citizen is a business enterprise (including its managers) that responsible exercises its rights and implements its duties to individuals, stakeholders, and societies within and across national and cultural borders.	International CSR
27	Werther and Chandler	2006	CSR as a 'fluid concept' in that it is both a 'means' and an 'end' in terms of motivation. Means is the way in which the business delivers its products to its consumers (e.g. an economic gain) and the end is enacted in the way in which the business brings stakeholder	Means, legitimacy to operate in the society

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[16] Cited in Jon Burchel, 2008, p. 79
[17] Cited in Hopkins, 2007, p.19

			concerns to the forefront of its operations (e.g. the socially responsible company), thereby maintaining its legitimacy to operate in the society in which it exists.	
28	Hopkins	2007	CSR is concerned with treating the stakeholders of the firm ethically or in a responsible manner. The aim of social responsibility is to create higher and higher standards of living, while preserving the profitability of the corporation, for peoples both within and outside the corporation.	Stakeholders, Ethical
29	Hopkins	2007	Corporate citizenship is about business taking greater account of its social and environmental—as well as its financial—foot-prints	Social, environmental and financial foot-prints
30	Marlin	2007	Corporate responsibility is the conduct of business according to both ethical standards and the law.	Environmental and financial responsibilities
31	Thorne, Ferrell and Ferrell	2008	fulfilling the economic, legal, ethical and philanthropic responsibilities expected by its stakeholders.	Corporate strategy delivered as four responsibilities

Appendix C: Themes of Content Analysis of CSR Report

1. **Background Information** (short for 'Background')

Code	Name of theme	Sub-code	Sub-theme	Notes
	Ranking			Based on corporate turnover of 2008.
	Names of Corporations			Names in Chinese
				Names in English
	Full name of Report			Name written on front page of report
	Abbreviated report name			Eight abbreviations: CSR=Corporate Social Responsibility; ER=environmental report; S=sustainability; SD= sustainability development; SR=social responsible; CC=corporate citizenship; EP=environmental protection; CR=corporate responsibility; CCR=corporate citizenship responsibility
	Reported Year			The year recorded (here) is the year of information reported. Usually this year is the year prior to the year published.
	Period covered			The information recorded here is the clearly written period covered by this report. This period is usually as same as the reported year.
	Total Number of page			The number of pages includes every page in this report, including the front, back, and blank pages.
	Reported format		PDF/ Words/ Online (abbreviated to P./ W./ O.)	Three formats =PDF, Microsoft Words, and Online[18]
	Reporting language(s)		Chinese (C.) /English (E.)	Four signs are recorded in here, namely C., E., C. +E., and C. /E..

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[18] PDF is a download version published in PDF format. Usually this format has a published copy. Microsoft Word is in a download version in Microsoft Word. This kind of copy usually has only words, without pictures, footnotes, etc. Online version means there is no downloadable or a hardcopy version available, i.e. only an online version is reports.

				C. =Chinese version[19]; E.= only in English; C.+E. = Chinese and English versions in the same report; C./E. = both Chinese and English versions are available, but the English version is in another copy.
1.1	Irrelevant information-- Number of blank pages, and decorative pictures reflecting no real meaning	1.1.1	A front page/ back page	The number of covering pages and back pages in a report, including a separate title page, if there is more than one page.
		1.1.2	Pictures without words; blank pages	This code includes inside blank pages[20] and pictorial pages, which reflect no content-related meaning.
		1.1.3	Recycled paper	1= whole page only contains information[21]about recycled paper used to produce report. Yes (Y.)= there is a note somewhere[22] in the report, saying this report uses recycled paper.
		1.1.4	Blank space, and unrelated pictures[23]	(This code did not exist anymore, at the beginning of year of 2011)
1.2	Corporate Slogan			A short phase/ sentence showing corporate slogan. Also includes coding of dedication from leader[24].
1.3	Corporate logo			Image and meaning of a logo.
1.4	Overview of report			Brief introductory information; process of making report
	Hardcopy available			Y. (Yes) =hard copy available[25] N. = no mention of hard copy availability
1.5	Board of directors declarations of		Page Number	This recorded where the information[26] appeared.

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[19] There may be an English version available, but cannot find.
[20] It does not include the front page and the back page
[21] It usually just contains one sentence—'recycled paper has been used to print this report'.
[22] However, this information did not take a whole page, but it combined with other information.
[23] This records blank space inside a report. This code does not record whole blank pages; it records blank spaces in one page.
[24] The leader usually is (was) on the list of senior official in Chinese governments.
[25] However, if left blank, it does not mean the hardcopy is unavailable. It only means no such information has been found which mentions whether a hardcopy is available or not (usually it is a hardcopy available).
[26] This usually states *'Board of Directors and all directors of the Company guarantee that there is no false record, misleading statement or major omission in the contents of this report, and bear individual and joint responsibility for authenticity, accuracy and completeness of the contents'*.

	responsibility for the veracity of the report information	1.5	Percentage of this information	Board of directors states that it is responsible for the veracity of the report information
1.6	Standards referred to in the report		Names reference criteria	This table gives reference criterion/ criteria adopted to make a report. Appendix 1 shows a full list of reference criteria mentioned in all reports. Those criteria are catalogued into three general classes: namely, international standards, Chinese standards and corporate standards.
		1.6	Number of pages of checklist	N. = G3 Guideline Names= other referred guidelines
1.7	list of Contents& Sub-lists by sections		Number of pages,	The main list, sub-lists for each section
1.8	Leaders' statements		No. of Leaders	How many leaders 1,2,3
		1.8	No. of pages	Number of pages
1.9	News			Types of news =good, bad, neutral No label = good news[27]
1.10	Case study			Types of news[28]= good, bad, neutral a number of pages
1.11	Other			e.g. internal publications
1.12	English part			This one for report contains English part of report in the same one, and translates page by page or sentence by sentence. (The number of pages)

2. **Economic Effects, Corporate Governance & Corporate Management** (short for 'Finance')

Code	Name of theme	Sub-code	Sub-theme	Notes
2.1	Corporate Overview	2.1.1	General corporate information	Corporate brief/ basic information, including a list of main business,

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[27] The number of page should be included（the differences between news and case study are that news is reported by other mass media）.

[28] If there are no special circumstances, relevant cases are recorded here with notes.

					Legal Person, Legal Documentation, etc.
		2.1.2	Scale of operation		Corporate economic/ financial information, Including business/ financial performance[29], for example market distribution.
2.2	Organizational Structure	2.2.1	Sub-companies		A list of sub company names and sub-company information
		2.2.2	Corporate structure & Corporate government		Corporate organization[30] and management team on main company & sub-company
		2.2.3	Major related organizations		
2.3	Corporate value	2.3.1	corporate value, corporate culture		Information related purely to corporate culture and behaviour of conduct , which does not refer to CSR
		2.3.2	Graphs and brief introduction about stakeholders		Communication mechanism
2.5	Corporate History, Reviewing corporate history				Corporate history, corporate CSR development history
2.6	Development strategy	2.6.1	Development strategy,		Economic and financial innovation, & enterprise system innovation; not including technological innovation (technological innovation will be in technological innovation section)
		2.6.2	Aim of corporate development, aim for following year		Five-Year Plan; plan for following year
2.7	Corporate Governance (focus on the	2.7.1	System development strategy; Improvement of corporate management		Management Improvement, promoting management level,

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[29] If it does not focus on tax contribution on the state, all economic/ financial information will be combined in this section.
[30] If corporate structure and a list of sub-companies are in the same table, this table will be included here.

whole company development)				learning others management experience, improving the level of management by technology, information construction, IPO
		2.7.2	Compliance to laws	National laws, industrial guidelines, and corporate regulations & anti-money laundering
		2.7.3	Risk Management/ Control; Investment management; Internal auditing	Prudent investment; perfecting internal control, reducing operation risk
		2.7.4	Unbiased Integrity; Anti-corruption statements; Corporate assessment system	EBITDA
		2.7.5	CSR or sustainability improvement plans	Challenges, risks, improvements, and achievements
		2.7.6	Effects on management	
		2.7.7	Other information on economics and finance	e.g. cooperative services, competitive advantage
		2.7.8	Capital Management	Listed on the Stock Exchange Markets/ Fund raisings
2.8	Economic/ financial responsibility	2.8.1	General information	Section covering page, general introduction
		2.8.2	Stakeholder management	Response to stakeholders' requirements, information disclosure, open day
		2.8.3	Investor	Investor relations, investment return
		2.8.4	Optimism in Industrial Structures, expansion of business; new industry development; merger, recombination and development;	Increasing Profit, industrial structures & achievement after optimism in industrial structures
		2.8.5	Intensive management, cost control, budget management	Focus on cost control
		2.8.6	Achievement evaluation/ performance	Statements regarding the

			measurement system	achievement of government-set performance targets (set by the State Council of China; and SASAC[31])
3.1	Integrity Management		Compliance with Laws; honest to consumers	

Code	Name of theme	Sub-Code	Sub-theme	Notes
2.4	Corporate social responsibility (CSR) explanation	2.4.1	CSR figures only	i.e. no explanation of CSR
		2.4.2	Overview of corporate social responsibility, and sustainability	Corporate CSR understanding/ explanation; Explanation of CSR realization in the company
		2.4.3	CSR implementation mechanism system for implementing CSR ; CSR management system; CSR implantation and management team	CSR implementation team; CSR annual plan
		2.4.4	Efforts towards CSR achievement: adoption of International Standards corporate CSR activities	e.g. UN Global Compact, Equator Principle
		2.7.5	CSR improvement plan; Sustainable improvement plan	Improvement Plan, CSR achievement check list, challenges, CSR development strategy

4. Products, Service & Customers (short for 'Customers')

Code	Name of theme	Sub-Code	Sub-theme	Notes
4.1	Products	4.1.1	Stable supply, guaranteed supply of products	Mainly related to the national economy and guaranteed supply of energy, such as those based on coal, crude oil and electricity

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[31] SASAC stands for State-owned Assets Supervision and Administration Commission of the State Council, the People's Republic of China

[32] The CSR Section was coded under Code 2, so the code for CSR is under Code 2.

		4.1.2	Reduction of products' potential risk	For example: reduction of potential in-service risk; protection of consumer rights; usage of spam filter
		4.1.3	Product safety	For example: construction (renovation) of power grid; technological transformation and renovation; flight safety; insurance claim; protection information security and privacy; training pilots; in-flight meal safety
		4.1.4	System of production management	Quality control system and standards; improvement in quality
		4.1.5	Other information	E.g. types of products
4.2	Quality of service	4.2.1	General information	Section front page; types of services
		4.2.2	Providing a tailored-made service	Providing various high quality customized service to customers, such as telephone service, community service, service for special needed customers, and post-traumatic emergency aid
		4.2.3	Service improvement mechanism	Standardization of service; service upgrade; service innovation; and international standards introduction
4.3	Special service for faming customers			Agriculture service[33]
4.4	Branding; corporate image			Corporate and product branding, intellectual property protection, and awards for products, such as architecture prizes, and quality awards

5. **Health & Safety (for productive process, rather than products and service (see 4.1))**
   (short for 'H&S')

Code	Name of theme	Sub-theme	Notes
5.1	General health and safety information		Section front page; Introduction of this section
5.2	Health and safety policy, aims and/or goals, and guidelines		Goals and aims
5.3	Health and safety implementation management system		For example, assigned health and safety team responsibilities, control of major accident potential, information dissemination
5.4	Health and safety standardization/ criteria		Improving operation of security, and setting-up criterion/ criteria and regulations

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[33] Agriculture service includes three parts of service for agriculture, rural areas and farmers.

5.5	Health and safety consciousness raising among employees		Health and safety training and awareness training
5.6	Health and safety performance		Achievement, results, effects
5.7	Other information		
5.8	Safety protection activity; Security education		For example, safety month in production, safety in production competition, and safety forum for air defence
5.9	Contingency management		Contingency system, including caption, typical events

6. Employees' Right and Employees' Development (short for 'Employees')

Code	Name of theme	Sub-theme	Notes
6.1	General information		front section page, introduction of this section, including employees diversity
6.2	Hiring/ employment policy		Mechanism to select and appoint workers, and hiring policy
6.3	Training /development progammes		Employees' development programme
6.4	Labour union (the staff's congress system), Employees' Assembly		Democratic management, Democrat Rights,
6.5	Health &Safety at work		Focus on occupational disease, annual physical and mental examination, etc.
6.6	Enriching employees' lives		Recreational and sports activities
6.7	Employee care: retirement		Rarely mentioned, occasionally references to workers in need
6.8	Employee care: a special circumstances		
6.9	Equal opportunities		Equal opportunities in relation to gender, race, nationality, and experts, very little information to equal opportunity for disabled employees
6.10	Giving guarantee to employees based on laws		Contract award rate of Labour Law (a signature rate of labour contract) , protection of legal rights
6.11	Incentive policy		Including raising salary, bonuses, holiday entitlement, employees awards
6.12	Communication with employees		Various channels for communication with employees, complaint channels, system of petition, rationalization proposal

6.13	Others		

7. Innovation & Scientific Development (short for 'Sci. Dev.')

Code	Name of theme	Sub-Code	Sub-theme	Notes
7.1	National innovation & Scientific Development	7.1.1	National innovation & Scientific development	Enterprise transformation in line with national goals (little information)
		7.1.2	Others	Sustainable development
7.2	Scientific creativity	7.2.1	R&D	Research & Development ; independent innovation, investment in scientific research, science and technology progress, but not related to environmental protection (see code 10).
		7.2.2	Leading the industries' development	Lead the development of the company's industry, scientific and technological achievements, R&D of patent projects
		7.2.3	Corporate management innovation systems	For example, enhancement of team-building
7.3	Others			Protection intellectual property

8. Lawful, Honest and Trustworthy Operation[34]

9. Contribution to State building/ development (short for 'Contri. State')

Code	Name of theme	Sub-theme	Notes
9.1	Employment security; employ more people, non-financial support		Guide the industry is development/ employees, etc. (tackle the problem of unemployment)
9.2	Financial contribution role (mainly taxation)		Main focus on taxation contribution, and the maintenance and appreciation of state-owned assets
9.3	Security of energy supply; maintenance quality service		Electric power supply; Logistical support for significant events and/or activities, e.g. Olympic Games; Aviation service safeguard and insurance
9.4	Adjustment of industry structure		Industrial structure optimization, upgrading power grids, reform of energy structure, etc.

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[34] There was not enough information to develop this theme.

Code	Name of theme			

9.5	Others			Miscellaneous information: support of national development, development information-based economy acceleration, a loan model for providing loans (bank sector), building information society, etc.

10. Environmental Protection, Saving Energy & Climate Change (short for 'Envi.')

Code	Name of theme	Sub-code	Sub-theme	Notes
10.1	Environmental protection and saving energy	10.1.1	General information	
		10.1.2	Related policy	Aim, goal, types of responsibility, and content
		10.1.3	Pollution control	Types of Pollution control: air, water, land, noise and visual, including decommissioned oil-fired thermal power plant, decommissioned hydroelectric power plant, reduce electromagnetic radiation, etc.
		10.1.4	Emission control greenhouse gas (GHG)	
		10.1.5	Financial investment	Financial figures to reflect environmental protection performance, including contingencies. Not only including financial figures but also including environmental protection figures, usually displayed in a table.
		10.1.6	Building and oversight of an environmental protection system	Environmental protection mechanism, CDM[35], Eco Index, etc.
		10.1.7	Names of environmental certification	
		10.1.8	Conservation of natural resources	Demonstration projects, eco-compensation mechanism
		10.1.9	Circular Economy	
		10.1.10	Recycling energy and sources	
		10.1.11	Sustainability & sustainable development (strategy); policies to	Building of economical society, environmental policy, such as, replacing small units with large ones, different power prices, green credit,

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[35] CDM stands for Clean Development Mechanism.

		10.1.12	Environmental protection advertising activities	Educational activities
		10.1.13	Purely numbers about energy consumption, and energy saving	
10.2	Climate change			Information relating to climate change
10.3	Energy	10.3.1	R&D in environmental protection and/or energy saving	Research & Development, application on development of new technique, hi-tech and/ or new machinery use of reduce consumption, financial innovation, etc.
		10.3.2	Conservation and energy saving	Focus on saving and reducing energy
		10.3.3	E-office	For example, high-tech help to reduce energy consumption in offices, resource-efficient enterprises
		10.3.4	New sources/ new energy development	Clean energy, renewable-energy, for example, wind energy, and water energy, etc.
10.4	Others			Miscellaneous information concerning environment, energy and climate change

11. **Corporations to Win Together (relationships with other stakeholders)** (short for 'win-win')

Code	Name of theme	Sub-code	Sub-theme	Notes
11.1	Other stakeholders	11.1.1	Global co-operation，global responsibility，	Co-operation in global market， relationships with stakeholders, operation situation in foreign country, opportunities, challenges and compliance with local laws and cultures, local contributions, etc.
		11.1.2	Communication with stakeholders	information released （focus on communication）, dialogue with governments and institutions， channels for information disclosure, communication with governments and non-government organizations，responses to stakeholders'

		11.1.3	Strategic aims of communication and cooperation	
		11.1.4	Taking part of constitute regulations/ standards	Including international, national, industrial, and other industrial standards, regulations, guidelines
11.2	Win-win cooperation			Performance of win-win cooperation, co-operation with other stakeholders; for example, stakeholder in different locations, different industries, and national and international co-operations, CDP[36]
11.3	Suppliers、 supply chain			Green product chain, affirmation of green purchasing standards
11.4	Others			Any other information not included in the previous sections, e.g. cooperation importance with stakeholders

12. **Community Involvement and Citizenship** (short for 'Citi.')

Code	Name of theme	Sub-theme	Notes
12.1	General policy		Policy; strategy
12.2	Supporting post-disaster reconstruction; service to society		For example, supporting and/ or assisting post-disaster reconstruction, for example telecommunication re-connection post-disaster
12.3	Donation; corporate foundation		Not including educational donation, which is in section 12.11
12.4	Financial investment statement		Social investment financial figures
12.5	Social activity sponsorship		Supporting various activities and events
12.6	Public Welfare Establishments		Local community building, community construction
12.7	Volunteering		Corporate volunteers' activities
12.8	Pairing-assistance[37] (counterpart support ; or partner assistance)		Assistance including technological, human resources, and financial support.
12.9	Other community activity		

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[36] CDP stands for Carbon disclosure project.

[37] Aiming to reduce the number of poor people and improve people's life, in China, large state-owned enterprises are required to help at least one poor area. This is called pairing-assistance. The size and a number of assisted areas depend on the size of a corporation. That is to say, the larger a corporation, the bigger/ the more poor areas it will assist types of assistance includes financial and technological support, as well as manpower assistance. Cities and cities, or towns, are partnered with each other. After partnering, those two cities are called twinning partners.

Code	Name of theme	Sub-code	Sub-theme	Notes
	disclosure			
12.10	General			To achieve the aim of building a harmonious society in China
12.11	Educational support ; educational foundation			Everything related to education. Supporting students from poor areas and/or poor families.

13. Additional Information (short for 'Add.')

Code	Name of theme	Sub-code	Sub-theme	Notes
13.1	Outlook for following year			
13.2	Honour			A list of honours
13.3	Third party statements for whole report	13.3.1	Personal statements (Independent Review)	Number of people+ number of page. Comments after each section will be not included here.
		13.3.2	Institutional statements	Names of an institution
13.4	Contact details	13.4.1	Corporate contact details	With corporate address only
		13.4.2	Corporate department and/ or personal contact details	Enclosed personal contact details, a special department will be contacted with.
		13.4.3	Corporate website only	Only with a corporate website
		13.4.4	Feedback form	Feedback form provided
	Memos			Special information to be noticed; either evidence from the report or other sources, but this information will not be included in the report.

Appendix D: Proportions by Different Categories

Appendix D: Proportions by Different Categories

Proportions for All Reports

	Background	Finance	CSR	Customers	H&S	Employees	Sci. Dev.	Contri. State	Envir.	Win-win	Citi.	Add.
Ave. for all reports	22.78%	18.32%	7.62%	7.07%	3.51%	8.59%	2.38%	3.60%	9.98%	2.69%	7.98%	7.14%
Max for all reports	64.83%	33.67%	20.55%	25.52%	14.36%	31.62%	17.81%	15.79%	26.22%	17.69%	25.53%	20.29%
STDEV for all reports	11.42%	7.32%	4.83%	6.46%	3.76%	6.49%	3.77%	3.68%	5.76%	3.19%	5.69%	3.59%

Averaged Proportions by Regulation

	Background	Finance	CSR	Customers	H&S	Employees	Sci. Dev.	Contri. State	Envir.	Win-win	Citi.	Add.
GRI+GO	23.89%	20.91%	7.79%	5.02%	4.13%	7.84%	1.90%	3.22%	10.21%	3.02%	5.73%	7.83%
GRI	22.27%	18.77%	8.31%	7.33%	3.77%	7.41%	1.98%	3.47%	10.45%	2.85%	6.99%	8.00%
GO	23.91%	21.17%	8.06%	4.95%	4.05%	7.59%	1.82%	3.06%	9.94%	2.93%	6.16%	7.83%
Non-Regulation	23.96%	17.28%	6.02%	6.48%	2.90%	11.31%	3.31%	3.90%	8.89%	2.32%	10.27%	5.17%

Averaged Proportions by Reported Year

	Background	Finance	CSR	Customers	H&S	Employees	Sci. Dev.	Contri. State	Envir.	Win-win	Citi.	Add.
2006	21.69%	13.87%	7.48%	4.50%	7.04%	8.76%	1.02%	2.21%	14.00%	1.04%	11.93%	8.15%
2007	24.61%	19.04%	5.34%	7.42%	4.14%	9.09%	0.94%	2.68%	10.97%	1.78%	7.49%	8.07%
2008	21.90%	18.25%	7.41%	9.49%	2.42%	6.65%	1.86%	6.16%	8.99%	2.10%	8.90%	7.53%
2009	22.90%	19.40%	9.02%	5.69%	3.53%	9.03%	2.97%	2.04%	9.90%	3.95%	6.61%	6.52%
multi-years	20.30%	6.72%	3.36%	5.48%	0.00%	24.03%	17.81%	11.71%	1.25%	0.00%	12.70%	1.49%

Averaged Proportions By Industry (Sectors)

	Background	Finance	CSR	Customers	H&S	Employees	Sci. Dev.	Contri. State	Envir.	Win-win	Citi.	Add.
Auto (No. 24)	64.83%	18.27%	3.64%	0.00%	0.00%	0.00%	6.48%	0.68%	0.00%	2.42%	0.00%	6.41%
Bank & Finance	29.20%	16.95%	9.96%	10.08%	0.38%	4.93%	0.00%	3.54%	8.10%	5.15%	6.72%	7.57%
Construction	40.03%	10.42%	0.73%	0.73%	0.91%	16.00%	1.88%	3.61%	8.14%	2.74%	8.63%	7.95%
Electronic Appliance (No. 41)	26.70%	11.00%	9.52%	13.49%	0.00%	11.11%	0.00%	4.89%	8.33%	0.00%	11.11%	3.84%
Energy	19.66%	19.93%	8.53%	3.65%	6.32%	7.40%	2.74%	2.92%	12.99%	2.74%	6.36%	8.30%
Insurance	19.73%	15.59%	3.76%	17.52%	0.00%	11.05%	0.04%	4.02%	2.60%	1.94%	15.63%	9.42%
Mining & Steel	21.70%	25.45%	7.13%	4.32%	4.86%	11.09%	1.91%	1.71%	10.23%	3.18%	5.36%	4.62%
Non-ferrous metals (No.35)	16.25%	19.33%	8.40%	8.40%	3.36%	7.38%	8.40%	0.56%	21.01%	1.68%	1.87%	6.72%
Others	20.65%	17.89%	6.08%	8.40%	1.88%	12.49%	9.77%	4.26%	6.12%	1.02%	9.43%	4.73%
Telecommunication	23.63%	10.55%	12.37%	13.77%	0.35%	2.28%	1.70%	6.42%	9.18%	1.35%	13.16%	6.84%
Trade, Retail & Logistics (No.32)	13.19%	9.07%	2.13%	12.31%	0.23%	21.25%	0.74%	8.89%	3.89%	5.42%	18.98%	5.19%
Transportation	24.22%	16.47%	8.63%	8.36%	1.80%	7.49%	0.09%	6.80%	11.29%	3.37%	6.12%	6.57%

Proportions by Corporations' Sizes

	Background	Finance	CSR	Customers	H& S	Employees	Sci. Dev.	Contri. State	Envir.	Win-win	Citi.	Add.
Ave. (1-10)	22.95%	12.82%	7.67%	13.23%	1.34%	6.43%	1.94%	4.00%	7.30%	3.41%	11.47%	8.48%
Max. (1-10)	43.01%	19.41%	14.12%	25.52%	4.66%	10.46%	6.33%	10.37%	16.35%	17.69%	19.66%	20.29%
STDEV (1-10)	11.21%	4.25%	4.77%	6.50%	1.64%	3.10%	2.16%	3.11%	5.07%	5.38%	5.78%	4.48%

Ave. (11-50)	25.25%	20.43%	7.42%	4.79%	4.05%	8.40%	1.45%	2.53%	9.56%	2.25%	8.07%	7.54%
Max. (11-50)	64.83%	32.44%	15.99%	17.38%	11.19%	20.54%	6.48%	13.55%	17.02%	6.97%	25.53%	14.74%
STDEV. (11-50)	13.04%	7.20%	4.66%	5.52%	3.69%	6.70%	1.79%	3.60%	4.68%	2.14%	6.60%	3.48%
Ave. (51-100)	18.94%	19.90%	7.84%	4.60%	4.93%	9.93%	3.35%	3.59%	13.34%	2.14%	6.14%	7.00%
Max. (51-100)	26.89%	33.67%	19.27%	16.26%	11.79%	31.62%	12.10%	8.89%	26.22%	5.47%	18.98%	14.28%
STDEV (51-100)	5.09%	7.74%	4.66%	5.66%	3.63%	7.85%	4.36%	2.81%	6.41%	1.91%	4.28%	2.70%
Ave. (101-150)	21.76%	12.72%	5.84%	10.09%	1.02%	13.98%	9.85%	9.52%	6.67%	0.94%	6.70%	3.83%
Max. (101-150)	27.74%	20.90%	12.61%	16.15%	3.05%	24.03%	17.81%	15.79%	12.39%	1.74%	12.70%	5.16%
STDEV (101-150)	5.40%	7.34%	5.93%	5.48%	1.76%	8.86%	8.81%	7.59%	5.58%	0.88%	5.74%	2.03%
Ave. (200-250)	16.90%	21.11%	10.17%	8.73%	3.88%	6.76%	0.00%	3.50%	11.52%	7.07%	6.18%	4.97%
Max. (200-250)	31.00%	25.58%	20.55%	12.82%	14.36%	13.33%	0.00%	5.61%	19.74%	9.22%	9.04%	11.54%
STDEV (200-250)	14.90%	6.13%	7.45%	4.56%	7.01%	4.89%	0.00%	1.50%	6.49%	2.71%	2.62%	4.86%
Rank 314	49.49%	12.89%	3.10%	12.39%	0.00%	6.46%	0.00%	4.79%	2.23%	0.00%	8.08%	6.07%

By Ownership

	Background	Finance	CSR	Customers	H& S	Employees	Sci. Dev.	Contri. State	Envir.	Win-win	Citi.	Add.
Ave. FIEs	24.83%	18.07%	4.67%	13.35%	0.00%	14.75%	0.09%	1.15%	2.97%	2.78%	14.50%	5.07%
Ave. PE.s	19.95%	10.04%	5.83%	12.90%	0.12%	16.18%	0.37%	6.89%	6.11%	2.71%	15.05%	4.51%
Ave. SOEs	22.81%	18.67%	7.81%	6.58%	3.79%	8.03%	2.56%	3.56%	10.42%	2.68%	7.43%	7.34%
Max. FIEs	25.96%	18.78%	4.94%	15.92%	0.00%	15.36%	0.18%	1.43%	5.94%	5.57%	22.58%	6.33%

	Background	Finance	CSR	Customers	H&S	Employees	Sci. Dev.	Contri. State	Envir.	Win-win	Citi.	Add.
Max. PE.s	26.70%	11.00%	9.52%	13.49%	0.23%	21.25%	0.74%	8.89%	8.33%	5.42%	18.98%	5.19%
Max. SOEs	26.70%	18.78%	9.52%	15.92%	0.23%	21.25%	0.74%	8.89%	8.33%	5.57%	22.58%	6.33%
STDEV FIE.s	1.60%	1.01%	0.38%	3.65%	0.00%	0.86%	0.13%	0.39%	4.20%	3.94%	11.43%	1.79%
STDEV PE.s	9.55%	1.36%	5.23%	0.83%	0.16%	7.17%	0.52%	2.82%	3.14%	3.83%	5.57%	0.95%
STDEV SOEs	11.79%	7.41%	4.92%	6.45%	3.77%	6.35%	3.87%	3.71%	5.71%	3.23%	5.25%	3.66%
Min. FIE.s	23.70%	17.35%	4.40%	10.77%	0.00%	14.14%	0.00%	0.88%	0.00%	0.00%	6.42%	3.80%
Min. PE.s	13.19%	9.07%	2.13%	12.31%	0.00%	11.11%	0.00%	4.89%	3.89%	0.00%	11.11%	3.84%
Min. SOEs	1.28%	2.13%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%

By Environmental Impact

	Background	Finance	CSR	Customers	H& S	Employees	Sci. Dev.	Contri. State	Envir.	Win-win	Citi.	Add.
Environmental Friendly Industries												
Ave.	22.49%	12.63%	7.55%	13.43%	0.19%	10.12%	0.50%	5.55%	6.42%	2.77%	13.12%	6.57%
Max.	29.20%	16.95%	12.37%	17.52%	0.38%	21.25%	1.70%	8.89%	9.18%	5.42%	18.98%	9.42%
STDEV	6.29%	3.43%	4.38%	2.71%	0.18%	7.32%	0.74%	2.16%	2.96%	2.40%	4.63%	2.15%
Environmental Impacted Industries												
Ave.	31.12%	18.31%	6.18%	4.24%	2.88%	8.23%	3.58%	2.71%	10.61%	2.69%	4.72%	6.76%
Max.	64.83%	25.45%	8.63%	8.40%	6.32%	16.00%	8.40%	6.80%	21.01%	3.37%	8.63%	8.30%
STDEV	18.46%	4.90%	3.27%	3.60%	2.42%	5.26%	3.17%	2.34%	6.83%	0.60%	3.19%	1.31%

Stakeholder Rank by Regulation

Overall rank with matching theme	GRI+GO	GRI	GO	Non-Regulation
1-Finance	1	1	1	1
2-Envir.	2	2	2	4
3-Employees	3	4	4	2
4-Citi.	5	6	5	3
5-CSR	4	3	3	6
6-Customers	6	5	6	5
7-Contri. State	8	8	8	7
8-H & S	7	7	7	9
9-Win-win	9	9	9	10
10-Sci. Dev.	10	10	10	8