

Government Policy, Corporate Social Responsibility and Human Resource Functions - Primary, Secondary and Tertiary Sector: Evidence from China

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Abstract

The aim of this paper is to investigate how employee related CSR guidelines and government policies influence HR functions in terms of diversity and equal opportunity, training and education, remuneration, labour relations and occupational health. The analysis is based on case study of firms operating in Primary Industry (Oil & Gas), the Secondary Industry (Automobiles) and in the Tertiary Industry (Telecommunications). CSR emerged far earlier in firms based and originating from developed economies, but this has just happened in China and there's limited research on how CSR contribute to the sustainability of the workers and the development of human capital. This paper contributes to a deeper understanding of the evolution of CSR, its implementation and its effectiveness on HR functions and how these vary between China's different Industries.

The results of this paper indicate that there is considerable overlap between China's Labour Law and the Chinese Academy of Social Sciences (CASS) Corporate Social Responsibility (CSR) disclosure guidelines. The CASS CSR disclosure requirements were found to be more comprehensive than the Global Reporting Initiative (GRI) CSR disclosure requirements in the context of the selected five Human Resource (HR) functions. While no discernible pattern was found, either inter or intra industry, in the level of disclosure according to either CASS or GRI CSR guidelines or between them there were some notable results. With regards to Occupational Health and Safety firms in Primary Industry provided more information corresponding to both GRI and CASS CSR guidelines than did firms in either the Secondary or the Tertiary Industry. While all firms complied with CASS CSR disclosure requirements associated with Training and Education except one firm in Tertiary Industry, firms in Primary Industry disclosed more Training and Education information in the context of GRI CSR disclosure requirements. Interestingly, while firms in all industries complied with the GRI CSR disclosure requirements relating to Diversity and Equal Opportunity, mostly firms in Tertiary Industry complied with the CASS CSR disclosure requirement relating to the disabled employment rate.

Key Words: CASS, China's Labour Law, CSR, GRI, Human Resource Functions

Abbreviations

AA: Account Ability

ACFTU: All-China Federation of Trade Unions

CASS: Chinese Academy of Social Sciences

CNTAC: China National Textile and Apparel Council

CSC9000T: China Social Compliance 9000 for Textile & Apparel Industry

CSR: Corporate Social Responsibility

CSRC: Chinese Stock Regulatory Commission

DWCP: Decent Work Country Programme

EPL: Employment Promotion Law

GRI: Global Reporting Initiative

HR: Human Resource

ILO: International Labour Organisation

ISO: International Organisation for Standardization

LCL: Labour Contract Law

LMA: Labour Mediation and Arbitration Law

SA: Social Accountability

SASAC: State Assets Supervision and Administration Commission

SHSE: Shanghai Stock Exchange

SOEs: State Owned Enterprises

SZSE: Shenzhen Stock Exchange

WTO: World Trade Organisation

1. Introduction

China started its economic reforms in 1978 and as a result free market forces were introduced into the Chinese economy. As a result there were locational, structural and ownership related changes to the nature of employment in the Chinese labour market over the next thirty years, Ramesh (2012). The impact of the economic reforms emphasised a shift in the concentration of employment from rural to urban regions as the Chinese economy transitioned from a focus on primary production to secondary and tertiary production. This structural shift of the Chinese economy was accompanied by a change in the nature of the ownership of Chinese firms. While before 1978 the majority, if not all Chinese firms were state owned, a notable feature of the post-1978 Chinese economy was the emergence of other types of firm ownership such as urban collective units, cooperative units, joint ownership units, limited liability corporations, shareholding corporations, foreign funded units and units with funds from Hong Kong, Macao and Taiwan, Ramesh (2012b).

The change in the ownership of Chinese firms had a bearing on the worker and the labour market. The new types of firm ownership implied a change in the objectives of the firm and a change in the nature of government macroeconomic policy. In pre-1978 China, the state owned enterprises primary goal was to provide lifetime employment to workers who produced according to plan regardless of whether a profit objective was attained by the firm. However, the post-1978 Chinese economy embraced the emergence of limited liability corporations, shareholding corporations and foreign funded units. Unlike state owned enterprises, these new types of firm ownership did not revolve around full employment but on the profitability of the firm, Yu and Ramesh (2013). This change had implications for government policy. Firstly, macroeconomic policy needed to be focused on favouring a high level of job creation to meet the needs of human and social development. The more workers

there were in a salaried job then the greater would be the level of social and individual well-being in the country. Secondly, firms drive for profitability would mean that workers could be exploited. This could at odds with the stability of employment of workers, their working conditions and the right to a just resolution of disputes with the firm, Ramesh (2012b). Therefore, at the microeconomic level the government had to establish a labour relations framework. This would be based on a two-tiered strategy. Firstly, a legislative framework would emerge. Secondly, this would be followed by a voluntary code of conduct for firms based on Corporate Social Responsibility (CSR). Employee related CSR contributes towards the sustainability of the worker, the development of human capital and to the well being of society. CSR emerged far earlier in firms based and originating from developed economies. But this has happened in China in only the last five years. CSR is a knowledge intensive strategy for a firm. The current state of the Chinese economy would suggest that it has transitioned, if not fully, to a knowledge economy at a regional level, Ramesh (2012b). The development of employee related CSR might signal that the Chinese economy is entering another phase of its development in which all the stakeholders in firms are becoming engaged with the common objective of the firm; and the firm is becoming more and more engaged with the needs of society.

The aim of this paper is to evaluate the emergence of employee related CSR in China and how this may or may not have been supported by government labour market legislation. The objective of this paper will be to investigate how a firms/enterprises CSR related policies are affected by the industry it is located in the Chinese economy. The criteria which will be used to resolve the aim and the objective will be the degree of the facilitation of diversity and equal opportunity, training and education, remuneration, labour relations and occupational health. The analysis will be based on case study of firms operating in Primary Industry (Oil & Gas), the Secondary Industry (Automobiles) and in the Tertiary Industry (Telecommunications). This kind of analysis will allow for an understanding of the evolution of CSR, its implementation and its effectiveness and how these vary between China's different Industries. The firms/enterprises were selected on the basis of their position within each sector of the Chinese economy and are shown in Table 1, below:

Primary Industry	Secondary Industry	Tertiary Industry
(Oil & Gas)	(Automobile)	(Telecommunications)
Sinopec Group (SG)	SAIC Motor (SM)	China Mobile Communications (CMC)
China National Petroleum(CNP)	China Faw Group (CFG)	China Telecommunications (CT)
China National Offshore Oil(CNOO)	Dongfeng Motor Group (DMG)	China United Network Communications (CUNC)

Table 1: Chinese Primary, Secondary and Tertiary Companies

The structure of the paper will be as follows. Firstly, there will be a discussion of the development of labour oriented CSR in China. Secondly, there will be a discussion on the economics of the Chinese labour market. Thirdly, the evolution of labour legislation in China post 1978 will be evaluated and discussed. This will be followed by a case study of the employee related CSR policies of Chinese firms operating in the Primary, Secondary and in the Tertiary Industries. For the purposes of analysis the labour related CSR policies of three Chinese firms/enterprises, as shown in Table 1 above, operating in each of the three sectors will be evaluated. The name of each firm / enterprise has been abbreviated and these abbreviations will be used in the tables in the case study.

2. CSR in China

CSR reporting involves the publication of the non-financial information of a company alongside its financial information. There has been a surge of interest in recent years in CSR in China in recent years due to various corporate scandals including the poisoned milk scandal associated with the Sanlu Group in 2008, Noronha et al (2013). But China presents a new climate for CSR research due to the evolving need for regulation and the integration of the Chinese economy into the global economy, Moon et al (2010). The interest in Chinese CSR has been spurred by the CSR regulations and guidelines which have been emerging in advanced economies such as the US and Europe. Chinese firms are also investing in manufacturing in developed economies such as the US

and the UK. The nature of this manufacturing is the assembly of parts assembled in China, Fleury (2013). In order to compete with domestic manufacturing firms, Chinese firms have a need to embrace a comprehensive CSR framework.

Global CSR templates which have been put forward to foster the global integration of CSR reporting includes GRI, SA8000, ISO26000 and AA1000, Noronha et al (2013). The GRI develops generic standards which can be used for the reporting of CSR, Willis (2003). The management of extended global supply chains is facilitated by the use of accountability tools provided by SA8000, Gilbert et al (2007). In China, the interest in CSR has gathered pace primarily because of the governments drive towards creating a more harmonious society, Noronha et al (2013). However, a harmonious society by itself is not a sufficient condition to facilitate good CSR practice by Chinese enterprises, See (2009). The wider the institutional dissemination of CSR in China the better. Thus, CSR guidelines have not only been promoted by Chinese governmental bodies but also by industry bodies, stock exchanges and non-governmental organisations. The first institution to promote CSR in China in 2006 was the Shenzhen Stock Exchange, Noronha et al (2013). It did this by encouraging publicly quoted companies to promote and implement CSR policies which are beneficial to the well-being of all of the company's shareholders. The Chinese Stock Regulatory Commission (CSRC) stipulated in 2008 that three types of firms (enterprises in the finance industry, enterprises listed on foreign exchanges and enterprises in the Shenzhen 100 Composite Index) listed on the Shanghai Stock Exchange (SHSE) should make CSR disclosures. But while the CSRC provided enterprises with CSR disclosure guidelines, what CSR disclosures enterprises actually made was under the discretion of individual firms and enterprises, Wang et al (2013). Despite the favourable regulatory climate which has been available to companies listed on the Shanghai and Shenzhen stock exchanges, only 23.4% of all companies listed on the 'A' market of these exchanges had issued CSR reports by the end of October 2009, Noronha et al (2013). Nevertheless, the trend in Chinese listed companies issuing CSR reports has been on the rise.

In 2008 the Chinese Academy of Social Sciences (CASS) conducted a study of 100 Chinese companies and their CSR disclosure. The result was a CSR index in four associated fields. These include responsibility management, market responsibility, environmental responsibility and social responsibility. Noronha et al (2013). CASS has also issued CSR reporting guidelines on an industry specific basis. The CASS study has been criticised because 80% of the enterprises analysed were state owned enterprises. In China because state owned companies evolved from a communist perspective they are less likely to embrace CSR reporting, Marquis et al (2013). However, the latter suggests that private sector companies are more likely to embrace government sponsored CSR initiatives so that they can gain government and public favour. On the other hand while the ownership structure of firms in China as shifted away from state ownership, the embracing of CSR practice may be declining while private companies may be hesitant to embrace CSR reporting, Zhang et al (2013).

2.1 CSR and the Chinese Labour Market

Many multinational companies have incorporated CSR related labour practices in their business dealings with sub-contractors in developing economies such as China following widespread criticism regarding poor labour practice at sub-contractors facilities in China, Lim et al (2008). The Chinese government has also emphasised its expectations that foreign multinational CSR practice should act as a role model for Chinese enterprises, Lam (2009). While multinational companies have embraced CSR related labour practices the problem lies with the fact that such CSR labour practices are difficult to implement at the sub-contractor level. For sub-contractors the price, quality and the timely delivery of the product to multinationals may be of primary dominance in strategy rather than the implementation of the multinationals CSR related labour practices, Lim et al (2008). The implementation of CSR related labour practices by sub-contractors may mean that it is necessary to follow a different model to sub-contractor multinational relationships that the traditional model which is followed. For example, the multinational may need to implement more oversight into its sub-contractor relationship relating to the monitoring of CSR implementation, Lim et al (2008). However, in China it is expected that foreign multinationals will comply with Chinese CSR standards rather than to exceed them, Welford and Hills (2008).

Disillusionment with inappropriate labour practices at the sub-contractors factories in developing countries such as China began with those of Nike in the 1990's. Western media exposes of the living and working conditions of workers in these factories led to a public crusade by the public and shareholders in the western multinationals to force Nike to formulate minimum standards relating to labour practice which sub-contractors should follow, Chan et al (2007). But Nike's CSR reports of 2004 and 2005-2006 still highlighted the fact that sub-contractors were failing to implement its CSR related labour practices and standards, Chan et al (2007). This mainly related to the requirement of workers at sub-contractor plants having to do excessive overtime. After 2005, Chinese enterprises in the textile industry had to comply with CSC9000T minimum working conditions standards, the framework for which resulted from an audit of working conditions in Chinese textile enterprises by the China National Textile and Apparel Council, Gugler et al (2009). There was no longer a need to Chinese enterprises, at least in the textile industry, to rely on the CSR standards imposed by foreign multinationals.

Despite the specific cases of Nike and Wal-Mart, the pursuance of CSR related practices by Chinese companies has also become a prime objective of the Chinese government, Levine (2008). It was in 1999 that the Chinese government realised that corporate governance was at the heart of the evolving reform of Chinese enterprises, Jiang (2011). CSR, as a component of corporate governance links an enterprises productive activities to its legal, social, environmental, ethical, governance and human rights responsibilities. Supply chain conditions are often associated with labour and employment, the extent of a company's company engagement, product and workplace security, customs and trade and environmental protection. CSR only came to prominence in China after its accession to the WTO in 2001 with a role for government in its promulgation and diffusion to Chinese enterprises due its central identity with the country's economic reconstruction, Gao (2009). With state owned enterprises being privatised and the private sector growing, both private and state owned companies in China are expected to follow CSR guidelines.

At the institutional level the primary drivers for Chinese companies to incorporate CSR related policies into their business plans have been the Shenzhen Stock Exchange (SZSE), the Shanghai Stock Exchange, the China Banking Regulatory Commission, the State Assets Supervision and Administration Commission (SASAC) and the China National Textile and Apparel Council (CNTAC), Levine (2008). At an international level, China assumed its association with the International Labour Organisation (ILO) in 1983 as well as ratifying 14 ILO conventions in 1984, Casale et al (2013).

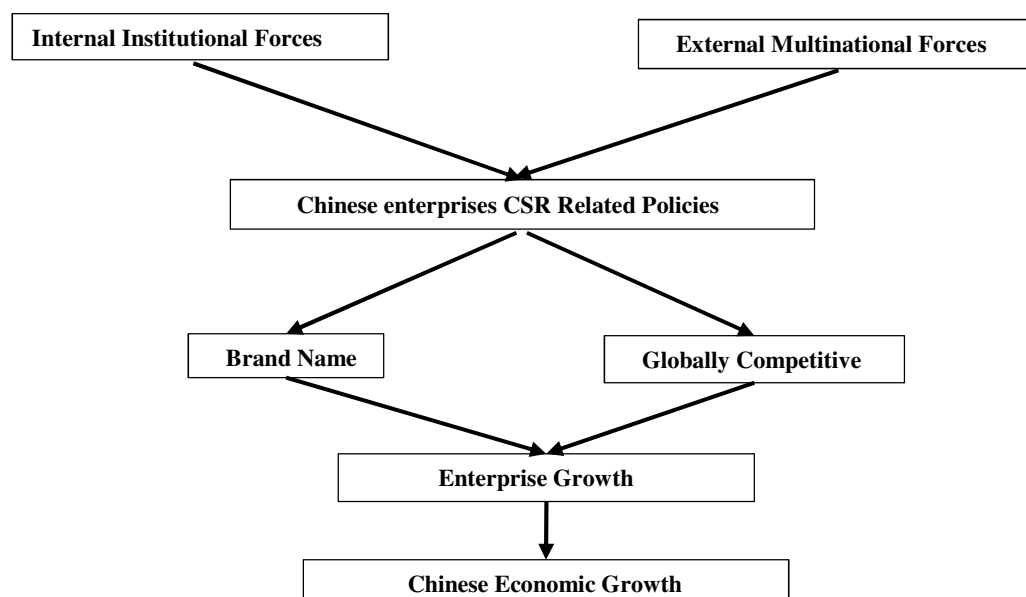


Figure 1: CSR and Chinese Economic Growth Link

The ILO also signed a memorandum of understanding with China's Ministry of Human Resources and Social Security in 2001. This resulted in the ILO formulating a Decent Work Country Programme (DWCP) for China. The framework of the DWCP emphasised the development of four themes in relation to the Chinese labour market, Casale et al (2013). These four themes included the development of better labour market institutions and labour laws, reducing inequality and employability of the unemployed and internal migrants of China; and enhancing social protection and workers' rights. International co-operation between the ILO and China has resulted in not only the implementation of better labour market institutions and legislation but may have also resulted in better CSR practice as a result of knowledge spillovers.

Figure 1 above illustrates the link between the successful implementation of CSR by Chinese enterprises and Chinese economic growth. Institutional forces which are internal to China act as a primary driver for Chinese enterprises to embed CSR related practices, including labour practices, into their business plans. However, the CSR requirements of multinational companies also act as a driver for Chinese enterprises in their supply chains to embed CSR practices into their operations. If Chinese enterprises are successfully able to embed CSR practices into their day to day operations then this will assist them in maintaining the quality of their brand name as well as to compete with other companies at a global level. Consumers in developed countries are nowadays more attuned to ethical buying. A quality brand name and the ability to successfully compete at a global level will help Chinese enterprises to maintain their growth. This will generate more income for the Chinese economy and so facilitate its economic growth.

In the context of labour oriented CSR policies, empirical research does suggest that enterprises which embed employee rights protection into their employment practice stand to benefit from not only improved financial performance but also from an enhanced corporate image, Lee et al (2013). Moreover, robust employment practice ensures that workers remain motivated and productive. While enterprises retain more workers over the long term. Therefore, enterprises, whether suppliers or end produces, with an effectively embedded employment practice also gain a resource based comparative advantage over other enterprises, Cravens et al (2006). In a global context effective CSR policies and implementation needs to be effective because many Chinese enterprises are globally engaged; and China has become a major source of outward bound foreign direct investment. The problem for the Chinese government has always been the effective monitoring of the implementation and practice of CSR policies in general and employee related CSR specifically. In the context of mining in Africa and hydroelectric power in the Mekong the autonomous nature of company investment as made this task more arduous, Maurin et al (2013). Nevertheless, poor CSR implementation and practice may be endemic throughout industry at a global level, Irwin et al (2013). So in order to assess the effectiveness of the implementation and practice of employee related CSR, for example, it may be better to consider the effectiveness of CSR implementation on a case by case basis.

2.2 The Development of Labour Oriented Laws in China

China is the second largest economy and largest manufacturing power in the world. Due to this it has been drawing increasing attention from researchers in terms of labour and employment issues. China's labour policy is often a key issue which is discussed in political, business and economic debate. The change of Chinese labour policies influences the price and the quality of goods and services around the world, the investment decisions of multinational companies, international trade between China and other countries as well as the social stability of China. China has become the world's leading manufacturing nation because multinational companies have successfully sought to establish their position in the huge Chinese market. With the growing importance of China in the world economy, China's labour policies effectively determine the country's economic competitiveness.

At the same time as China's economic transformation, Chinese labour and employment laws have undergone tremendous changes. This has occurred in three stages and China's labour force increased from 401.5 million in 1978 to 764.2 million in 2011 (China's statistical year book, 2012). The first stage is from year 1949 to 1978, labour regulations were set under the planned economy system. The central government implemented a

comprehensive nationalisation of enterprises and the priority of national economic strategy was to develop heavy industry. During this period, government had the tight control over labour regulations which deprived enterprises operational functionality while at the same timing limiting the mobility of labour. Since government played an active and interventionist role in labour relations, labour laws had been almost non-existent in China, Ngok (2008). Employees were allocated jobs through an administrative bureau on a more or less lifetime employment system. This type of labour market and social security system was called ‘the Iron Rice Bowl’ and employees were guaranteed job security with planned payroll management system regardless of their productivity and the profitability of the employers, Jackson (2011).

The second stage is from year 1979 to 1993, labour regulations were set in the transition period from planned economy to a socialist market economy. During this period state owned enterprises (SOEs) reform has been taken place in terms of the distribution of profits and the treatment of workers. The central government implemented the decentralization policy so that enterprises enjoy autonomy in setting the wage rate and hiring labour. However, the price of labour was still decided by the government and not by the labour market. In order to push labour and employment reform, government issued more and more regulations in this period. As we can see from Table 2, most of the labour and employment laws and regulations focused on employment issues in SOEs in this period. In 1983, the government introduced and discussed the draft Labour Law which attempted to improve labour productivity through the operational autonomy reform of enterprises. However, the government only succeeded with a little reform of labour practice due to the resistance of the SOEs. In 1992, the National People’s Congress promulgated a Trade Union Law that required all trade unions to be affiliated with the All-China Federation of Trade Unions (ACFTU). According to this law, all workers in enterprises, institutions and government departments have the right to organise and join trade unions, but all labour unions were still under the great control of the government.

The third stage is from year 1994 up to the present. Labour regulations were set under the socialist market economy system. During this period, the government introduced a series of regulations to establish the labour contract system of labour relations. In 1994, the enforcement of the labour law replaced the lifelong employment with the contract-based employment and liberalized the labour market, which means the price of labour gradually changed from government pricing to market pricing and enterprises hold more employment autonomy than before. Such change moves Chinese labour law into a new historical reform era. This law reduced the administrative intervention of the government in labour relations and first time introduced a codified legal framework for labour policy Ngok (2008). In 2002, Law of the People's Republic of China on Work Safety was promulgated for enhancing supervision and control over work safety, preventing work accidents, ensuring the safety of people’s lives and property and promoting the development of the economy (Law of the People's Republic of China on Work Safety, Article 1, 2002). With the further development of the economy, the government has made continuous efforts to stabilize labour relations and improve the social security of employees. In addition, the labour shortage in the coastal region has raised concern of employees by the government in low salaries, intense workload and poor working condition. To address these issues, the government strengthened labour regulations and introduced the Labour Contract Law in 2008.

Year	Labour and Employment Laws and Regulations
1992	The Trade Union Law of People's Republic of China
1994	The Labour Law and 17 supporting regulations
2002	Law of the People's Republic of China on Work Safety
2008	Labour Contract Law (LCL)
2008	Employment Promotion Law (EPL)
2008	Labour Mediation and Arbitration Law (LMA)

Table 2. Labour and Employment Laws and Regulations in China

This law marked a milestone of the labour law system in China and considered to be the most significant change in China’s labour policy since the labour law in 1994. This was due to the fact that this legislation was seen as the ‘legal absorption of labour conflict’, Leung et al (2013). Workers rage was not directed at the Communist regime but arose as a result of mistreatment by enterprises who utilised little if any employment practice. It required employers to provide a written contract in employment which is in favour of employees. This law also strengthens the role of All-China Federation of Trade Unions (ACFTU) and protects employees’ interests and rights more effectively.

3. Economics of the Chinese Labour Market

Since the late 1970’s China’s labour market has shifted from a centrally planned one to a market which is increasingly being driven by market forces, Meng (2012). One consequence of this is that, as can be seen from Figure 2 below, is that the proportion of workers employed in Primary Industry has been volatile between 1952 to 2012.

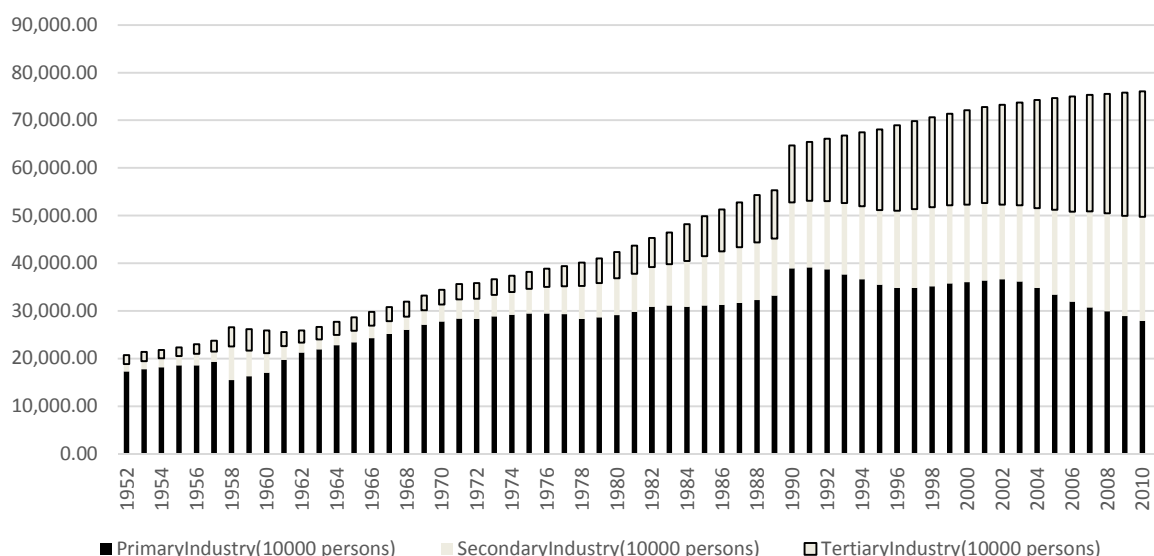


Figure 2: Employment in China’s Primary, Secondary and Tertiary Industry: 1952 – 2012

Source: Chinese Bureau of National Statistics

But the trend in employment in Primary Industry has been downward and the fall in employment in the Primary Industry has been balanced by an increase in the number of workers employed in Secondary and Tertiary Industry. While the number of workers in Secondary and Tertiary Industry in the period 1952 to 1978 was relatively low compared to the number of workers employed in Primary Industry, after 1978 this changed. Furthermore, after 2002 the number of workers employed in Primary Industry began to fall while the number of workers employed in Secondary and Tertiary Industry began to rise. Employment in the Secondary and Tertiary Industry began to absorb the workers who had left employment in the Primary Industry more significantly after 2002. However, the trend in Secondary and Tertiary Industry was upwards after 1978, only after 2002 did employment levels in Primary Industry show a downward trend. Before 1978 upto 80% of workers were employed in the agricultural sector, which comprises Primary Industry, in China in farms organised as collectives or communes which provided a basic level of health, education and pensions to workers, Meng (2012). The reason for this that the government wanted to ensure that food was plentiful in supply to the cities. Primary Industry also includes the Oil and Gas sector, Anderson et al (2008).

Rural to urban migration was severely constrained by the Hukou System, Meng (2012). In the urban sector the country's central planners ensured that city dwellers had life time employment with centrally planned wages as well as a cradle to grave welfare system. China's economic reforms impacted on the country's rural sector first followed by the urban sector. Reforms in the rural sector boosted agricultural productivity but by the mid-1980's underemployment in the agricultural sector had become a serious problem and workers were encouraged to set up Township and Village Enterprises, Meng (2012).

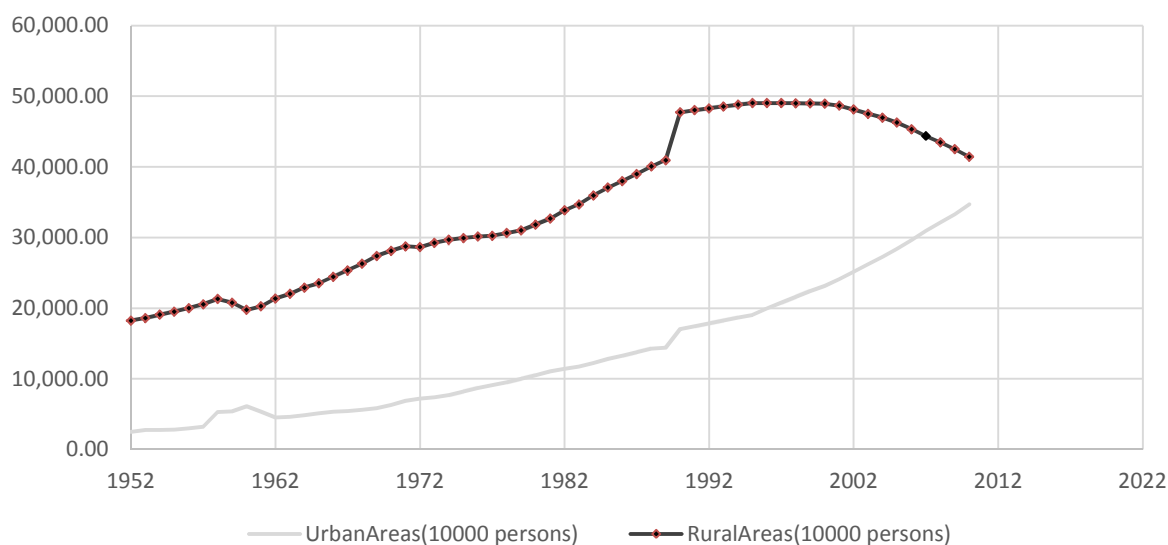


Figure 3: Employment in Urban and Rural Areas of China: 1952 to 2010

Source: Chinese Bureau of National Statistics

By the mid-1990's workers in the state owned urban sector began to be made redundant due to the governments restructuring of state owned enterprises and the emergence of the private sector, Meng (2012). There are a number of interesting features which characterise the Chinese labour markets transition from a centrally planned one to one based on market forces besides the traditional distinction between rural and urban labour, Fields et al (2013). Firstly, the Chinese labour market became increasingly segmented between state, private and agricultural employment.

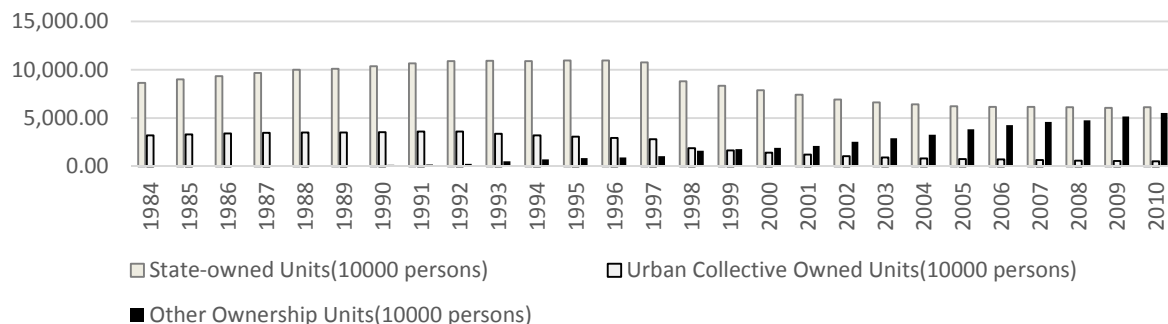


Figure 4: Change in Firm Ownership: 1984 to 2010.

Source: Chinese Bureau of National Statistics

The change in the Chinese labour market from a centrally planned one to one which is increasingly underpinned by market forces can also be seen from the way in which firm ownership has changed in China over the reform years. Secondly, the increasing effect of the operation of market forces in China may be evidenced by increasing wage levels, Li et al (2012). However, increasing wages in the Chinese labour market may also be evidenced by increasing employer costs due to government labour legislation, Ramesh (2012c). Figure 4 below shows the change in firm ownership in China from 1984 to 2010 between state ownership, urban collective owned and other ownership types. It can be clearly seen from Figure 4 that between 1984 and 1999 that state ownership of firms and urban collective owned units was more dominant than other types of firm ownership. However, after 1999 other ownership of firms began to increase while state ownership and urban collective ownership of firms began to decline. By 2000, other ownership of firms had overtaken urban collective ownership with the former becoming comparable to state ownership by 2010. Thirdly, the Hukou worker registration system which maintained the rural-urban divide became increasingly flexible as millions of rural Chinese migrated to the urban regions to find work. Finally, there was a shift from less employment in the rural sector to more employment in the urban sector, as can be seen from Figure 3 above. Despite the previous discussion on how the Chinese labour market could be segmented: the urban labour market can itself be segmented into three types of workers, Appleton et al (2004). Firstly, the recently retrenched and reemployed urban workers. Secondly, the non-retrenched urban workers. And finally rural to urban migrants. Although the Hukou system is more flexible today than it has ever been it still continues to play a role in the Chinese labour market, Fields et al (2013).

China's labour market transition also meant that increasingly workers were able to select the employers they wanted to work for and employers were left to hire and fire workers as they liked. At a demographic level the young and the old have seen reductions in employment levels with no significant differences due to gender, Meng (2012). The transition of the Chinese labour market from a centrally planned one to one which functioned on market forces drew the attention of the central government in the early part of this century.

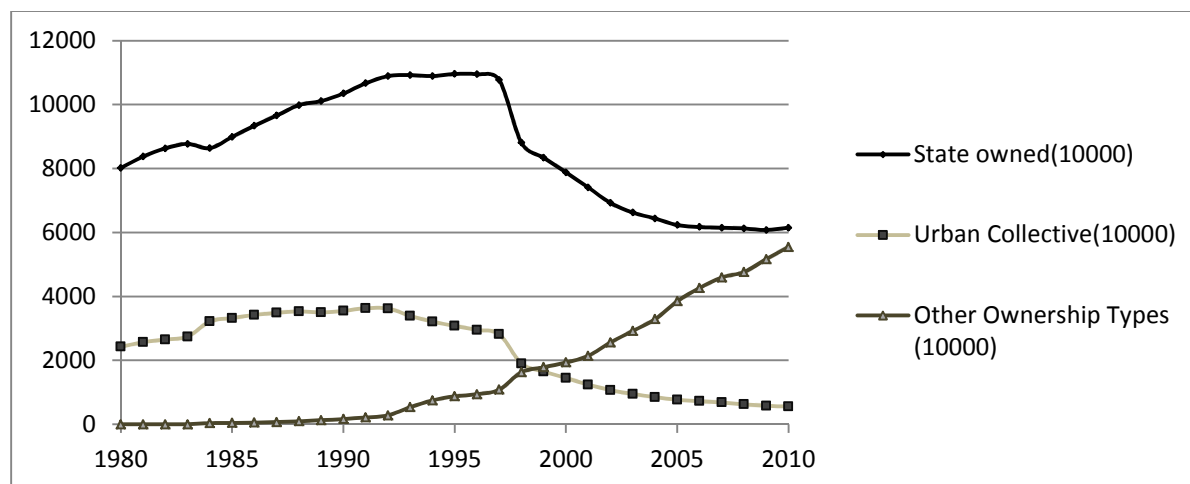


Figure 5: Employees by Enterprise Type – 1980 to 2010

Source: Chinese Bureau of National Statistics

By 2003 the newly emerging leadership wanted to formulate the countries policies from three perspectives. These included social justice, social harmony and environmental protection, Cooke (2009). The first two signalled the protection of the rights of workers and employers through increasing regulation of the Chinese labour market. Three new laws which would affect the Chinese labour market came into effect in 2008, Cooke

(2009). These were the first since the Labour Law enacted in 1995; and included the Labour Contract Law, the Employment Promotion Law and the Labour Dispute Mediation and Arbitration Law. The Labour Contract Law set out to delineate the rights and responsibilities of workers and employers. The Employment Promotion Law sought to strengthen worker employment and rights. While the Labour Dispute Mediation and Arbitration Law sought to ensure the fulfilment of the rights of workers and employers enshrined in the Labour Contract Law.

Figure 5 shows the changing nature of the number of employees by enterprise type from 1980 to 2010. It can be clearly seen that especially after 1997, the number of employees by other ownership types of enterprise is on the rise while the number of employees by state owned and urban collective enterprises is decreasing. The other ownership types of enterprises has already been listed in the 'Introduction'.

4. Case Study: China

The framework of analysis for the case study is shown in Figure 6 below.

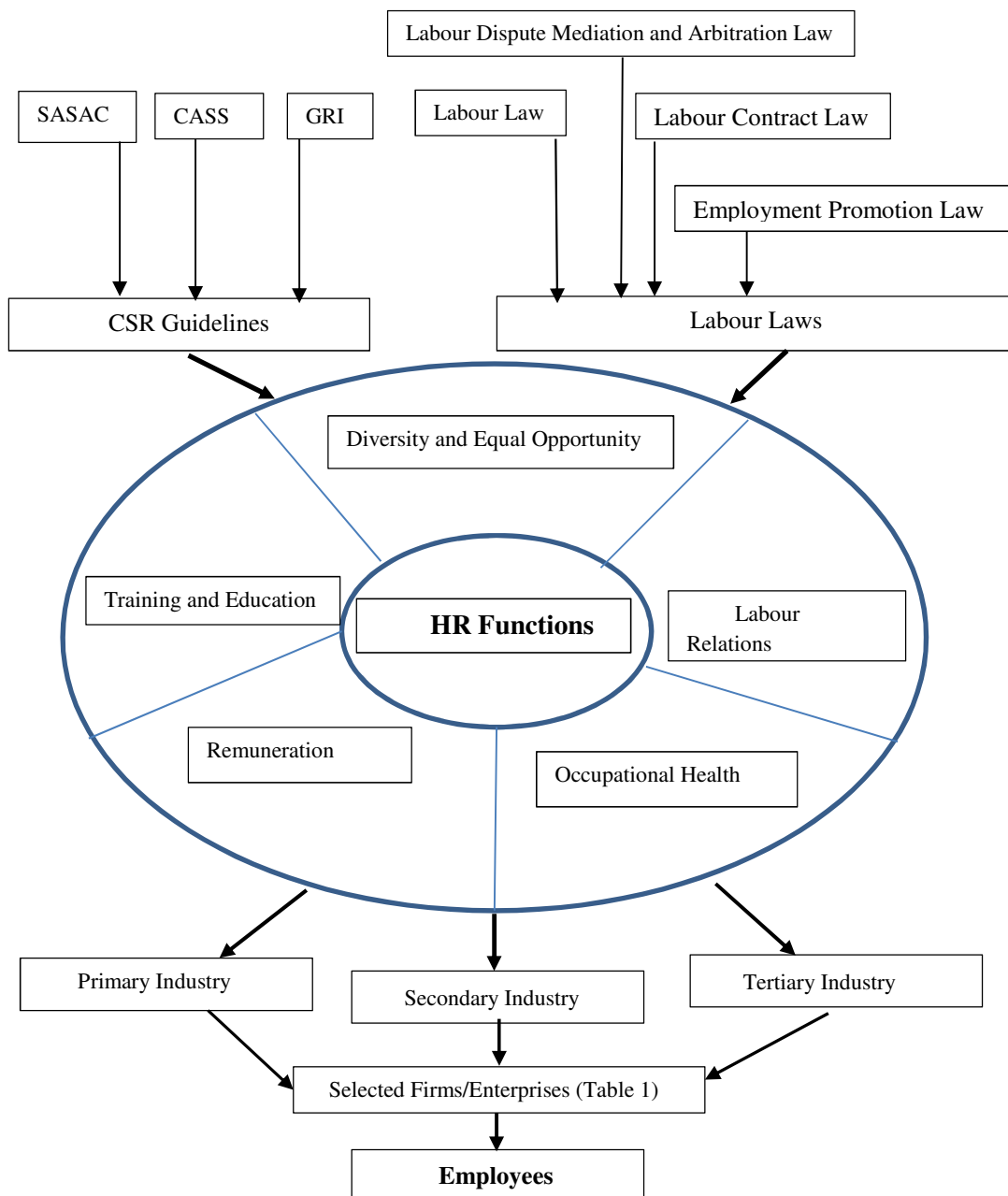


Figure 6: Schematic Framework for Case Study

The case study will comprise of two levels of analysis. At the first level the focus of the case study will be to analyse how the CSR guidelines (SASAC, GRI, CASS) interlink with the various labour legislation (Labour Law, Labour Contract Law, Employment Promotion Law, Labour Dispute Mediation and Arbitration Law) to effect dispute settlement, employment contracts and working conditions in the primary industry, secondary industry and the tertiary industry. The second level of analysis will evaluate how this effect varies between different firms/enterprises in the primary, secondary and the tertiary industries using each firm/enterprises published CSR reports.

4.1 CSR Guideline Analysis (SASAC, GRI, CASS)

	CSR Guidelines		
	SASAC ¹	CASS ²	GRI ³
Diversity & Equal Opportunity	Comply with the law	1. Protection to special groups (pregnant women). 2. Equality, non-discrimination in employment. 3. Proportion of female managers 4. Disabled employment rate, number of employment. 5. Protection of employee's personal information. 6. Proportion of male and female wages. 7. Balanced working environment	1. Statistical breakdown of employees by gender, age group and minority membership.
Training & Education	Improving innovation & technology	1. Health & safety training. 2. Established staff training procedures, 3. Career development paths.	1. Statistical record of average hours of training per year by employee gender and work category. 2. Programs for skills management and lifelong training. 3. Statistical record of performance and career development reviews by gender.
Remuneration & Benefits	Comply with the law	1. Competitive salary, 2. Paid leave. 3. Social insurance coverage. 4. Work life balance	Ratio of basic salary and remuneration of women by employee category and location.
Occupational Health	Assuring production safety	Disease prevention and treatment.	1. Statistical record of employees in management-worker health committees. 2. Statistical record of injury, occupational diseases, lost days, absenteeism and work fatalities by region and gender. 3. Education, training, counselling, prevention and risk control programs in place. 4. Health and safety topics covered in agreements with trade unions.
Labour Relations	Protecting employees legal rights	1. Staff feedback. 2. Unionisation 3. Employment contracts. 4. Prohibition of forced labour	1. Statistical record of workforce by employment type, contract, region, new hires, retention rates after parental leave by gender and age group. 2. Statistical record of percentage of employees covered by collective bargaining agreements. 3. Minimum notice periods regarding operational changes.

Table 3: CSR Guideline Comparison

Source: ¹Lin (2010), ²www.cass-csr.org, ³www.globalreporting.org

Table 3 above shows a comparison between three different types of CSR guidelines. These CSR guidelines includes those issued by the SASAC, CASS and the GRI. It would seem that based on the relevance to the five HR functions outlined in Figure 6, the CASS guidelines tend to be the most comprehensive. The SASAC CSR guidelines can be easily generalised with the diversity & equal opportunity and the remuneration and benefits criteria needing only to comply with the law. On the other hand the GRI CSR guidelines only seem to relate to statistical requirements associated with the five HR functions. Therefore the firm/enterprise CSR reports of the nine selected firms/enterprises will be conducted on the basis of a comparison with GRI/CASS CSR guidelines.

4.2 Labour Law Analysis

	Labour Law¹	Labour Dispute Mediation & Arbitration Law²	Labour Contract Law³	Employment Promotion Law⁴
Diversity & Equal Opportunity	Article 12- Labourers shall not be discriminated in employment due to nationality, race, sex or religious belief. Article 13- Women shall enjoy the same opportunities as men in employment. Article 14 - Special legal stipulations about the employment of the disabled, minority people and demobilised soldiers shall be observed. Article 15 - Employer shall be banned from recruiting juveniles under the age of 16. Article 58 - The State provides special protection to female workers and juveniles	Not applicable	Not applicable	1. Prohibits employment discrimination by ethnicity, race, gender, religious belief, age, disability or migrant status. 2. Employees who suffer discrimination can file a law suit against the employer. 3. Preferential tax rates for firms/enterprises which hire the prescribed number of disabled workers.
Training & Education	Article 68 - Employer to establish a system which offers workers systematic training.	Not applicable	Not applicable	1. Firms/Enterprises required to have funds to offer workers vocational training and further education. 2. County governments also required to provide start-up loans and funds for vocational training.

Table 4: Labour Law Analysis – Diversity & Equal Opportunity, Training & Education

Source: ¹www.usmra.com, ²Young et al (2012), ³Epstein (2008), ⁴Valentine (2007)

Table 4 above shows that the Labour Law of 1994 and the Employment Promotion Law of 2008 have had the biggest impact on diversity and equal opportunity as well as on training and education. The Labour Contract Law and the Labour Dispute Mediation and Arbitration Law have not had any impact on these two HR functions.

	Labour Law¹	Labour Dispute Mediation & Arbitration Law²	Labour Contract Law³	Employment Promotion Law⁴
Remuneration & Benefits	Article 36 - Labourers may not work more than 8 hours per day or more than 44 hours per week. Article 46 - Equal pay for equal work.	Not applicable	Not applicable	Not applicable
Labour Relations	Article 7 - Workers can organise trade unions in accordance with the laws. Article 16 - Labour contracts shall specify the rights, interests and the obligations of each party. Article 19 - Labour contract specification.	Disputes between workers and employers shall be resolved through internal or external mediation and/or arbitration.	1. Fixed term contract must be renewed by an employer on the same terms or severance paid. 2. Probation period for contracts between 1 and 3 years reduced to 2 months. 3. Union must be notified by employer before a workers contract is terminated. Union may request termination to stop. 4. Workers to be given permanent employment contract after completion of 2 fixed term contracts rather than 10 years of continuous service. 5. Worker entitled to double pay and a permanent contract after 1 year if the employer does not sign an initial contract with the worker.	Not applicable
Occupational Health	Article 70 - State shall promote the development of social insurance.	Not applicable	Not applicable	Not applicable

Table 5: Labour Law Analysis – Remuneration & Benefits, Labour Relations, Occupational Health

Source: ¹www.usmra.com, ²Young et al (2012), ³Epstein (2008), ⁴Valentine (2007)

Table 5 above shows the impact of the various labour laws on the HR factors associated with remuneration & benefits, labour relations and occupational health. It can be seen that while the Labour Law of 1994 affects all of these HR factors, the Labour Dispute Mediation and Arbitration Law of 2008 affects mostly labour relations as does the Labour Contract Law of 2008.

4.3 Firm / Enterprise CSR Report Analysis

Firm	Industry	Employment Law and Regulations
CNP	Primary Industry	Relevant international conventions <i>The Labour Law of the People's Republic of China</i> The Labour Contract Law of the People's Republic of China The Trade Union Law of the People's Republic of China Relevant laws and regulations of the host countries Social Insurance Law of the People's Republic of China Occupational Disease Prevention Law of the People's Republic of China
SG		Adhere to international and domestic conventions, laws and regulations, respect and safeguard all human rights
CNOO		Accordance with international conventions <i>The Labour Law of the People's Republic of China</i> Enforce a system of rules to control human rights
SM	Secondary Industry	Follow the laws and regulations in relation to remuneration and benefits Follow the Labour Contract Law The Production Safety Law of the People's Republic of China
CFG		Follow the laws and regulations in relation to labour and social protection <i>The Labour Law of the People's Republic of China</i> The Labour Contract Law of the People's Republic of China The Company Law of the People's Republic of China Articles of Association of China FAW Group
DMG		Accordance with national and local policies
CM	Tertiary Industry	Abide by the Labour Contract Law
CT		Follow the laws and regulations in relation to labour and social protection
CU		Nil

Table 6: Employment Laws and Regulations mentioned in the CSR reports of nine firms

Table 6 above shows a clear relationship between firms/enterprises in each type of industry and the detail relating which laws and regulations given by each firm in its respective CSR reports. Firms/enterprises in Primary Industry such as CNP, SG and CNOO tend to give far more detail although the level of detail does vary by the firm and which type of Industry the firm is located in. Interestingly, two out of three firms in Primary Industry stipulate that they follow the requirements of the Labour Law of 1994 (highlighted in bold italics). However, in Tertiary Industry the firms (CM, CT and CU) give less detail in their CSR reports which also tend to be more vague as to the specific laws and regulations the firms/enterprises pay attention to. This difference may be due to the fact that Primary Industry tends to be more labour intensive while Tertiary Industry tends to be more knowledge intensive. The implication is that fewer more qualified workers are required in Tertiary Industry but more comparatively less qualified workers are required in Tertiary Industry. While all Chinese firms/enterprises have to follow all national laws it is important to note the difference between firms/enterprises in different Industries as has been done.

4.4 CSR Guideline Analysis GRI

4.4.1 Labour Relations

Labour Practices and Decent Work Company Performance Indicators	Core/Add	GRI Code	Feature	CNP	SG	CNOO	SM	CFG	DMG	CM	CT	CU
				Primary Industry			Secondary Industry			Tertiary Industry		
Employment and Labour/Management Relations	core	LA1	Total workforce by employment type, employment contract, and region, broken down by gender.	x	o	x	x	o	x	x	x	x
	core	LA2	Total number and rate of new employee hires and employee turnover by age group, gender and region.	x	o	x	o	o	x	o	x	o
	add	LA3	Benefits provided to full-time employees that are not provided to temporary or part-time employees, by significant locations of operation.	o	o	o	o	o	x	x	o	o
	core	LA15	Return to work and retention rates after parental leave, by gender.	o	o	o	o	o	o	o	o	o
	core	LA4	Percentage of employees covered by collective bargaining agreements.	o	o	o	o	o	x	o	x	x
	core	LA5	Minimum notice period(s) regarding operational changes, including whether it is specified in collective agreements.	o	o	o	o	o	o	o	o	o

Table 7: GRI in terms of Employment and Labour Relations for nine firms

Notes: x- Yes, o - No

Table 7 shows the GRI CSR disclosure guidelines regarding Employment and Labour relations and the level of compliance by each of the firms in the Primary, Secondary and Tertiary Industries. According to GRI indicators, seven out of nine firms gave information on different types of break down figures on workforce. Firms CNP,SG,DMG,CT,CU showed the gender ratio, firms CNOO,SM,DMG mentioned age ratio, firms SG,CT,CU considered ethnic minority employees percentage, and only firm DMG considered the disabled employee rate. Four out of nine firms (CNP, CNOO, and DMG, CT) mentioned the new employee recruitment number and two firms (SG and CT) disclosed the employee turnover rate but no detailed breakdown was provided. DMG and CM stated salary management system supported by post which indicated temporary and full-time employees receive different benefits. All firms mentioned that they supported trade unions, promote harmonious labour relations and protect employees' rights for collective bargaining, but only three firms (DMG,CT,CU) disclosed the percentage of employees covered by the trade union. No firms CSR reports mentioned return to work and retention rates after parental leave and minimum notice periods regarding operational changes. At a more general level it can be seen that firms in Tertiary Industry are more likely to disclose GRI CSR labour relations information than would firms in Primary Industry. With the level of disclosure of Secondary Industry firms being in between.

Labour Practices and Decent Work Company Performance Indicators	Core/Add	CASS Code	Feature	CNP	SG	CNOO	SM	CFG	DMG	CM	CT	CU
				Primary Industry			Secondary Industry			Tertiary Industry		
Employment and Labour/Management Relations	core	S2.1	Compliance with national labour laws and regulations	x	x	x	x	x	x	x	x	o
	core	S2.2	Labour contract signing rate / collective contract coverage	x	x	o	x	x	x	o	o	o
	core	S2.4	Proportion of unionized employees	o	o	o	o	o	x	o	x	x
	add	S2.8	Social dialogue and collective bargaining mechanisms	x	x	x	o	o	x	o	x	x
	add	S2.9	Protect the interests of part-time, temporary workers and subcontractors employees	o	o	x	o	o	o	o	o	o
	core	S2.24	Publicize democratic management and factory management	x	x	x	x	x	x	o	x	o
	core	S2.25	Channels to convey staff comments or suggestions to the management level	x	x	x	x	x	o	x	x	o
	core	S2.29	Employee Satisfaction	o	o	o	o	o	o	o	o	x
	core	S2.30	Staff turnover	o	x	o	o	o	o	o	x	o
	add	S2.31	Employee Responsibilities negative information	o	o	o	o	o	o	o	x	o

Table 8: CASS in terms of Employment and Labour Relations for nine firms

Notes: x- Yes, o - No

Table 8 shows the CASS CSR disclosure guidelines regarding Employment and Labour relations and the level of compliance by each of the firms in the Primary, Secondary and Tertiary Industries. According to the CASS indicator, we can see some additional information. Eight out of nine firms follow the national labour laws and regulations. Firms CNP, SG, SM, CFG, and DMG mentioned the labour contract signing rate which is required by the Labour Contract Law of People's Republic of China. Most of the firms stated that they publicised democratic management and factory management, opened channels to convey employees' comments or suggestions to the management level, and established network for employees to complain and give feedback. However, only CNOO considered the protection of the interests of part-time, temporary workers and subcontractors employees. CU disclosed employee satisfaction rate and CT mentioned employee responsibilities negative information. At a more general level it can be seen that firms in Primary Industry are more likely to provide CASS CSR disclosure requirements relating to labour relations than are firms in Secondary or Tertiary Industry, with the latter having the least level of disclosure.

4.4.2 Occupational health and Safety

Labour Practices and Decent Work Company Performance Indicators	Core/Add	GRI Code	Feature	CNP	SG	CNOO	SM	CFG	DMG	CM	CT	CU
				Primary Industry			Secondary Industry			Tertiary Industry		
Occupational Health and Safety	add	LA6	Percentage of total workforce represented in formal joint management-worker health and safety committees that help monitor and advice on occupational health and safety programs.	x	o	x	x	x	x	o	x	x
	core	LA7	Rates of injury, occupational diseases, lost days, and absenteeism, and total number of work-related fatalities, by region and by gender.	x	x	x	x	o	x	o	x	o
	core	LA8	Education, training, counselling, prevention, and risk-control programs in place to assist workforce members, their families, or community members regarding serious diseases.	x	x	x	x	x	x	x	x	x
	add	LA9	Health and safety topics covered in formal agreements with trade unions.	x	x	x	o	o	x	o	o	x

Table 9: GRI in terms of Occupational Health and Safety for nine firms

Notes: x- Yes, o - No

Table 9 above shows the GRI CSR requirements, with regards to Occupational Health and Safety, which the nine selected firms elucidated upon to different levels in their CSR reports. It can be clearly seen from Table 9 that the firms in Primary Industry gave more information with respect to the GRI CSR requirements than firms either in the Secondary Industry or the Tertiary Industry. However, within either the Secondary or the Tertiary Industry there was considerable variation in the level of compliance with GRI CSR requirements between firms.

Labour Practices and Decent Work Company Performance Indicators	Core/Add	CASS Code	Feature	CNP	SG	CNOO	SM	CFG	DMG	CM	CT	CU
				Primary Industry			Secondary Industry			Tertiary Industry		
Occupational Health and Safety	core	S2.16	Occupational disease prevention system	x	x	x	x	x	x	x	o	o
	core	S2.17	Occupational safety and health training	o	x	x	x	x	o	o	o	x
	core	S2.18	Occurrence of occupational diseases	o	x	x	x	o	o	o	o	x
	core	S2.19	Employee mental health system / measures	x	x	x	o	o	x	x	x	x
	core	S2.20	Coverage of medical check and health records	x	x	x	o	x	o	x	x	x
	add	S2.27	Provide protection to special populations (such as pregnant women, breastfeeding women, etc.)	x	x	x	x	o	o	x	x	o

Table 10: CASS in terms of Occupational Health and Safety for nine firms

Notes: x- Yes, o – No

Table 10 shows the information provided by each of the nine firms with regards to the CASS CSR guidelines relating to Occupational Health and Safety. On the whole it can be seen that the firms in Primary Industry (CNP, SG and CNOO) provided more information in the context of the CASS CSR guidelines than did firms in either Secondary Industry or in Tertiary Industry. The greater CSR disclosure relating to either GRI or CASS Occupational Health and Safety requirements by firms in the Primary Industry such as oil extraction and supply can be explained by the fact that accidents are more likely in this industry than either in the Secondary or the Tertiary Industry.

4.4.3 Training and Education

Labour Practices and Decent Work Company Performance Indicators	Core/Add	GRI Code	Feature	CNP	SG	CNOO	SM	CFG	DMG	CM	CT	CU
				Primary Industry			Secondary Industry			Tertiary Industry		
Training and Education	core	LA10	Average hours of training per year per employee by gender, and by employee category.	o	x	x	o	o	o	o	o	o
	add	LA11	Programs for skills management and lifelong learning that support the continued employability of employees and assist them in managing career endings.	x	x	x	x	x	x	x	x	x
	add	LA12	Percentage of employees receiving regular performance and career development reviews, by gender.	x	o	x	o	o	o	x	o	x

Table 11: GRI in terms of Training and Education for nine firms

Notes: x- Yes, o - No

Table 11 shows the GRI CSR requirements, with regards to Training and Education, and the extent to which these requirements have been complied with by each of the nine firms in Primary, Secondary and Tertiary Industry. While all firms comply with the LA11 requirement only two firms in Primary Industry comply with the LA10 requirement. And only two firms in the Primary and in Tertiary Industry comply with the LA12 requirement.

Labour Practices and Decent Work Company Performance Indicators	Core/Add	CASS Code	Feature	CNP	SG	CNOO	SM	CFG	DMG	CM	CT	CU
				Primary Industry			Secondary Industry			Tertiary Industry		
Training and Education	core	S2.21	Staff training system	x	x	x	x	x	x	x	x	x
	core	S2.22	Increase staff training efforts	x	x	x	x	x	x	x	x	o
	core	S2.23	Employee career development paths	x	x	x	x	x	x	x	x	o

Table 12: CASS in terms of Training and Education for nine companies

Notes: x- Yes, o - No

Table 12 above shows the CASS CSR compliance level by the nine firms in the Primary, Secondary and the Tertiary Industries with regards to the disclosure of information related to Training and Education. It can be seen that all firms in each of the industries except one firm (CU) in the Tertiary Industry complied with the core CASS CSR requirements (S2.21, S2.22 and S2.23).

4.4.4 Diversity and Equal Opportunity

Labour Practices and Decent Work Company Performance Indicators	Core/Add	GRI Code	Feature	CNP	SG	CNOO	SM	CFG	DMG	CM	CT	CU
				Primary Industry			Secondary Industry			Tertiary Industry		
Diversity and Equal Opportunity	core	LA13	Composition of governance bodies and breakdown of employees per employee category according to gender, age group, minority group membership, and other indicators of diversity.	x	x	x	x	x	x	x	x	x

Table 13: GRI in terms of Diversity and Equal Opportunity for nine firms

Notes: x- Yes, o - No

Table 13 above shows the GRI CSR requirements and the level of compliance by the nine selected firms in the Primary, Secondary and the Tertiary Industries. It can be seen that all of the nine firms comply with the GRI core LA13 requirement regarding the provision of information on the composition of governance bodies and on the breakdown of employees per employee category.

Labour Practices and Decent Work Company Performance Indicators	Core /Add	CASS Code	Feature	CNP	SG	CNOO	SM	CFG	DMG	CM	CT	CU
				Primary Industry			Secondary Industry			Tertiary Industry		
Diversity and Equal Opportunity	core	S2.5	Prohibition of forced labour	x	x	x	o	o	o	o	o	x
	add	S2.6	Protect employees' personal information and privacy	x	x	o	o	o	o	o	o	o
	add	S2.7	Ensure decent work systems and measures	x	x	o	x	x	o	x	x	o
	core	S2.12	Equality, non-discrimination in employment	x	x	x	x	x	x	x	x	x
	core	S2.13	Proportion of male and female wages	x	o	o	x	x	x	x	o	x
	core	S2.14	Proportion of female managers	x	o	x	o	o	o	o	x	o
	core	S2.15	Disabled employment rate, or the number of employment	o	o	o	o	o	x	o	x	x

Table 14: CASS in terms of Diversity and Equal Opportunity for nine firms

Notes: x- Yes, o - No

Table 14 above shows the level of compliance of each of the nine selected firms with the CASS CSR requirements relating to Diversity and Equal Opportunity. It is evident that the CASS CSR disclosure requirements relating to Diversity and Equal Opportunity or much more comprehensive than that of the GRI CSR disclosure requirements. It can be seen that all firms complied with the requirement to provide information relating to S2.12, equality and non-discrimination in employment. Only firms in Primary Industry complied with S2.6 while no firm in either the Secondary or the Tertiary Industry did so. On the other hand two-thirds of firms in Tertiary Industry complied with the CASS core S2.15 requirement to provide information in CSR reports relating to the disabled employment rate or the number of disabled employed. This finding can be rationalised from the perspective that disabled staff or most likely to be employed by firms in the knowledge dominated Tertiary Industry than in either the Primary Industry or Secondary Industry where the nature of the work requires able bodied workers.

4.4.5 Remuneration and Benefits

Labour Practices and Decent Work Company Performance Indicators	Core /Add	GRI Code	Feature	CNP	SG	CNOO	SM	CFG	DMG	CM	CT	CU
				Primary Industry			Secondary Industry			Tertiary Industry		
Remuneration and Benefits	core	LA14	Ratio of basic salary and remuneration of women to men by employee category, by significant locations of operation.	o	o	o	o	o	o	o	o	o

Table 15: GRI in terms of Remuneration and Benefits for nine firms

Notes: x- Yes, o - No

Table 15 above shows that none of the nine selected firms in the Primary, Secondary or Tertiary Industries comply with the GRI CSR disclosure requirement relating to Remuneration and Benefits. It can be seen that no firms comply with the GRI disclosure requirement.

Labour Practices and Decent Work Company Performance Indicators	Core /Add	CASS Code	Feature	CNP	SG	CNOO	SM	CFG	DMG	CM	CT	CU
				Primary Industry			Secondary Industry			Tertiary Industry		
Remuneration and Benefits	core	S2.3	Social insurance coverage	x	x	x	x	x	x	o	o	x
	add	S2.10	Provide employees with a competitive salary	o	x	x	x	x	x	x	o	o
	core	S2.11	Per capita number of days of paid leave	o	o	o	o	o	o	o	o	o
	core	S2.26	Employee Relief inputs	x	x	x	x	x	x	x	x	o
	core	S2.28	Ensure work-life balance	x	o	o	x	x	x	x	x	o

Table 16: CASS in terms of Remuneration and Benefits for nine firms

Notes: x- Yes, o - No

Table 16 above shows the extent to which each of the nine selected firms comply with the CASS CSR requirements relating to Remuneration and Benefits. It is evident that the CASS CSR disclosure requirements relating to Remuneration and Benefits are much more comprehensive compared to the GRI CSR disclosure requirements. It can be seen from Table 16 that none of the nine firms comply with CASS requirement S2.11. Firms in Primary Industry and Secondary Industry complied with CASS CSR disclosure requirement S2.3 but no firms in Tertiary Industry did so. However, more firms in the Secondary and in the Tertiary Industry complied with CASS CSR disclosure requirement S2.28 than did firms in the Primary Industry. This may be because the extent of work life balance has more impact on worker productivity in Secondary and Tertiary Industry than in Primary Industry. The majority of firms in each of the three industries also complied with the CASS CSR disclosure requirement relating to S2.26, employee relief input disclosure.

5. Discussion and Results

An analysis of the requirements of the various labour laws, the Labour Law 1994, the Employment Promotion Law 2008, the Labour Contract Law and the labour Dispute Mediation and Arbitration Law indicates that the Labour Law 1994 is the most comprehensive of the four labour laws and encompasses requirements on all five HR functions. The Employment Promotion Law is more applicable to the HR functions of Training and Education and Diversity and Equal Opportunity. On the other hand the Labour Contract Law and the Labour Dispute Mediation and Arbitration Law are more applicable to the HR function associated with Labour Relations. It was also found that there was comparatively more legal disclosure in the CSR reports of firms selected in Primary Industry than those in Tertiary Industry. The level of disclosure by selected firms in Secondary Industry is intermediate between Primary and Tertiary firm level disclosure. At a CSR disclosure level associated with the five HR functions, three different sets of guidelines were evaluated, the SASAC, CASS and the GRI guidelines. The SASAC CSR disclosure guidelines were found to have limited disclosure requirements associated with the five HR functions. The CASS CSR disclosure requirements were found to have more comprehensive disclosure requirements associated with the five HR functions while the GRI CSR

disclosure requirements were mainly statistical. Thus, it would seem that there is considerable overlap between the Labour Contract Law 1994 and the CASS CSR disclosure requirements with regards to the selected five HR functions.

With regards to the level of disclosure, associated with the five HR functions, by the selected firms in each industry the results were mixed. Firms in Tertiary Industry are more likely to disclose GRI CSR labour relations information than would firms in Primary Industry. With the level of disclosure of Secondary Industry firms being in between. However, firms in Primary Industry are more likely to provide CASS CSR disclosure requirements relating to labour relations than are firms in Secondary or Tertiary Industry, with the latter having the least level of disclosure. But firms in Primary Industry gave more information relating to Occupational Health and Safety with respect to the GRI CSR requirements than firms either in the Secondary Industry or the Tertiary Industry. Although, within either the Secondary or the Tertiary Industry there was considerable variation in the level of compliance with GRI CSR requirements between firms. Similarly, for CASS CSR disclosure requirements relating to Occupational Health and Safety firms in Primary Industry (CNP, SG and CNOO) provided more information than did firms in either Secondary Industry or in Tertiary Industry. The level of GRI CSR disclosure relating to Training and Education was much higher for Primary Industry firms, followed by firms in Tertiary Industry and then firms in Secondary Industry. However, firms in all industries complied with the GRI CSR requirement to provide information associated with workers lifelong learning. Firms in all three industries complied with all CASS CSR disclosure requirements except one firm in Tertiary Industry. All firms complied with the GRI CSR disclosure requirement relating to Diversity and Equal Opportunity. There were three CASS CSR disclosure requirements associated with Diversity and Equal Opportunity. All firms complied with the requirement to provide information relating equality and non-discrimination in employment. But only firms in Primary Industry complied with the disclosure requirement associated with protecting employee's personal information and privacy. No firm in either the Secondary or the Tertiary Industry did so. On the other hand two-thirds of firms in Tertiary Industry complied with the CASS CSR core requirement to provide information in CSR reports relating to the disabled employment rate or the number of disabled employed. None of the nine firms complied with the GRI CSR disclosure requirement associated with Remuneration and Benefits. The level of disclosure by firms regarding CASS CSR guidelines was varied. All firms except one in the Tertiary Industry complied with the requirement to disclose information relating to 'Employee Relief Inputs'. While firms in either Primary or Secondary Industry were more likely to disclose information relating to 'Provide workers with competitive salary'. Nevertheless, firms in either Secondary or Tertiary Industry were more likely to disclose information relating to 'work life balance'.

6. Conclusion

The transition of the Chinese economy from a centrally planned economy to a hybrid centrally planned, free market economy has result in a change in the ownership structure of Chinese firms from state ownership to other ownership types. The post-1978 Chinese economy embraced the emergence of limited liability corporations, shareholding corporations and foreign funded units. Allied with this change in firm ownership was a change in the objectives of firms. In the pre-1978 period, Chinese firms acted as social welfare nets providing lifetime employment, health and housing to workers. Chinese state owned enterprises may still retain this characteristic, but its extent remains diminished. The new ownership structures of Chinese firms focus on making profits for the stakeholders in the firm. The consequence of this is that lifetime employment is no longer a guarantee for Chinese workers. Moreover, a new firm-worker dynamic has evolved which allows for workers to be exploited. These two consequences of the transition of Chinese firms from state owned enterprises to other ownership types as resulted in government action at both the Macroeconomic level as well as at the Microeconomic level. At the Macroeconomic level, the Chinese government has focused on pursuing policies which are needed to ensure China's economic grows at sufficient rates to absorb new labour into the workforce each year. On the other hand in order to ensure that workers are protected from exploitation, a new framework of mandatory labour legislation and voluntary Corporate Social Responsibility guidelines have emerged in the post-1978 economic reform period. The former emerged in the 1990's with the Labour Law of 1994, supplemented with additional legislation such as the Labour Dispute Mediation & Arbitration Law, the Labour Contract Law and the

Employment Promotion Law in the last fifteen years. However, in such a vast country the effectiveness of such laws depends on the extent to which the appropriate local and central government agencies are able to monitor the implementation and the acquiescence, by firms, to the requirements of such laws. Such monitoring is costly and labour problems do not become public until workers take some action. In order to ensure that firms were able to account for how workers were treated, institutional elements within the country promoted voluntary CSR labour disclosure requirements. This started with the Shenzhen Stock Exchange in 2006, the Chinese Stock Regulatory Commission and the Chinese Academy of Social Sciences in 2008. But external institutional forces began the CSR disclosure process much earlier with foreign multinationals in China requiring sub-contractors to follow a CSR disclosure process following public outcry's relating to the treatment of Chinese workers. The emergence of Chinese multinationals also necessitated such firms to adopt a voluntary CSR disclosure requirement in order to maintain and enhance brand competitiveness.

In order to fill the gap in the literature, this paper has evaluated the relationship between China's labour laws and CSR disclosure requirements with regards to the five human resource functions of Diversity and Equal Opportunity, Training & Education, Remuneration, Occupational Health and Labour Relations. This paper has also evaluated how the level of labour law and CSR disclosure, associated with these five human resource functions, varies between firms in China's Primary (Oil & Gas), Secondary (Automobile) and Tertiary (Telecommunications) Industry. For this purpose, three Chinese firms in each industry were selected for analysis on the basis that they provided comprehensive CSR reports. For Primary Industry (Oil & Gas), the firms selected for analysis were Sinopec Group (SG), China National Petroleum (CNP) and China National Offshore Oil (CNOO). For the Secondary Industry (Automobiles), the firms selected were SAIC Motor (SM), China Faw Group (CFG) and the Dongfeng Motor Group (DMG). The firms selected for the Tertiary Industry (Telecommunications) were China Mobile Communications (CMC), China Telecommunications (CT) and China United Network Communications (CUNC).

The results indicate that there is a complete overlap between the Labour Contract Law 1994 and the CASS CSR disclosure guidelines with regards to the selected five HR functions. This suggests that while all Chinese firms, regardless of industry, have to comply with the law, the CASS CSR guidelines encourages firms to provide information relating to the level of compliance. It was also found that there was comparatively more legal disclosure in the CSR reports of firms selected in Primary Industry than those in Tertiary Industry. The level of disclosure by selected firms in Secondary Industry is intermediate between Primary and Tertiary firm level disclosure. This could be because there is more manual labour in Primary Industry than there is in Tertiary Industry. The CASS CSR disclosure requirements were more comprehensive than the GRI CSR disclosure requirements in the context of the selected five HR functions. With regards to Labour Relations, firms in Tertiary Industry were more likely to comply with GRI requirements than CASS ones while for Primary Industry firms the result was opposite. But with regards to Occupational Health and Safety firms in Primary Industry provided more information corresponding to both GRI and CASS CSR guidelines than did firms in either the Secondary or the Tertiary Industry. While all firms complied with CASS CSR disclosure requirements associated with Training and Education except one firm in Tertiary Industry, firms in Primary Industry disclosed more Training and Education information in the context of GRI CSR disclosure requirements. This result may seem paradoxical. But workers in Tertiary Industry are already educated while workers in Primary Industry need to be trained and educated 'on the job'. Interestingly, while firms in all industries complied with the GRI CSR disclosure requirements relating to Diversity and Equal Opportunity, mostly firms in Tertiary Industry complied with the CASS CSR disclosure requirement relating to the disabled employment rate. More disabled workers are likely to work in knowledge oriented industries than in manual work industries. None of the firms complied with the GRI CSR disclosure requirement associated with Remuneration and Benefits, while only firms in Secondary and Tertiary Industries complied with the CASS CSR disclosure requirement associated with 'work-life' balance.

Following the results of this study, some points can be recommended for the future studies in this area. It could be argued that the role of CSR has a strong bearing on how the firm views its HR functions, at the same time, HR practices have a strategic influence on firm's strategic shaping and sustainable development. This is

particularly important in light of the change of ownership of Chinese firms and marketization of Chinese economy. Although this study captures the influence of government policy and CSR on HR functions, there are still many more questions that need to be investigated on this topic. For example, with the increasing concerns on CSR in firms, what are the key challenges of HR professionals in different ownership organisations? How CSR influence employee job satisfaction and organisational commitment in different sectors? What are the HR initiatives introduced by the firms and how effective are they with the emphasis on CSR activities? How firms engage employees in CSR activities in China? In short, with the deepening of privatization and marketization, there are still much to learn on CSR and HR topics.

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