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CORPORATE SOCIAL RESPONSIBILITY IN VARIEGATED
POLITICAL ENVIRONMENTS

A Comparative Study of CSR Disclosure between China and Sweden

Author: Kang, Xu

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Supervisor: Olle Frödin

ABSTRACT

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Corporate social responsibility (CSR) is a widely publicised corporate practice that has become widespread across the globe in the context of globalisation. Still, past research has found considerable variation in the understanding and practice of CSR among companies in different national contexts. China and Sweden, two countries with very different political and economic environments, have been cooperating on CSR promotion since 2007, as unanimously advocated by the United Nations. However, there are still significant differences in the understanding and practice of CSR between the two countries' companies. I conduct a comparative study of CSR disclosure by thirty listed companies in China and Sweden from the perspective of institutional theory. Through a thematic analysis of the content of CSR reports from both countries and analyses of conditions of symbolic compliance and standard references, two CSR ideal types, authoritarian-state-oriented and democratic-global-oriented, are summarised. This study complements existing institutionalist research that has overemphasised the analysis of national market economies from a comparative capitalist approach by focusing on the impact of national political-institutional contexts on firms' understanding and practice of CSR.

Keywords: Corporate social responsibility, institutional theory, political-institutional environment, corporate governance, China, Sweden

POPULAR SCIENCE SUMMARY

Corporate social responsibility (CSR) is increasingly becoming a global consensus, whether in politics, business and among the general public. Due to differences in local political and economic, and even cultural backgrounds, CSR is understood and practised differently by companies from different countries. In other words, the institutional environment in which a company operates impacts its understanding and practice of CSR. To contribute to the knowledge of the differences in CSR between developed and developing countries, I conducted a comparative study between China and Sweden by collating and analysing the CSR reports of thirty Chinese and Swedish companies, starting with an analysis of the semantic themes of the content, the quality of the content and the adoption of standard frameworks. The study found that there were significant differences in the importance given to the national government in the reports of the two groups of companies and that the important role of government and the nature of the government to which they belonged further influenced their specific CSR practices, for example, Chinese companies were more perfunctory in the area of labour and human rights than their Swedish counterparts in their reports and made extensive reference to local standard frameworks that excluded national human rights responsibilities due to the influence of the authoritarian nature of the Chinese government. This confirms that it is not only the institutional factors at the economic level but also the political-institutional environment that significantly influences companies' understanding and practice of CSR.

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1. Introduction

Academic attention to Corporate Social Responsibility (CSR) has been mainly on its global isomorphism, with less attention paid to the variations of its use in different political environments. Meanwhile, in comparative studies of countries' CSR variations, the political environment has not received enough attention compared to the discussion of market capitalist forms at the economic dimension. This study aims to fill these gaps by comparing Chinese and Swedish companies' CSR disclosures.

In June 2007, the Chinese Ministry of Commerce and the Swedish Ministry of Foreign Affairs signed a Memorandum of Understanding on CSR cooperation during the visit of Hu Jintao, then President of China, to Sweden. In the fourteen years to date, the two countries' authorities have co-organised nearly twenty CSR training programs in the various province of China, and Chinese corporates have also sent several study missions to Sweden.

The cooperation between the two countries seems to provide an example for the global cooperation initiative on CSR that International organisations such as United Nations (UN) have been promoting. But the question that needs to be clarified is whether cooperation between countries can really promote a common understanding of CSR? However, there is a considerable difference in their understanding and practice of CSR when scrutinizing the recent years' CSR disclosure reports of Chinese and Swedish companies. While the global spread of CSR today has led to a high degree of homogeneity in corporate reporting, differences may often be reflected in specific narratives within the framework of CSR reporting structures, reflecting different understandings by companies in various institutional contexts.

CSR has been rapidly disseminated worldwide in recent decades through the promotion of international organisations such as the UN, Organisation for Economic Co-operation and Development (OECD) and the International Labour Organisation (ILO). As an initiative widely embraced by governments as well as large corporations, CSR refers to a process by which an organisation expresses and develops its corporate culture and social consciousness in response

to social pressures faced by corporations on social issues such as human rights and environmental issues (Rupp et al., 2006). CSR disclosure is one of the core components of a company's CSR activities and is a keyway for companies to respond to internal and external pressures for legitimacy (DeTienne & Lewis, 2005; Jizi et al., 2014). Investing resources in CSR disclosure has become an operational and even branding imperative for companies, especially large and publicly traded companies, in all countries. Although CSR disclosures sometimes do not fully reflect corporate CSR practices because of the prevalence of symbolic compliance (DeTienne & Lewis, 2005), they are still an important source of empirical material to study the variations in CSR policies and practices across countries, due to the diversity of companies' articulation of CSR and their perception of sources of legitimacy as reflected in the narratives and the ease of access to them.

From the perspective of institutional theory, CSR as a broadly defined concept, like many international standards in business operations and management, has created an isomorphism in its diffusion to global organisations. According to the institutionalist mainstay, legitimacy pressures from the external institutional environment led to organisational isomorphism. In the context of globalisation over the past decades, it does seem that, at the macro level, worldwide organisations are moving towards homogeneity. For example, the vast majority of global corporations, regardless of their home country, have adopted a CSR policy or even standard framework and have established a specific internal department responsible for it. Despite the isomorphism, the concept of CSR may be charged with very different meanings and have different uses in different political environments, with different political and cultural dynamics influencing how legitimacy is achieved and by whom (i.e., different audiences). The comparative capitalism approach has been quite effective in explaining the differences in CSR in various institutional contexts from a discussion of national business systems (Brammer et al., 2012). I argue that existing comparative studies on CSR from the comparative capitalism approach are ineffective to explain the CSR practice in developing countries, especially in the context of authoritarian regimes, due to the inadequate consideration of the variegated political-institutional environments.

Cross-country comparative studies of CSR with an emphasis on the political dimension can help the academic community to better understand the country-specific differences in CSR and the role that political-institutional environments play in it. By political-institutional environment, I refer to the broader institutional environment in which national politics plays out. An institutional environment is a conceptual tool that describes the socio-cultural, economic and political environment that exerts direct or indirect influences on organisations by shaping individual and organisational perceptions and behaviours through external structures and norms (Carroll & Huo, 1986; Senses-Ozyurt, 2015). The political-institutional environment includes the legal system (Li & Ferreira, 2011), channels for governance that medium for political discussion and coordination as well as the broader political culture often refers to the public attitudes, beliefs, emotions and values that relate to the political system and issues (Ball, 1988; McLean & McMillan, 2009).

As a Scandinavian country that is routinely cited as a global leader in CSR and sustainability, Sweden has a strong presence in CSR practices (Strand et al., 2015). The importance of stakeholder engagement in industrial management has been highlighted in Swedish management literature since the 1960s (Rhenman, 1968). In several global rankings on CSR and sustainability in the last decade, Sweden has topped the list (Strand et al., 2015). Despite Sweden's good performance in CSR recognised by various international organisations, not much research has been done on Swedish CSR in the last decade.

Global South has been under the radar in the comparative study of CSR, with most of the relevant research focusing on developed countries, especially in the important studies that have made theoretical contributions. Therefore, this study compares China, one of the largest authoritarian and developing countries globally, with Sweden, a developed democratic country, which is regarded as a model of CSR, in an attempt to bring developing and authoritarian countries in the Global South into the theoretical framework of CSR classification. Although Sweden is not comparable to China in terms of the size of the country's economy and

population, etc., I chose them based on the differences in their political environments as sovereign states.

Awareness of CSR in China started relatively late. In the mid-1990s, as international companies entered China for investment and sourcing, Chinese companies started to undergo factory audits on social responsibility implemented by foreign transnational companies. It wasn't until 2006 that CSR began to gain traction in China. Chinese domestic academic institutes, NGOs and international organisations in China began to introduce and discuss CSR extensively. Government organs also began to pay attention to CSR. Such as China's Ministry of Labour and Ministry of Commerce have begun to investigate and promote CSR in China actively since then. CSR in China has received considerable academic attention since the last decade. However, not many studies have attempted to integrate China into the theoretical framework of the global CSR typology from institutional theory, and most focus on China's local context.

In this study, I incorporate the discussion of the political-institutional environment into the existing comparative capitalism approach from the perspective of institutional theory to analyse the differences in CSR disclosure between Chinese and Swedish companies, thereby shedding light on how companies understand and seek to maintain legitimacy in different political-institutional environments. The central research question of this study is:

How do Chinese and Swedish corporates differ in their CSR disclosures in the context of their respective political-institutional environments?

To compare Chinese and Swedish CSR, I first conduct the thematic analysis and further detect the difference between their symbolic compliance conditions in two countries' large listed corporates' CSR disclosure reports. Then, I collate and compare the reference situation of standard frameworks in those texts.

2. Previous Literature

2.1 Cross-country comparative studies on CSR disclosures

Since the late 2000s, there has been tremendous growth in comparative studies of CSR disclosure in different countries. A proportion of such studies from business and management have focused on national differences in CSR disclosure and even industry differences within it, comparing the quantity or quality of CSR disclosure by firms in two or more countries and exploring its relationship with economic performance-related factors (Dawid et al., 2019; Garas & ElMassah, 2018; Khlif et al., 2015; Venturelli et al., 2019). Such business studies, to some extent, view CSR naturally as a voluntary corporate behaviour and as one of the means by which firms make a profit. Although some studies refer to differences due to institutional-level pressures, their core concern is usually economic efficiency.

Another strand of research has generalised and made theoretical progress on forms of CSR by analysing clusters of firms from specific groups of countries. Matten and Moon (2008) apply the national business systems approach from institutional theory to conceptualise the differences between CSR in the US and Europe. They suppose that US-style CSR is explicit, referring to corporate policies that assume and articulate responsibility for the interests of society, leaving more incentives and opportunities for companies to take relatively explicit responsibility; whereas European CSR is always implicit in broader responsibility systems, which leave relatively few incentives and opportunities for companies to exhibit their responsibility explicitly. Jackson and Apostolakou (2010) found a similar phenomenon in an analysis of 1000 firms worldwide, with firms from more liberal market economies such as Anglo-Saxon countries scoring higher on most dimensions of CSR than firms in coordinated market economies (CMEs). In CMEs, CSR tends to take a more implicit form. By linking signalling and stakeholder perspectives to the implicit-explicit conceptual framework, Thorne et al. (2017) found that US firms in North America tend to adopt more explicit forms of CSR compared to Canada and found that this has an impact on the way CSR is disclosed. In the US, companies with good CSR records use voluntary reporting and CSR strategic alliances as a

signal of their 'good' citizenship. In Canada, companies that report voluntarily also tend to engage in strategic CSR alliances, but companies do not use strategic CSR alliances or voluntary reporting as a clear strategic signal. Maon et al. (2017) grouped 499 European companies into five categories (Continental, British Isles, Easterner, Nordic, and the Mediterranean) and found that the regional context of corporate actors reflects differences and different directions proposing and developing CSR-related initiatives. They argue that Nordic and Easterner represent the two extremes of CSR forms. Nordic corporate actors tend to graft CSR onto the roots of their business activities, developing integrated strategic business initiatives involving a wide range of internal and external stakeholders; whereas corporate actors from Eastern Europe propose and develop CSR-related initiatives that focus primarily on philanthropic initiatives in partnership with local communities and non-profit organisations and do not adopt a broad range of CSR practices; Continental, Mediterranean and British Isles corporate actors fall somewhere in between these two extremes.

Not surprisingly, most of the aforementioned studies focus on Western contexts, and countries from the Global South seem to be rarely included as one of the cases analysed in cross-national comparative studies on CSR. Fifka et al. (2018) argue that the institutional context of the two countries does not have a significant impact on the CSR advocacy of the companies from the two countries through a comparative study of US and Indian companies. Such findings may be due to their methodological transformation of all qualitative information into dummy variables based on the criterion of whether or not they contain dimension-specific statements from the established CSR dimensions of previous theories, such as the framework supposed by Dahlsrud (2008). Such studies assume a common understanding of the concept of CSR across countries or firms when examining institutional differences between countries, making the analysis prone to overlook the uniqueness in CSR disclosure by firms in various institutional contexts and thus becoming coarse (Kang & Moon, 2012).

Thus, in this study, I compare China, one of world's largest developing countries, with Sweden, which international institutions widely recognised as a model country for CSR. I

analyse the difference in CSR disclosure between Chinese companies in the Global South, with its authoritarian political and economic state capitalist system, and Swedish companies in the Global North, with its democratic political and economic corporatist system on the one hand. On the other hand, a more sensitive qualitative analysis of the content provides a more nuanced picture of the differences in the understanding and interpretation of CSR by companies in the two countries and the relation to the institutional contexts.

2.2 CSR in China

Most research exploring the field of CSR has been conducted in North America and Western Europe (Moon & Shen, 2010). China offers a relatively new field for CSR due to the unique role of government regulation in the Chinese national system and its late integration into the global economy (Ip, 2009). Research on CSR in China, therefore, revolves around a central question: to what extent does the state and development of CSR in China reflect broader trends in the field, or does it reflect its unique characteristics (Moon & Shen, 2010)?

A study by Xu and Yang (2010), based on an open-ended survey of 630 CEOs and business owners in 12 provinces, provides an inductive analysis of CSR in China. They found that Chinese managers share six dimensions of CSR with their Western counterparts, including economic responsibility, legal responsibility, environmental protection, people-orientation, customer focus and philanthropy, but Chinese CSR does not include shareholder interests and equality, the two main dimensions of Western CSR, while honesty, safeguarding employment and social stability and progress (promoting the country's development and prosperity) are three unique dimensions of CSR in China (Xu & Yang, 2010). Yin and Zhang (2012) further distinguish Chinese understanding of CSR from that of the West through a study of interviews with Chinese entrepreneurs conducted in 2009, which found that Chinese companies' understanding of CSR is largely based on ethics and discretionary action rather than the economic and legal responsibility, due to the ethical leadership, government dependence and dominant role of Confucian cultural traditions in CSR in China. The widely accepted shareholder interests and legal compliance in the Western context are rarely seen as part of the

Chinese concept of CSR. They suggest that it may result from the imperfection of the Chinese market and legal system during the market transition period, such as unclear delineation of property rights, weak awareness of shareholders' interests and lack of systematic protection of legitimate rights and interests. In addition, the concept of CSR with Chinese characteristics may also be influenced by the Confucian cultural traditions that emphasise 'ren' (benevolence, charity and humanity) and 'li' (social rules and norms), leading Chinese business leaders to use ethics and morality as a substitute for the concept of corporate responsibility.

In exploring the institutional factors that influence CSR, Chinese companies also have characteristics that differ from those in the West. Due to the dominant role of the government in the Chinese economy, many studies have discussed the role of the government in the development of CSR in China. Noronha et al. (2013) argue that the Chinese government has played an essential role in the process of CSR implement by combing through Chinese government policies, such as the 2006 Chinese Company Law, which stipulates that enterprises must undertake social responsibility, and the guidelines on social responsibility reporting for Chinese listed companies issued by the Shenzhen and Shanghai Stock Exchanges. Zheng et al. (2014) conducted a study by using a sample of 5334 Chinese listed companies from 2008 to 2010 and found that state-owned enterprises (SOEs) controlled by the Chinese central government were more likely to issue CSR reports than other enterprises under the government's CSR disclosure initiative. Dai et al. (2016) found that Chinese firms that publish high-quality CSR reports are perceived by the Chinese government and media to have greater legitimacy and thus better financial performance, i.e., the positive relationship between the quality of a firm's CSR disclosure and subsequent financial performance is mediated by government and media recognition (the firm's perceived level of legitimacy). All of the above studies confirm that the Chinese government is critical in promoting CSR disclosure by Chinese firms as an important target for firms to claim external legitimacy. However, the role of the government can be a double-edged sword in CSR promotion. Rauf et al. (2020), based on observations of Chinese listed companies from 2010 to 2016, suggest that while companies with a high level of political embeddedness are more likely to issue CSR reports, which is

consistent with the above study, companies with a higher level of political embeddedness, the lower the quality of CSR disclosed by firms, while firms with a higher resource base (e.g., capital size) report higher quality CSR.

In addition to the role of the government, the weak role of the employee in Chinese firms on CSR is also revealed. Li et al. (2016) found that central government, supplier concentration and foreign investors were positively related to CSR implementation by analysing the CSR index developed by the Chinese Academy of Social Sciences; shareholder concentration and customer concentration were negatively related to CSR in Chinese firms. The finding inconsistent with those of developed countries is that employee power in Chinese firms is not related to CSR implementation.

To conclude, the existing literature on CSR in China is to some extent decoupled from general theory since most of the study seem to over-emphasise the uniqueness of the Chinese context and make little attempt to integrate the Chinese case with existing theory. Most of the literature overemphasises the particularities of China empirically and theoretically while seemingly crudely treating the West as a whole as an object of comparison. Moreover, the existing research is almost entirely from the business sector. The underlying logic of the vast majority of the literature is inseparable from business performance and policy recommendations and lacks an in-depth and critical analysis of political and social institutions. Some attempts to apply existing organisational theories to explain the situation in China also tend to explore only China itself and lack comparisons with other national contexts. Some of these institutional theory-based studies, although they depart from the economic management perspective adopted by most studies and focus on political factors, such as Marquis and Qian (2014), lack a critical and contextualised analysis and consider the politics associated with CSR in a way that is understood as elite politics (the political connections and embeddedness of companies) without a public perspective (public participation in governance), especially given the fact that CSR emerged from a wave of social movements initiated by companies in response to the public.

2.3 CSR in Sweden

Compared to China, relatively few studies have focused on CSR in Sweden. Most studies have included Sweden as a country with advanced CSR practices in the West in their comparative studies, while others have explored the process and performance of Sweden's acceptance of the CSR concept as a welfare state.

As a Nordic country with a corporatist state tradition, Sweden also differs from the UK and US in its CSR. De Geer et al. (2009) argue that CSR has undergone a process of local 'translation' in the Swedish national context; although traditional Swedish welfare state actors have been relatively sceptical about the concept of CSR, it has gained currency.

Tengblad and Ohlsson (2010) found similar results in their study. Their analysis of the texts of CEO letters in the annual reports of fifteen Swedish companies in 1981, 1991, 2001 and 2006 found that the discourse on CSR has shifted from the earlier national and communitarian view of social responsibility (the negotiated view of CSR) to an international and individualist view of social responsibility (the self-regulatory view of CSR). Similarly, Gjørberg (2010) find that CSR is interpreted in Sweden as a tool for promoting the country's overall foreign policy, such as human rights, sustainable development and economic growth in developing countries, through interviews with members of the government. CSR in Sweden has developed normatively and ideologically driven as a new and entrepreneurial complement to Sweden's strong internationalist tradition, making it essentially neo-liberal. It has given the essentially neoliberal concept of CSR a '*leftist stamp*' in Sweden (Gjørberg, 2010, p. 220).

Although neo-liberal market reforms, represented by the privatisation of state-owned enterprises, have been undertaken in Sweden since the 1990s to reduce government intervention in the market, the government still has some influence over CSR implementation by companies, although in a different way to authoritarian governments like China's. Ogiri Itotenaan et al. (2014) found that while CSR practices in Sweden remain largely voluntary, transparency and compliance with national CSR policy statements are moderating factors for

CSR implementation (i.e., process indicators) through a study of Sweden's face-to-face semi-structured interviews with policymakers and implementers.

Overall, there is a paucity of research on CSR in Sweden. In contrast to China, while existing studies have explored the underlying institutional logic of Swedish CSR policy from a national institutional perspective, there is a lack of descriptions and analyses of CSR disclosure by Swedish companies, especially recent studies given that most studies were conducted approximately ten years ago. Therefore, the analysis of recent CSR disclosures by Swedish companies in this study fills the gap in the existing literature in this regard.

3. Theoretical Framework

3.1 Corporate social responsibility and institutional theory

Although the study of CSR and institutional theory both emerged in the 1960s and 1970s, it was not until the late 2000s that the two converged, and institutional theory was gradually introduced into CSR research by sociologists (Campbell, 2007). Institutional theory departed from the literature on descriptive and normative studies of CSR from a business-centred approach and worked to understand the emergence of CSR and its global practice at a broader level of political and historical factors (Brammer et al., 2012).

There are two reasons why institutional theory is particularly well suited for application to CSR research. First, the application of institutional theory can enable CSR research to move away from the paradigm of understanding corporate behaviour in terms of agency theory, i.e., understanding CSR practice purely as a voluntary action of firms in pursuit of financial performance, to resolve the fundamental contradiction in CSR research regarding the relationship between agency and institutional structure in corporate behaviour. The institutional theory does not see CSR as simply a domain of voluntary action. While CSR policy measures are often targeted at or use the market as a tool, according to institutional theory, the market itself is embedded in broader social networks, business associations and political rules (Brammer et al., 2012). CSR is by no means just another way of enhancing corporate performance (Brooks, 2010).

Second, the application of institutional theory has facilitated research related to the diversity and dynamics of CSR, which is reflected in its very different understandings and interpretations in the context of the political and economic systems of different countries. Institutional researches have studied this diversity extensively in terms of comparative capitalism or business system approaches. They have looked at national business systems and formal (e.g. laws, business associations, civil society groups or trade unions) versus informal (e.g. religious norms, customary practices or tribal traditions) systems to explain inter-country differences in

the meaning of CSR and have proposed models of CSR in different political-economic systems, such as implicit versus explicit CSR (Matten & Moon, 2008), CSR as a mirror image of the system (Jackson & Apostolakou, 2010) etc. The institutional theory also provides strong support for the study of the dynamics of CSR. The global diffusion of CSR as an institution originating in the Anglo-American capitalist system in the last two decades can be explained by the mechanisms related to institutional isomorphism proposed by the new institutionalism (Brammer et al., 2012; Visser & Tolhurst, 2017).

How do institutions influence CSR? According to the theoretical framework established by Scott (2013), institutions in a broad sense consist of three types of component systems, namely regulative, normative and cultural-cognitive systems. The regulative system refers to the regulatory aspect of institutions, i.e., the various institutional constraints and regulative behaviours. This component is often the most common focus of scholars, especially economists, such as North (1990), who emphasises formal regulatory rules in his understanding of regimes. The mechanism by which such systems work is based on the coercion proposed by DiMaggio and Powell (1983), whereby laws and regulations enacted by authorities often have a considerable restrictive or encouraging effect on firms and thus influence their business and social activities such as CSR.

The normative system emphasises the influence of normative rules, including values and norms, on the social life of individuals and organisations. Values and norms closely linked to the social roles assumed by actors can constrain social behaviours and sometimes empower and enable social actions (Scott, 2013). Examples of normative systems in the field of CSR include the recognition and certification of corporate CSR activities by various standard-setting bodies.

A Cultural-cognitive system refers to a shared cognitive framework of social reality by members of society. This cognitive framework is '*a collection of internalised symbolic representations of the world*' that mediates stimuli from the external world and individual responses (Scott, 2013). As Weber argues, such scripted frameworks, composed of various

types of symbols, give meaning to the actions of the actor. Within the framework, conformity tends to occur because they (i.e., the way things are done) are taken for granted while other types of behaviour are unthinkable. Examples of cultural-cognitive systems in the field of CSR include companies following conventional practices at the international, national or industry level or imitating the way most of their peer act in their CSR activities.

The political-institutional environment highlighted in this paper is concerned with the political dimension of the above theoretical framework, as I described in the introduction. I will explain this in detail in subsection 3.3. In the empirical analysis part of this study, I analyse the variations between CSR in China and Sweden in terms of each of the three institutional mechanisms mentioned above. Firstly, I conduct a thematic analysis of the CSR disclosure texts to locate differences at the cultural-cognitive level. Then, I analyse the symbolic compliance of the disclosures to discuss the institutional differences in the regulative aspects of the two countries. Finally, I discuss the institutional differences at the normative aspect by comparing the citation of different levels of standards in corporate reporting between the two countries.

3.2 Exploring the differences: symbolic compliance and standardisation

3.2.1 Symbolic compliance

The paradox about agency-institution assumptions has always been presented in the research on CSR. In both public and private sector accounts of CSR policy and practice, CSR is explicitly understood as being based on voluntary corporate behaviour (Brammer et al., 2012; Vogel, 2007). This argument is based on the agency theory that corporations are only accountable to their shareholders and act in the interests of the group of owners. However, in terms of institutional theory, the corporation, as a political artefact with its origins in the 17th century, was earlier empowered with limited liability by the state in the pursuit of the public interest (Roy, 1997). CSR should therefore be seen as a necessary way for corporations to be socially responsible in order to gain legitimacy from the public, rather than as a voluntary act

as understood from an agency theory perspective. Institutional theory views corporations' agency in CSR, i.e. seemingly voluntary CSR actions, as a '*creation myth*' that reflects the institutional context in which it was first initiated, as an institutional practice of the company in response to internal and external expectations in the context (Brammer et al., 2012, p. 21). Nevertheless, the institutional pressures that companies face, which vary according to the social context, still interact with their agencies to maximise their business interests to shape their CSR practices. Under this understanding, although the external environment has created strong legitimacy pressures on companies to institutionalise CSR, for example, through the promotion of initiatives by international organisations and the dissemination of compliance requirements in financial markets, corporate's agency still triggers extremely widespread symbolic compliance behaviour in the implementation of CSR (Lyon & Maxwell, 2011; Marquis et al., 2016).

Symbolic compliance is an important theoretical concept in the study of CSR practices, and the studies on it have contributed to the understanding of the relationship between a company's agency and the institutional pressures it faces. Two types of symbolic compliance prevail in the field of CSR disclosure. One is selective disclosure, where organisations disclose certain benign information and hide damaging information in the relevant reports (Marquis et al., 2016). Another is substitution, which represents the behaviours when companies substitute a new standard for the institutionally proscribed one (Okhmatovskiy & David, 2012). Examples include developing internal codes of conduct to avoid stricter standards set by governments or NGOs or organising activities to enhance the social or environmental reputation of an organisation to divert public attention. Through a cross-country comparison between Chinese and Swedish corporates, I analyse and reveal how symbolic compliance of two countries' companies display in their CSR disclosure due to corporate agency differs in the context of the various political-institutional environment.

3.2.2 Standardisation

Institutional theory has provided an effective explanation for the study of the dynamic nature of CSR. New institutionalism, in particular, has been able to explain a certain degree of convergence in organisational practices across different regimes by examining the global diffusion of practice models and the imitative adoption of these models by organisations, i.e., the phenomenon of isomorphism (DiMaggio & Powell, 1983). It, on the other hand, pays little attention to how these practices are interpreted or ‘translated’ as they spread around the world (Tempel & Walgenbach, 2007, p. 2). To address this issue, I introduce the concept of dynamic standardisation in this study to explore localisation in the dynamic process of CSR diffusion.

Standards are closely related to organisational research. Around the turn of the 20th century, a large number of national standardisation organisations, including the British Standards Institute (BSI) and the American National Standards Institute (ANSI), were established (Russell, 2005). They developed a set of rules for the design of industrial products so that domestic firms could produce products that were comparable in key respects. Then, international standards began to emerge in the second half of the 20th century. The International Organisation for Standardisation (ISO), founded in 1947, has developed a large number of international standards. It is generally accepted that organisations tend to make structural and procedural changes to achieve the acceptance of standards. However, the impact of standards in the process of being adopted (e.g., localisation) has not been fully studied (Brunsson et al., 2012).

The standardisation of CSR is an important form of the global diffusion of CSR. By developing international standards related to CSR, international organisations are able to disseminate their interpretations of CSR internationally in the form of standards certification and localisation. However, standards are not static and rigid. Firstly, the diversity of standards gives organisations choices, as there are many different international standards on CSR developed by different international organisations (ISO 26000, SA8000, AA1000 and GRI, to name but a few). Secondly, the development of standards is dynamic and often changes with

the political and economic situation, such as changes in the dominance of standards development. More importantly, when an organisation adopts standards it translates them into localised rules (Brunsson et al., 2012), tensions arise in this process, i.e., whether an organisation should adopt standards to local contexts or local contexts should change to accommodate standards.

This study applies the concept of standardisation to analyse the citation of relevant standards in CSR disclosure between Chinese and Swedish companies. As noted, it explores the differences in the citation of CSR standards by companies under different political-institutional environments. In the second part of the analysis, I take a two-fold approach, analysing the acceptance of international standards by companies in both countries on the one hand and the localisation of international standards in both countries on the other.

3.3 Explaining the differences: political-institutional environment

As this study is a comparative study based on comparing CSR disclosures by companies from two countries, it brings to the centre of the discussion the issue of diversity in CSR, the central question being why forms of CSR vary so much between different regions and countries around the world. Institutionalists tend to explain this in terms of a comparative capitalism (or business-systems) approach (Brammer et al., 2012). The comparative capitalism approach emphasises how the business continues to be influenced by the institutional framework of the state in which it is embedded. Existing research has produced considerable results in this direction. For example, early explicit versus implicit CSR arguments argued that the concept of CSR, which originated in the liberal institutional make-up of the UK and US, was voluntary and subordinate to shareholder interests (Brammer et al., 2012), while CSR was relatively 'implicit' in other institutional settings, particularly in countries with corporatist traditions (Matten & Moon, 2008), i.e. they are legally mandated or negotiated in a binding manner with trade unions. This 'crude' analysis was subsequently developed further as Witt and Redding (2012) analyse firms' understandings of CSR in different institutional contexts and suppose

that variants of both types exist and that there are subtypes or various understanding of implicit CSR such as stakeholder-oriented versus production-oriented CSR.

This trend of idea has been further explained by linking CSR to corporate governance, i.e., corporate governance as a mediating link between CSR and national institutional labour and financial arrangements. Kang and Moon (2012) compare the differences in corporate governance systems under three types of capitalism - liberal market economies (UK and US), coordinated market economies (Germany and Japan) and state-led market economies (France and Korea) – and conclude three types of value and form of CSR – shareholder value-based competitive CSR, stakeholder value-based socially cohesive CSR and public value-based developmental CSR - among the three groups. While their study provides a solid theoretical foundation for the comparative study of CSR, their analysis lacks a sophisticated consideration of the political-institutional environments. The analysis of CSR under various institutional contexts may be misled if attention is paid to the economic system overly. Although South Korea and France in the 1960s were both state-dominated in terms of their labour and financial systems, their political systems were vastly different, which led to rather different policy directions in CSR-related policies by those in power and hardly be concluded both as based on public value. In terms of labour rights, the then authoritarian regime in South Korea conducted similar to the suppression of the labour movement in China today, although it adopted symbolic protection in the field of legislation. In France at that time, the democratic government is biased in favour of the business community, but the resistance of national trade unions can still exert certain influence (Joffe, 1973). Thus, it's unsuitable for concluding the two countries both adopted the type of CSR based on public value just because their corporate governance systems resembled and ignoring the divergence in their CSR practice caused by various national political-institutional environments. The misunderstanding of the particular country's CSR practices in a particular historical context and inappropriate categorisation occurred without a vigorous consideration of political-institutional environments. Rather than differences in the types of corporate governance affected by different types of market economies causing vast divergences in CSR policy and practice, I suggest that it is the divergences in the types of

capitalism under the various political-institutional environments that affect companies' CSR governance.

Research on the relationship between CSR and the political sphere has a long history and has flourished, especially in the last decade (Frynas & Stephens, 2015; Scherer, 2018). The research has broadly followed a line of development. Earlier studies explored the impact of corporate political activity, i.e., non-market strategies implemented by business firms to improve their competitive position, on the political system based on the classical assumption that firms are entirely swayed by their economic interests of rationalism (Hillman et al., 2004; Rajwani & Liedong, 2015). The later introduction of the concepts of corporate citizenship (Matten & Crane, 2005; Moon et al., 2005; Scherer & Palazzo, 2008) and political CSR (Scherer & Palazzo, 2007) emphasised the state-like role undertaken by corporations in the public sphere. By developing these concepts, research related to political CSR incorporates values to critically reflect on the future development of CSR (Marti & Scherer, 2016). Scherer (2018) concludes the two types of research mentioned above as instrumental and normative political CSR research, respectively. Both instrumental studies from a positivist perspective and normative studies from a critical theory perspective explore how business corporations have participated in and shaped or will participate in and shape public governance at the local and global level. However, in this paper, I focus on bringing the role of the state back to CSR research to explore how the political-institutional environment has an impact on the CSR activities of business companies.

The political dimension of CSR cannot be explored in isolation from the institutional context in which it is embedded. As mentioned earlier, companies are not autonomous rational actors free from external constraints, and they inevitably need to deal with external legitimacy pressures from political authorities. The reality of a complex and changing political-institutional environment often has a considerable impact on the organisational structure and behaviour of companies, and this impact often extends beyond individuals and single industries. The same is true in the field of CSR. Companies often need to adopt different activities in CSR

depending on the primary sources of political legitimacy in the institutional context in which they operate. The recent series of controversial events surrounding forced labour in the cotton-growing industry in Xinjiang, both in China and internationally, show a case in point. In April 2020, human rights organisations - the Global Legal Action Network (GLAN) and the World Uyghur Congress (WUC) - revealed the existence of Uyghur forced labour in the cotton industry in Xinjiang and accused internationally renowned apparel companies, including H&M and IKEA, of sourcing cotton produced in Xinjiang as raw material for their production. H&M subsequently issued a statement in October expressing concern about reports of forced labour in Xinjiang and subsequently stopped using cotton from Xinjiang altogether as the non-profit organisation it works with, the Better Cotton Initiative, suspended its approval of cotton from Xinjiang. And then the following March, after the US and EU sanctioned China over human rights issues in Xinjiang, official Chinese propaganda agencies launched a wave of nationalist boycotts of H&M. Subsequently, H&M posted a statement on Chinese social media to '*ensure that suppliers worldwide adhere to their sustainability commitments*' despite the intense pressure from Chinese domestic public opinion. In contrast, Chinese domestic apparel brands such as Anta and Li Ning immediately announced their 'Chinese characteristic' CSR initiatives supporting Xinjiang cotton and against the so-called '*discrimination from the West*'. These two contrasting CSR activities are clearly due to the various political-institutional contexts, reflecting the different forms of distribution and operation of power. Specifically, at the national level, differences in national political systems make for considerable differences in the origin, distribution and allocation of power to which business enterprises are attached in their operations. CSR activities are inevitably profoundly influenced by the national political environment, both from an instrumental (business interests) and normative (values) perspective.

4. Method

4.1 Mixed method approach and pragmatic worldview

The central question of this study is to uncover and explain the differences in CSR disclosure between Chinese and Swedish companies. I use a mixed methods approach in this study, which consists of two specific components: a textual analysis of CSR disclosures by Chinese and Swedish companies and a quantitative mathematical model analysis of companies' participation in global CSR standards in both countries. A mixed methods approach involves combining or integrating qualitative and quantitative research and data in one study. Qualitative data is usually open-ended, with no predetermined responses, such as interview responses or relevant texts collected; quantitative data usually includes closed-ended responses, such as those on a questionnaire. Both quantitative and qualitative methods have their biases and weaknesses. Quantitative studies often struggle to explain the detailed mechanisms by which social phenomena occur, while qualitative studies that report on a small sample may not be able to generalise the findings. The use of mixed methods is intended to collect both quantitative and qualitative data for neutralising the weaknesses of each form of data (Creswell & Creswell, 2018).

As I discussed in the literature review, existing research on CSR disclosures has focused on overly simplistic quantitative analysis of texts, which does not accurately capture differences in the detail of the text. Otherwise, comparative CSR studies that rely exclusively on qualitative analysis of individual texts give sufficient attention to detail but lack uniformity in the analysis process across multiple texts, making it difficult to generalise the findings. Combining the two forms of data allows for a complete analysis of complex issues by placing the numbers in the context of the text on the one hand and complementing the qualitative text with figures, trends and statistical results on the other (Creswell & Plano Clark, 2018).

This study adopts a pragmatist worldview as the philosophical basis for the mixed methods strategy. Pragmatism as an overarching philosophy focuses on the consequences of research

(Biesta, 2010). It places the research question in the forefront vis-à-vis the method or the philosophical worldview that underpins the method (Tashakkori & Teddlie, 2010). This makes it well suited to the mixed methods approach adopted in this study, as it is not bound to the contextual and general debate of theory in research and thus avoids the limitations on the type of research data collected that this debate creates. As a comparative study on the understanding of CSR, the study focuses on a sample of publicly listed Chinese and Swedish companies for the qualitative analysis of CSR reporting texts, on the one hand, and complements this with a quantitative analysis of companies' participation in the global CSR standards framework in both countries, on the other. The pragmatist worldview allows the two types of data to be corroborated, thus allowing for a transfer from context to generality, i.e. the use of what Morgan (2007) calls 'transferability'.

In the application of the pragmatist paradigm, a logical reasoning method known as 'abduction' is used to address the relationship between theory and empirical material, i.e. a combination of induction and deduction is used in the reasoning process first to translate observations into theory and then evaluate them (Shannon-Baker, 2016). In this study, I first analysed the qualitative textual material, quantifying the observed qualities that have stability and repeatability, such as the subject matter of CSR disclosures, quality and the standards cited. The results are then combined with quantitative data analysis of Chinese and Swedish companies' participation in the global CSR standards framework and its associated institutional factors to form a triangulation methodology to answer the core questions of the study.

4.2 Data collection and measurement

In the textual analysis section, I selected a total of thirty companies (fifteen Chinese and fifteen Swedish) from the 2020 Forbes Global 2000 list based on nine industry categories (transportation, real estate, telecommunication, manufacturing, technology, energy, wholesale and retail, conglomerate, finance). The Forbes Global 2000 is an annual list published by Forbes magazine based on the sales, profits, assets and share values of listed companies worldwide. Therefore, the samples analysed in the text of this study belong to the largest groups

of listed companies in China and Sweden. This way of sample selection facilitates the collection of data for the study, as the larger listed companies generally have almost systematic annual CSR disclosure reports and are less likely to have missing information. In addition, background information on large listed companies is better available from public sources, making it easier for the researcher to uncover the scenarios behind the textual material. After specifying the list of sample companies, I collected the relevant reports on CSR disclosures for 2019 from all sample companies. As the empirical material was collected between December 2020 and January 2021, the majority of the sample firms' reports for the year 2020 were not enacted, so the 2019 reports were collected for analysis in this study. The preparation and naming of CSR disclosure reports vary between companies, with sustainability reports, environmental, social and governance reports, and annual and sustainability reports being common nomenclature in addition to naming them CSR reports. In my collection of reports, I have included companies' reports that present CSR issues regardless of nomenclature. Table 1 presents information about the reports of the sample companies analysed in this study.

In the mathematical model analysis section, in order to test the relationship between the political participation and the participation of companies from both countries in the global framework, I collected year-by-year data from 2006 to 2019 on the participation of Chinese and Swedish companies in the Global Compact (GC) framework (a voluntary CSR framework issued by the UN) and the ISO 14001 standard certification (a regulatory CSR-related framework issued by the International Organisation for Standardisation and certified by a third-party body).

The dependent variable for the statistical analysis is the country-level annual business participation counts for two global criteria between 2006 and 2019. I use the democracy score from the V-Dem database as the independent variable to measure the country's political system. V-Dem collects data from five dimensions - electoral, liberal, participatory, deliberative, and egalitarian - to measure a country's level of democracy, which is a more elaborate construct than other popular democracy index data such as Polity and Freedom in the World databases.

I have included other control variables in the model regarding the domestic and international institutional environment. I include the UN Development Programme's Human Development Index, which captures citizens' health and longevity, years of schooling and standard of living as indicated by gross national product per capita (Pope & Lim, 2020). To measure the quality of local governance, I used government effectiveness scores from the World Bank's World Governance Indicators database, assessed by perception data from households, businesses and experts in each country, reflecting scores on the quality of policy formulation and implementation and the credibility of policy commitments by governments (Kaufmann et al., 2011). To control for the nature of the local economic system, I include the Index of Economic Freedom from the Heritage Foundation, which captures how similar the local economy is to the free market through high scores on the sub-dimensions of free trade, limited government spending, and property rights. I control for the size of the country's economy in terms of the log dollar value of GDP from the World Governance Indicators database. To control for the extent to which the country endorses the principles of the world community, I include the total number of multilateral treaties ratified by the country (including those on environmental and human rights as well as labour issues). Given that listed companies tend to be more active in CSR-related cooperation activities, the total number of national listed companies may influence the number of companies participating in global standards frameworks and certifications, so I collected annual counts of Chinese and Swedish listed companies for the period 2006 to 2019.

Table 1 List of Sample Companies' CSR Reports

| Title | Corp | Country | Industry | Ownership |
|--|---|----------------|----------------------|------------------|
| 2019 Social Responsibility Report | China Railway Group Ltd | China | Transportation | Public |
| 2019 Sustainability Report | Country Garden Group | China | Real Estate | Private |
| 2019 Corporate Social Responsibility Report | Vanke Company Ltd | China | Real Estate | Private |
| 2019 Sustainability Report | China Mobile Ltd | China | Telecommunication | Public |
| 2019 Social Responsibility Report | SAIC Motor Corporation Ltd | China | Manufacturing | Public |
| 2019 Social Responsibility Report | Midea Group | China | Manufacturing | Private |
| 2019 Social Responsibility Report | Anhui Conch Cement Company Ltd | China | Manufacturing | Private |
| 2019 Social Responsibility Report | Tencent Holdings Limited | China | Technology | Private |
| 2019 Social Responsibility Report | China Petroleum & Chemical Corporation | China | Energy | Public |
| 2019 Corporate Social Responsibility Report | China National Petroleum Corporation | China | Energy | Public |
| Corporate Social Responsibility Report | JD.com, Inc. | China | Wholesale and Retail | Private |
| Environmental, Social and Governance Report 2019 | Fosun International Ltd | China | Conglomerate | Private |
| 2019 Social Responsibility Report | Industrial and Commercial Bank of China Ltd | China | Finance | Public |
| 2019 Corporate Social Responsibility Report | China Construction Bank Corporation | China | Financial | Public |
| 2019 Sustainability Report | Ping An Insurance Company of China Ltd | China | Financial | Private |
| Annual and Sustainability Report 2019 | SJ AB | Sweden | Transportation | Public |
| Annual and Sustainability Report 2019 | Skanska AB | Sweden | Real Estate | Private |
| Annual Report 2019 | Fastighets AB Balder | Sweden | Real Estate | Private |
| Annual and Sustainability Report 2019 | Telia Company AB | Sweden | Telecommunication | Public |
| Annual and Sustainability Report 2019 | Volvo Group | Sweden | Manufacturing | Private |
| Annual and Sustainability Report 2019 | HM Group | Sweden | Manufacturing | Private |
| Annual and Sustainability Report 2019 | Essity AB | Sweden | Manufacturing | Private |
| Sustainability Report 2019 | Hexagon AB | Sweden | Technology | Private |
| Annual and Sustainability Report 2019 | Vattenfall AB | Sweden | Energy | Public |
| Sustainability Report 2019 | Lundin Energy AB | Sweden | Energy | Private |
| Annual Report 2019 | ICA Gruppen | Sweden | Wholesale and Retail | Private |
| Annual Report 2019 | Investor AB | Sweden | Conglomerate | Private |
| Sustainability Report 2019 | Nordea Group | Sweden | Financial | Private |
| Sustainability Report | Skandinaviska Enskilda Banken AB | Sweden | Financial | Private |
| Sustainability Report 2019 | Svenska Handelsbanken AB | Sweden | Financial | Private |

4.3 Data analysis

In the first stage of the analysis, I used thematic analysis (or qualitative content analysis) as a method of textual analysis. In this stage, I divided the content of the thirty sample texts into five sections: CEO statement, stakeholder framework, headings at each level, referenced standards and data disclosure.

The CEO statement, as a section in which the company's management briefly expresses the company's strategy and vision in summative terms, often reflects the aspects that are most important to the company in its CSR policies and practices. Therefore, I summarised this part of the text for each sample material. After summarising the multiple themes discussed in the texts, I further compared the differences in the frequency of the various themes in the reports of Chinese and Swedish companies to summarise the CSR themes that were of common interest to both groups of companies as well as the unique themes of each. A similar approach was followed for the stakeholder frameworks, headings and referenced standards, i.e., first summarising the relevant text for each sample, then consolidating the frequency of each category (stakeholder type, heading's topic or standard and its type) for the Chinese and Swedish groups separately and then comparing the two groups. In terms of data disclosure, a different logical analysis is adopted than in the previous section of purely qualitative texts, as the aim is to assess the differences in the quality of disclosure between Chinese and Swedish companies' reports, i.e., whether there is significant symbolic compliance. I deductively analyse the sample material according to the requirements of the GRI framework for CSR key data disclosure and assess whether the sample text discloses the key data and uses a target-driven approach.

In the second stage of the analysis, I construct four statistical models to explore the relationship between Chinese and Swedish firms' participation in the GC framework of CSR standards and national institutional factors. The dependent variables of the four models are the year-by-year number of Chinese and Swedish firms participating in the GC framework and ISO 14001 standard certification from 2006 to 2019; the independent variables are all the seven

variables mentioned in the previous section. Because the dependent variable is overdispersed, i.e. the deviation is greater than the mean, the four models are parameterised by the negative binomial distribution (Hilbe, 2011). I logarithmically transformed the independent variables that exhibited skewed distribution, including the number of listed companies and the dollar value of GDP. To assess the fit of the negative binomial regression model, I ran equivalent generalised linear models (GLM) to obtain AIC and BIC statistics (Hilbe, 2011). The AIC and BIC statistics were smaller for all negative binomial models compared to Poisson models with the same variables, indicating that the negative binomial models provided a better fit.

Table 2 Univariate Statistics of Variables

| Variables | China | | | | Sweden | | | |
|------------------------------|-----------|-----------|-----------|------------|----------|---------|----------|----------|
| | Mean | SD | Min. | Max. | Mean | SD | Min. | Max. |
| Dependent variables | | | | | | | | |
| Global Compact | 88.500 | 74.620 | 6.000 | 277.000 | 118.214 | 98.004 | 7.000 | 313.000 |
| ISO 14001 | 82742.100 | 41254.600 | 18842.000 | 137230.000 | 3929.357 | 485.582 | 2989.000 | 4829.000 |
| Independent variables | | | | | | | | |
| Listed companies | 2498.643 | 782.719 | 1421.000 | 3777.000 | 614.286 | 148.369 | 456.000 | 889.000 |
| GDP (\$bn) | 8647.034 | 3798.828 | 2752.130 | 14342.900 | 521.993 | 49.664 | 423.093 | 586.842 |
| Economic freedom | 53.486 | 2.488 | 51.000 | 58.400 | 72.471 | 1.941 | 69.300 | 76.300 |
| Government effectiveness | 0.229 | 0.180 | 0.004 | 0.518 | 1.897 | 0.093 | 1.774 | 2.045 |
| Human development | 0.715 | 0.035 | 0.653 | 0.761 | 0.925 | 0.016 | 0.905 | 0.945 |
| Democracy | 0.468 | 0.036 | 0.421 | 0.513 | 4.132 | 0.094 | 3.888 | 4.235 |
| International treaties | 368.790 | 43.460 | 296.000 | 430.000 | 552.643 | 47.053 | 478.000 | 624.000 |

5. Analysis

5.1 The origin and development of CSR global frameworks

This section starts with a summary of the common global frameworks for CSR and then compares the thematic structure of the CSR frameworks of Chinese and Swedish companies by analysing the CSR reports of the largest groups of companies in both countries.

CSR is considered to be a framework of principles that hold companies accountable for designing the behaviour of a wide range of stakeholders in this study. It is generally accepted that these normative principles have their origins in the growing culture of protest in the mid-20th century, where political action, mainly in the form of protests, saw business companies as part of the 'system' they wanted to change (Latapí Agudelo et al., 2019). The strong political pressure from protest actions pushed companies to act in accordance with social expectations, leading to the acceptance of social responsibility norms. However, the early conceptions of CSR were still mostly charitable in nature (Carroll, 2008).

Although there are more or fewer variations in organisational CSR frameworks across countries, industries and even business organisations, there is still a global CSR framework that prevails to some extent. Efforts to institutionalise the global norms of CSR date back to the 1970s (Lim & Tsutsui, 2012). From the establishment of the Centre on Multinational Corporations by the UN in 1974, the adoption of the Guidelines for Multinational Enterprises by the OECD in 1976 and the Tripartite Declaration of Principles concerning Multinational Enterprises and Social Policy by the ILO in 1977 to the establishment of the Intergovernmental Panel on Climate Change in 1988 by the UN Environment Programme in cooperation with the World Meteorological Organisation, early attempts at a global regulatory CSR framework with recourse to international law were soon de-radicalised by the actions of corporations and developed country governments who lobbied hard against binding international law (Hedley, 1999; Shamir, 2004). Instead, voluntary global CSR frameworks have become mainstream, relying on voluntary self-reporting or spontaneous monitoring by civil society actors rather

than strict external oversight (Lim & Tsutsui, 2012). The best known of these frameworks are the Global Reporting Initiative Guidelines (GRI) and the UN Global Compact (GC), issued in 2000, and the Sustainable Development Goals (SDGs), issued in 2015.

The basic content themes in the three frameworks are collated in Table 3. All three frameworks cover three main themes - environmental, social and economic - although there are differences in the specific content described. Under the social theme, the frameworks focus on human rights and labour practices, and both the GRI and SDGs also include product responsibility.

Table 3 Thematic Structures of GRI Standards, GC Principles and SDGs

| CSR Topic | GRI standards | GC principles | SDGs |
|-------------------------------|--|--|---|
| Environment | Materials; energy; water and effluents; biodiversity; emissions; waste; environmental compliance; supplier environmental assessment | (7) Businesses should support a precautionary approach to environmental challenges. (8) Undertake initiatives to promote greater environmental responsibility. (9) Encourage the development and diffusion of environmentally friendly technology. | (6) Clean water and sanitation (7) Affordable and clean energy (8) Decent work and economic growth (11) Sustainable cities and communities (12) Responsible consumption and production (13) Climate action (14) Life below water (15) Life on land (16) Peace, Justice and strong institutions |
| Society | | | |
| Human rights | Investment and procurement practices; non-discrimination; freedom of association and collective bargaining; child labour; forced and compulsory labour; security practices; rights of indigenous people; human rights assessment; local communities; supplier social assessment; public policy | (1) Business should support and respect the protection of internationally proclaimed human rights. (2) Make sure that they are not complicit in human rights abuses. (3) Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining. (4) The elimination of all forms of forced and compulsory labour. (5) The effective abolition of child labour. | (3) Good health and well-being (5) Gender equality (8) Decent work and economic growth (16) Peace, Justice and strong institutions |
| Labour practices | Employment; labour/management relations; occupational health and safety; training and education; diversity and equal opportunity | (6) The elimination of discrimination in respect of employment and occupation. | (3) Good health and well-being (4) Quality education (5) Gender equality (8) Decent work and economic growth (10) Reduced inequalities (16) Peace, justice and strong institutions |
| Product responsibility | Customer health and safety; marketing and labelling; customer privacy; socioeconomic compliance | | (12) Responsible consumption and production (16) Peace, Justice and strong institutions |
| Economy | Economic performance; market presence; indirect economic impact; procurement practices; anti-corruption; anti-competitive behaviour; tax | (10) Businesses should work against all forms of corruption, including extortion and bribery. | (1) No poverty (2) Zero hunger (5) Gender equality (8) Decent work and economic growth (9) Industry, innovation and infrastructure (10) Reduced inequalities (11) Sustainable cities and communities (13) Climate action (16) Peace, Justice and strong institutions (17) Partnerships for the goals |

5.2 Comparative analysis of thematic frameworks and qualities of Chinese and Swedish corporate CSR reports

By analysing the CSR report texts of a cohort sample of 30 of the largest companies in China and Sweden, I collate and compare the CSR frameworks in both countries. In the companies' annual or sustainability reports, the content of the CEO statement section often "*communicates the company's strategy and vision*" (Tengblad & Ohlsson, 2010, p. 658). Therefore, I collate the content of the CEO statement in all corporate reports. In Table 4, the themes that appear in the CEO statement or the equivalent section of the Chinese and Swedish corporate reports are organised into eight main categories: national authorities, technological innovation, economic performance, environment, global cooperation, employees, corporate governance and products/consumers.

Each semantic theme represents a related series of topics discussed in the corporate reports. National development refers to statements that refer to working with national or governmental authorities to promote national development; technological innovation refers to statements that refer to technological innovation, often in relation to technological innovations that reduce emissions, save energy or economic performance improvement; economic performance refers to statements that relate to the size and profitability of a company; environment refers to a company's response to environmental issues such as emissions, energy consumption, waste and climate change; global cooperation refers to the global issues addressed by companies in their statements, such as international cooperation within the framework of the UN; employees refers to the company's statements on employee-related issues such as employee rights and trade unions; corporate governance refers to statements on issues related to corporate governance structures and operational strategies; and product/consumer refers to statements on the company's services or products or on customer interests.

As shown in Table 4, Chinese companies most often mention national authorities and technological innovation, while relatively few mentions economic performance, the environment, global cooperation, employees, corporate governance and products/consumers.

Swedish companies, on the other hand, most often mention the environment, global cooperation, employees and products/consumers, while only one-fifth of Swedish companies mention national development issues. A Fisher's test of the differences in topics between the two groups of companies revealed significant differences (p-value less than 0.05) between the two groups of companies in terms of national authorities, the environment and global cooperation.

Table 4 Comparison of the Main Semantic Topics in the CEO Statement Section of the Chinese and Swedish CSR Reports

| Semantic topic | China | Sweden | P-value |
|---------------------------|-------|--------|---------|
| National authority | 93.3% | 20.0% | 0.0001 |
| Technological innovation | 86.7% | 73.3% | 0.3257 |
| Economic performance | 66.7% | 73.3% | 0.5000 |
| Environment | 66.7% | 100.0% | 0.0211 |
| Global cooperation | 60.0% | 93.3% | 0.0400 |
| Employee | 60.0% | 86.7% | 0.1074 |
| Corporate governance | 53.3% | 66.7% | 0.3552 |
| Product/customer | 53.3% | 86.7% | 0.0543 |

The identification and accountability of stakeholders is an essential part of CSR reporting. Legitimacy pressures from outside society require companies, especially larger listed companies, to consider the rights and interests of all stakeholders in their business activities, rather than being accountable only to the holders. Stakeholders are generally categorised into primary and secondary levels (Clarkson, 1995). Primary stakeholders are those actors that have a direct and formal link to the company's business, such as shareholders, customers, suppliers and employees, while secondary stakeholders are the social and political actors that have a stake in the legitimacy of the company's business activities (Ayuso et al., 2014, p. 419).

To explore the similarities and differences in the perceptions of stakeholders between Chinese and Swedish companies, the framework of Chinese and Swedish companies' perceptions of their stakeholders is collated in Table 5. All sample companies have set up their own perceived stakeholder frameworks in their CSR reports, allowing me to compile the relevant content.

The results in Table 5 show that companies in both countries overlap for the most part, with the vast majority identifying consumers, suppliers and partners, employees, communities and the public, as well as shareholders and investors as stakeholders. However, significant differences again emerged in the perceptions of government and regulatory authorities (p-value less than 0.05). All Chinese companies in the study consider government and regulatory authorities to be and to be the most important (the majority of companies rank them first in the text) stakeholders, while a relatively small proportion of Swedish companies consider government as a stakeholder and tend to be relatively marginal to other stakeholders in the structure of the text. Although it is generally accepted that there is a global consensus on stakeholder engagement after nearly two decades of global diffusion and practice of CSR, a comparative analysis of the situation between Chinese and Swedish companies in this study reveals subtle differences in companies' understanding of stakeholders in different institutional contexts.

Table 5 Comparison of the Stakeholders in the Chinese and Swedish CSR Reports

| Stakeholder | China | Sweden | P-value |
|--|--------|--------|---------|
| Government/Regulatory authorities | 100.0% | 60.0% | 0.0084 |
| Customers | 100.0% | 93.3% | 0.5000 |
| Suppliers and partners | 100.0% | 93.3% | 0.5000 |
| Employees | 100.0% | 100.0% | 1.0000 |
| Community and public | 100.0% | 86.7% | 0.2414 |
| Shareholders and investors | 93.3% | 93.3% | 0.7586 |
| NGO | 46.7% | 46.7% | 0.6424 |
| Environment | 26.7% | 6.7% | 0.1648 |
| Media | 20.0% | 26.7% | 0.5000 |
| Legislators | 0.0% | 6.7% | 0.5000 |
| Union | 0.0% | 6.7% | 0.5000 |

In Tables 6, 7 and 8, the content in CSR reports of Chinese and Swedish companies is compared based on a collation of themes at all levels of headings in the text of the reports. Table 6 shows the common themes designed in the CSR reports of the Chinese and Swedish companies and the rate of occurrence. Both groups of companies demonstrate a high degree of consistency in most of the framework structures, with most companies in both groups reporting

on topics such as corporate governance, environment, employees, product responsibility, economic performance, supplier governance and anti-corruption. Only a few topics show significant and large differences. The largest difference occurs on the topic of human rights, where only one-fifth of the Chinese companies report on this topic compared to the vast majority (86.7%) of the Swedish companies in the sample that explicitly report on this topic. Also, while the majority of Chinese companies in the sample reported on emissions, less than half specifically reported on the topic of climate change. The majority of Swedish companies, on the other hand, report on the topic of emissions along with their response to climate change. More Chinese companies report specifically on technological innovation than did Swedish companies.

Table 6 Comparison of Occurrence Rates of Common Themes Between the Chinese and Swedish CSR Reports

| Theme | China | Sweden | P-value |
|---------------------------------|--------------|--------------|---------------|
| Corp governance | 100.0% | 100.0% | 1.0000 |
| Environment | 100.0% | 100.0% | 1.0000 |
| Emissions | 93.3% | 93.3% | 0.7586 |
| Environmental Management | 86.7% | 80.0% | 0.5000 |
| Resources | 93.3% | 86.7% | 0.5000 |
| Climate Change | 46.7% | 86.7% | 0.0251 |
| Employee | 100.0% | 100.0% | 1.0000 |
| Occupational health and safety | 93.3% | 93.3% | 0.7586 |
| Training | 93.3% | 100.0% | 0.5000 |
| Diversity and equal opportunity | 80.0% | 100.0% | 0.1121 |
| Product Responsibility | 100.0% | 80.0% | 0.1121 |
| Economic performance | 93.3% | 100.0% | 0.5000 |
| Technology innovation | 93.3% | 53.3% | 0.0176 |
| Supplier governance | 86.7% | 93.3% | 0.5000 |
| Anti-corruption | 86.7% | 93.3% | 0.5000 |
| Human rights | 20.0% | 86.7% | 0.0003 |

Tables 7 and 8 present the distinctive themes in the CSR reports of Chinese and Swedish companies relative to each other's group. The vast majority of the distinctive themes for Chinese companies are closely related to the policies of the national authorities. The Targeted Poverty Alleviation Campaign (TPA) is a political governance campaign launched by the

Chinese government in 2014, mobilising the community to provide individualised poverty alleviation plans for each poor household through targeted identification of poor households (Zeng, 2020). At the Fifth Plenary Session of the 18th Central Committee of the Chinese Communist Party (CCP) in 2015, it was proposed that by 2020, all poor people living below the current national poverty line would be lifted out of poverty (Guo et al., 2019). This government-led governance campaign quickly mobilised a large number of businesses. In October 2015, the State Council Leading Group Office of Poverty Alleviation & Development and two NGOs affiliated with the United Front Work Department of the CCP launched an initiative called '*Ten Thousand Enterprises Helping Ten Thousand Villages*'. The initiative mobilises private enterprises to sign contracts with poor villages and poor households and to provide targeted support, with the goal of mobilising more than 10,000 private enterprises nationwide to help more than 10,000 poor villages out of poverty in three to five years. The high level of participation and reporting of TPA by Chinese enterprises in the sample is due to this strong legitimacy pressure from the political authorities.

On the subject of the COVID-19 outbreak, although Swedish companies also mention the impact of the outbreak, no Swedish companies report specifically on their response to the outbreak, while most Chinese companies report on their measures to actively cooperate with the government to maintain social stability during the outbreak in at least one particular section.

More than half of the Chinese companies in the sample have written about 'party building' in their CSR reports. Party building is the main activity of the CCP to maintain its organisational adaptability as a single ruling party. The dramatic changes in the social structure of China resulting from the market reforms that began in the late 1970s and the rapid growth of the entrepreneurial and professional communities have challenged the rule of the CCP. Since the mid-1990s, the CCP began to promote a variety of party building in its ideological and organisational practices to enhance the legitimacy and resilience of its authoritarian rule (Han, 2015). Ideologically, the 'Three Represents' theory put forward by then-President Jiang Zemin when he was in power transformed the CCP from a revolutionary party into a pragmatic ruling

party that no longer represented only the workers' and peasants' alliance, but essentially all social classes. In organisational practice, the CCP, in principle a Leninist party, relies on a pervasive grassroots party organisation for its social control. These grassroots party organisations are embedded in almost all political, economic and cultural organisations in Chinese society to ensure that they are ideologically and practically loyal to the party line. Party-building activities in Chinese enterprises reflect the authoritarian state's control of public and even private economic organisations.

Nearly half of the Chinese companies in the sample specifically reported on the Belt and Road project. The Belt and Road is a project by the Chinese government to promote the development of regional economic cooperation by providing financing to countries around the world. Under this initiative, a large number of Chinese companies are involved in infrastructure development overseas, particularly in developing countries. A large proportion of the Chinese companies in the sample are state-owned, and listed companies with a state-owned background are often deeply involved in the programme and report on their work as an example of their involvement in global cooperation.

The three transformations, spreading Chinese culture, and entrepreneurship promotion themes were each reported by one of the Chinese companies in the sample. The Three Transformations is an acronym for Xi Jinping's phrase "*Transformation of 'Made in China' to 'Created in China', 'China Speed' to 'China Quality', and 'China Products' to 'China Brands'*", which summarises the direction of the new phase of China's economic development during his tenure. Chinese companies often describe their transformation in terms of technology, products and brand building within this framework. Spreading Chinese culture comes from Xi's discourse on '*cultural confidence*' since he came to power, which emphasises resisting Western influence and promoting traditional Chinese culture, the revolutionary culture of the CCP and socialist culture. Entrepreneurship promotion responds to Premier Li Keqiang's 2014 policy of promoting entrepreneurship in universities and society in general, particular in internet industry.

Table 7 Disclosure Rates of the Distinctive Themes in the Chinese CSR Reports

| Theme | Rate |
|---------------------------------------|--------|
| Targeted Poverty Alleviation Campaign | 100.0% |
| Epidemic fighting | 60.0% |
| Party building | 60.0% |
| Belt and Road project | 40.0% |
| Three Transformations | 6.7% |
| Promoting Chinese culture | 6.7% |
| Entrepreneurship promotion | 6.7% |

The unique themes for Swedish companies depend more on the industry to which they belong than for Chinese companies. The majority of Swedish companies report on finance-related topics in their reports. This is related to the fact that the majority of Swedish companies adopt the framework of integrated reporting, which is a fairly new form of corporate reporting that generally refers to the close integration of business, environmental and social contexts with information about the company's operations, such as strategy and governance, in a holistic manner, as opposed to the previous approach of companies producing separate sustainability and financial reports. The traditional CSR report has often been criticised for its Traditional CSR reporting has often been criticised for its lack of integration between financial and non-financial information (Velte & Stawinoga, 2017). Integrated reporting, on the other hand, integrates and links financial and non-financial information to show stakeholders how the company is creating value in a sustainable way (Krzus, 2011). The majority (86.7%) of the Swedish companies in the sample use the integrated reporting framework to integrate CSR content into their annual reports, making the presentation of financial information a common feature of reporting compared to the almost absence of financial information in stand-alone CSR reports issued by Chinese companies. Responsible investment and financial crime are disclosed in the reports of Swedish banking companies as an important part of their business, and Punctuality is SJ's commitment as a state-owned transport company to its shareholders and customers, i.e., society at large. Freedom of expression is disclosed by Telia in its report as a state-owned telecommunications company. The report not only responds to the company's system and measures to protect the right to freedom of expression but also provides detailed

annual data on the frequency of data access requests from the government and the company's response to these requests in the countries in which it operates: Sweden, Denmark, Norway, Estonia, Lithuania and Moldova.

Table 8 Disclosure Rates of the Distinctive Themes in the Swedish CSR Reports

| Theme | Rate |
|------------------------|-------|
| Finance | 86.7% |
| Responsible investment | 20.0% |
| Financial crime | 13.3% |
| Punctuality | 6.7% |
| Freedom of expression | 6.7% |

In summary, the analysis of the semantic themes in the CEO statement section and the content of the section headings in the body of the text, as well as the identification of the stakeholder framework above, reveal significant differences in the emphasis placed on government in CSR reports by Chinese and Swedish companies. I classify Chinese and Swedish CSR as authoritarian-state-oriented and democratic-global-oriented respectively. Chinese companies make their government a necessary or even primary target of their business activities and social responsibility. This is not the case for Swedish companies, which focus on and emphasise global issues such as climate change and human rights protection more than their own government's priorities and tend to adopt an integrated reporting framework that links CSR content to the company's financial operations. Interestingly, according to Tengblad and Ohlsson (2010), their analysis of the transformation of framing in the annual reports of large Swedish companies in 1981, 1991, 2001 and 2006 reveals that Swedish companies' discourse on CSR before the 2000s was similar to the framework that Chinese companies have today, showing a strong national orientation, with a strong national focus in 14 of the 15 annual reports of large companies they analysed, such as Volvo, etc. This phenomenon has been attributed to the Swedish government's massive regulation and intervention in the economy in the 1960s and 1970s. But it would be improper to equate the situation in China today with that in Sweden. The vast differences in the relationship between business and government in the two countries are due to very different political systems. In Swedish parliamentary democracy,

in addition to the compliance narrative of responding to the government's call for national development, Swedish businesses also mobilised support through annual reports for specific political courses such as free-market advocacy and financial deregulation (Tengblad & Ohlsson, 2010). In contrast, the narratives of Chinese companies under the authoritarian one-party regime took a more obvious form of compliance and pandering to the government, according to my research.

It is not that Chinese companies have no bargaining power vis-à-vis the government and can only comply, but that their form of relationship construction with the government is fundamentally different from that of Sweden or other Western democracies. It has been argued that in contrast to political lobbying by companies in democratic countries, which focuses on building alliances and mobilising the public at the social level (the horizontal dimension of social capital), Chinese companies focus on building relationships with government authorities at all levels (the vertical dimension of social capital) (Hou & Zhu, 2020), due to the social stratification and hierarchy evident in authoritarian societies (Lin, 2000). The acquisition of this vertical social capital requires a great deal of upfront ingratiation with government authorities, and CSR activities in response to government political calls, as reflected in disclosure reports, are often an important part of such actions. Only by establishing and maintaining good relations with the government through such activities can there be room for subsequent policy negotiations that relate to the company's business interests (Hou & Zhu, 2020).

The global orientation of Swedish companies today stems from the changes in the Swedish national business system during the 1990s and the beginning of the 21st century. As a condition of Sweden's accession to the European Union, restrictions on foreign ownership of Swedish companies were eased, and a large number of cross-border M&A transactions took place in Swedish companies. At the same time, the stock market orientation towards increasing shareholder value was emerging in the Swedish business community, while the previous bond between companies and banks was weakening (Henrekson & Jakobsson, 2003). These moves

towards the Anglo-American business system coincided with the rise and proliferation of global CSR disclosures at the beginning of the 21st century, which together resulted in a shift in the framing of CSR in Swedish companies from an implicit and national to an explicit and global orientation, i.e., the almost complete absence of Swedish national issues from the report. This is not only revealed in Tengblad and Ohlsson's analysis of the annual reports of Swedish companies in 2001 and 2006 but also confirmed in this study.

The above findings confirm the differences in the understanding of CSR between Chinese and Swedish companies on the cultural-cognitive dimension of the institution. The fact that the Chinese business community, despite increasing globalisation, still considers the national government as the most crucial factor influencing its business behaviour and thus strives to link its CSR practices to the government's policy objectives and even to national development is in line with the nationalist and statist ideology that pervades Chinese society. Statism provides the basic symbolic scripting framework for actors in the Chinese social context, where anything that goes against the interests of the state or the regime is considered unthinkable. The case of Sweden, on the other hand, exemplifies the exact opposite. The tendency of Swedish companies to integrate CSR practices with day-to-day corporate governance and to adopt a more global orientation is deeply related to the Nordic institutional tradition of labour participation in corporate governance, combined with a pervasive neoliberalism.

The CSR reports of the Chinese and Swedish companies in the sample differ not only in terms of thematic structure but also in terms of quality. The study measures the quality of the CSR reports in terms of the level of detail and substance of the disclosures. In general, companies tend to use perfunctory CSR disclosures as an indication of symbolic compliance to gain internal and external legitimacy. The more detailed and substantive the data disclosed in a report, the less likely or likely it is that a company will engage in symbolic compliance. Using the example of two topics included in all corporate reports, environmental and employee, I counted the detail of content (whether key data required by standard frameworks such as GRI was disclosed and how the data was compared over multiple years) and materiality (whether a

target-driven approach was set for CSR work on the topic) for both groups of companies in the sample. According to Table 9, under the environment theme, both groups performed better in terms of data detail (most companies in both groups disclosed the key data required by the GRI standards and multi-year comparisons), and there were no significant (p-values > 0.05) differences. However, under the employee theme, Chinese companies are significantly lower than Swedish companies in terms of disclosure of multi-year comparisons and adoption of the goal-driven approach.

Table 9 Comparison of Key Data Disclosure Rates, Multi-year Comparative Data Disclosure Rates and Implementation Rates of Target-driven Approaches in Chinese and Swedish CSR Reports

| Theme | Indicator | China | Sweden | P-values |
|-------------|-------------------------------|-------|--------|----------|
| Environment | Key data | 73.3% | 86.7% | 0.3257 |
| | Multi-year comparison | 66.7% | 86.7% | 0.1949 |
| | Target-driven approach | 33.3% | 80.0% | 0.0127 |
| Employee | Key data | 80.0% | 100.0% | 0.1122 |
| | Multi-year comparison | 46.7% | 86.7% | 0.0251 |
| | Target-driven approach | 6.7% | 66.7% | 0.0008 |

According to Kang and Moon (2012), the high degree of influence that a government such as China's, which has a strong regulatory power over the economy, has over its own companies can exert a positive influence on the implementation of CSR. Numerous studies on the relationship between the Chinese government and CSR practices also suggest that the government plays an important role (influence includes both whether companies make CSR disclosures and the materiality of the disclosures) in CSR disclosure by Chinese companies (Dai et al., 2016; Marquis & Qian, 2014; Zheng et al., 2014). After comparing China with Sweden, I find that large Chinese companies, which place more emphasis on the national government in CSR topics and stakeholders, are less qualitative than Swedish companies in terms of CSR disclosure, especially in the section on employees, which lacks both critical data disclosure and substantive policy practices. The dominant theory of comparative capitalism used in previous studies on cross-country comparisons of CSR has obvious difficulty explaining this result. This problem can be addressed to some extent if the political system is

taken into account. While it is clear that Chinese companies see the government as the most important source of legitimacy gain in terms of CSR disclosure, legitimacy pressures from the government are not very effective in preventing them from adopting symbolic compliance practices, particularly in relation to labour and human rights, as these issues are not the governance priorities of an authoritarian government, as opposed to the national economy.

The analysis of symbolic compliance in CSR disclosures by Chinese and Swedish companies confirms to some extent the differences between the two at the regulatory level of the institution. Although Chinese companies, like their Swedish counterparts, disclose labour and human rights-related content, such as the preparation of subsections on employees, their lesser quality is partly a reflection of the lack of internal and external regulatory incentives in related areas. Take the topic of labour relations as an example. The fundamental interest of the authoritarian regime in China is the stability of the regime and the maintenance of stable capitalist development, and the fact that low-cost labour is an important factor in the development of China's capitalist economy, coupled with the inability of workers to form independent trade unions to speak out, has severely limited the willingness and ability of both central and local governments to regulate and enforce labour relations (Chen, 2007; Friedman & Lee, 2010; Howell & Pringle, 2019; Kuruvilla et al., 2011). In contrast, under the dual regulation of Sweden and the European Union, the demands of civil society are formalised at the governmental level through parliamentary democracy, and such regulation is always subject to public accountability, resulting in significantly less symbolic compliance by Swedish companies in the area of labour and human rights, reflecting relatively effective regulation in the Swedish context.

5.3 Diffusion and localisation of CSR-related standards in China and Sweden

The development and adoption of standards have played a central role in the global spread of CSR. A large number of CSR-related standards frameworks setting environmental, social and even corporate governance norms have been developed by various industry associations, national governments and even international organisations. Some standards are commonly

used by companies around the world, while others are less well known. Which standard or standards a company's CSR report refers to reveals the deeper considerations of which internal and external actors a company seeks legitimacy from in a particular institutional context. This section, therefore, examines the citation of standards by Chinese and Swedish companies in order to explore how the CSR reporting practices of companies in the two countries reflect the very different institutional contexts in which they are affected.

The term 'standards' is used in this study to refer to a broad concept. As a framework system, it provides a set of rules to guide companies' CSR practices, and CSR-related legal and policy initiatives are naturally included in the scope of the standards discussed in this study.

By collating a system of CSR-related standards from a total of 30 CSR reports from Chinese and Swedish companies, standards were grouped into eight categories based on two dimensions, as shown in Table 10. The first dimension is whether the adoption of the standard involves external monitoring. As mentioned earlier, a significant proportion of international CSR standards developed by international organisations, including the SDGs promulgated by the UN, which have been widely disseminated in recent years, take the form of voluntary adoption; others are adopted by companies accompanied by various regulatory measures such as Global Compact, another UN initiative that introduces regulatory measures requiring participating companies to submit annual communications on progress and national or international laws relating to CSR, etc. The second dimension is geographical scope, which is divided into three categories: national, regional and global. Table 10 shows that the standards cited in the CSR reports of Chinese and Swedish companies are mainly derived from standards and initiatives developed by various international and national NGOs (although the vast majority of Chinese standard-setting NGOs have a governmental background) as well as from CSR-related laws enacted by both governments and laws that contain elements of the topics covered by CSR.

Table 10 Typology of the Standards Referenced in Chinese and Swedish CSR Reports

| Scale | Voluntary | Regulatory |
|----------------------------|---|---|
| Global | SDGs; Global Compact; GRI; IR; UN Guiding Principles on Business and Human Rights; ESG (ISS); ISO 18000; ISO 19600; ISO 26000; Task Force on Climate-related Financial Disclosures (TCFD); Sustainability reporting guidance for the oil and gas industry | BRC S&D; International Financial Reporting Standards (IFRS); ISO 9000; ISO 13485; ISO 14001; ISO 22000; ISO 27001; ISO 45001; ISO 50001; IATF 16949; OHSAS 18001; SA 8000; |
| Regional/industrial | OECD Guidelines for Multinational Enterprises | EU Market Abuse Regulation (MAR); EU legislation for anti-money laundering and customer due diligence |
| National China | <p>Guideline frameworks: CASS-CSR; ESG Reporting Guide (Hong Kong Stock Exchange)</p> <p>National standards: GB/T 24001; GB/T 36000-2015; GB/T 50378-2019; GB/T 51350-2019</p> <p>Policy initiatives: Guiding Opinions on Performance of Social Responsibilities by SOEs; Guangdong Province Real Estate CSR Guidelines; Guidelines on the CSR of Banking Institutions of China; Guidelines on the Standardised Operation of Listed Companies on the Shenzhen Stock Exchange; Guidelines on the Preparation of CSR Reports (Shanghai Stock Exchange)</p> | <p>Laws: Company Law; Securities Law; Environmental Protection Law; Air Pollution Control Law; Law on the Prevention and Control of Environmental Pollution by Solid Waste; Land Administration Law; Labour Law; Labour Contract Law; Special Provisions on Labour Protection for Female Workers; Protection of Women's Rights and Interests Law; Law on Prevention and Control of Occupational Diseases; Production Safety Law; Product Quality Law</p> |
| Sweden | <p>Guideline frameworks: Nasdaq Stockholm Rule Book for Issuers; Swedish Corporate Governance Code</p> | <p>Laws: Swedish Annual Accounts Act (ÅRL); Swedish Companies Act; Swedish Securities Market Act</p> |

Table 11 lists the international standards referenced by both Chinese and Swedish companies in the sample for the qualitative text analysis and compares the citation of each standard between the two groups of companies. The GRI framework is the most cited by Chinese companies, followed by SDGs, both voluntary CSR standards. Similarly, the voluntary or less regulated standards GRI, SDG and GC (GC only requires annual reporting and does not involve further field certification measures) are also most cited by Swedish companies. Other standards involving certification by external certification bodies are relatively less frequently cited. According to Fisher's exact test, there is no significant (p-value less than 0.05) difference between the two groups in the citation of most standards, except for the fact that a significantly higher proportion of Swedish companies in the sample refer to GC than Chinese companies.

Table 11 Comparison of Reference Rates of Global Standard Frameworks Referenced by Both Chinese and Swedish Corporates

| Standard | China | Sweden | P-value |
|-----------------|--------------|---------------|----------------|
| GRI | 86.7% | 86.7% | 0.7011 |
| SDGs | 53.3% | 86.7% | 0.0543 |
| ISO 14001 | 46.7% | 60.0% | 0.3576 |
| ISO 9001 | 46.7% | 26.7% | 0.2249 |
| Global Compact | 40.0% | 86.7% | 0.0105 |
| OHSAS 18001 | 33.3% | 26.7% | 0.5000 |
| ISO 45001 | 6.7% | 26.7% | 0.1648 |
| ISO 27001 | 6.7% | 13.3% | 0.5000 |

To examine the participation of Chinese and Swedish companies in international standards issued by international organisations and the relationship between institutional factors and the diffusion of international standards in both countries, I select a representative framework of voluntary and regulatory global standards, Global Compact and ISO 14001, and compare the participation of companies in both countries. ISO 14001 is an environmental management system standard developed by the International Organisation for Standardisation, which provides a list of standards for developing environmentally friendly production processes. Its publication and updating must be agreed upon by most member countries and accepted by most

countries worldwide. Organisations adopting ISO 14001 generally seek certification from an external third-party body.

Figures 1 and 2 show the yearly statistics of the number of Chinese and Swedish companies participating in Global Compact and ISO 14001 between 2006 and 2019. The number of companies participating in the Global Compact framework has steadily increased in both countries over the fourteen years. Chinese companies, on the other hand, have much higher participation in ISO 14001 than Swedish companies due to the large difference in the size of the two economies and the absolute number of companies in the country.

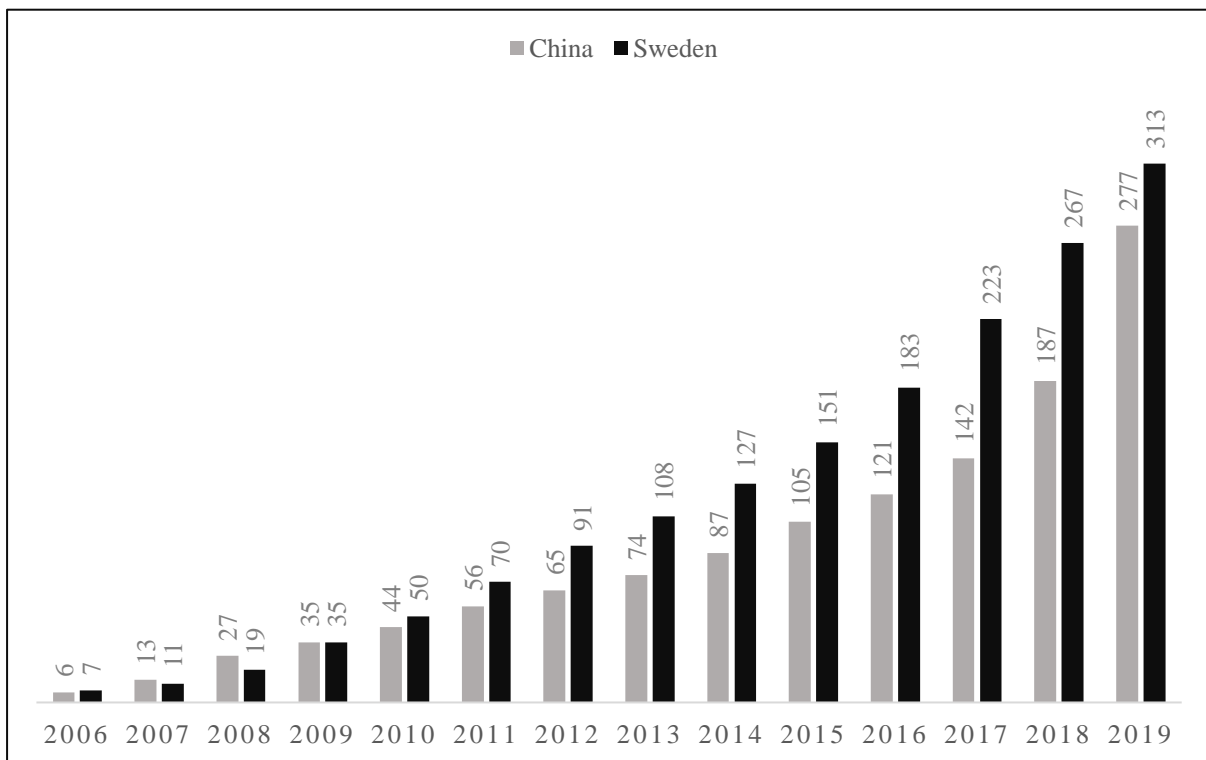


Figure 1 Counts of Chinese and Swedish Organisational Participation in Global Compact Framework by Year (2006-2019)

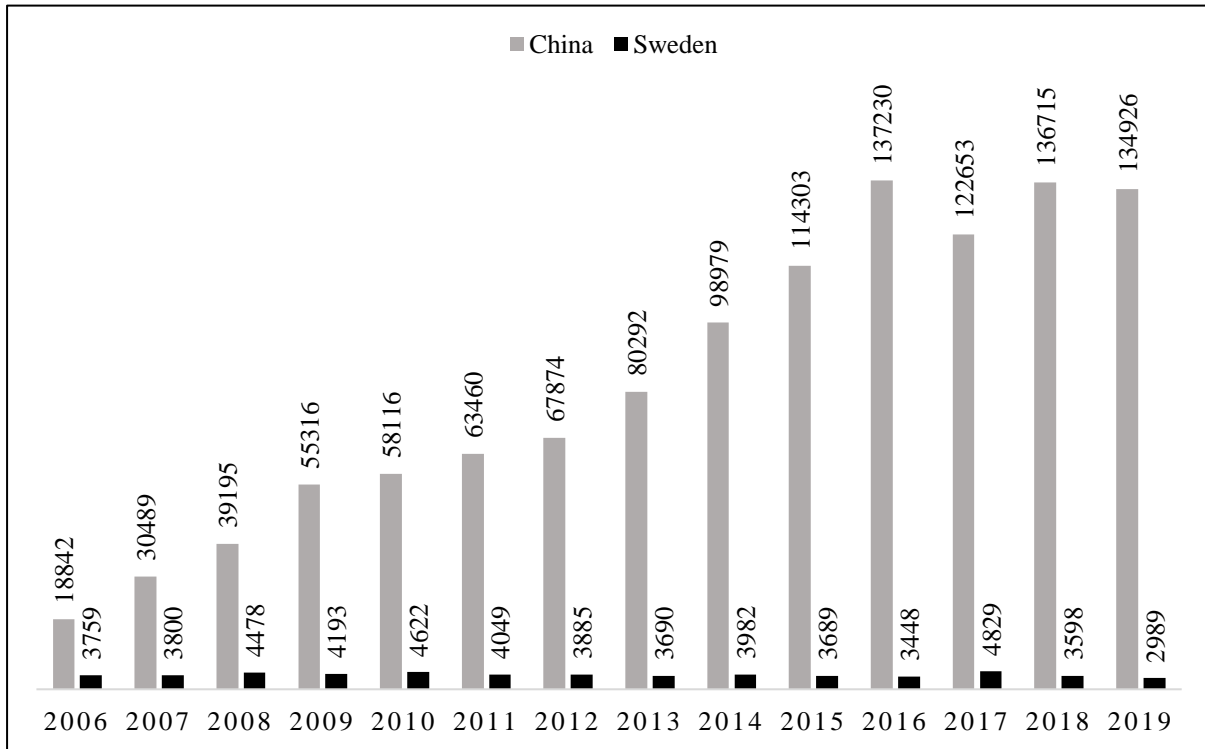


Figure 2 Counts of Chinese and Swedish Organisational Participation in ISO 14001 Annual Certification by Year (2006-2019)

To further explore the relationship between institutional factors and the acceptance of international standards by Chinese and Swedish firms, four negative binomial panel regression models were constructed. The results are shown in Table 12. Among the institutional variables, the degree of democracy has a significant (p -value less than 0.05) positive correlation with the participation of Chinese and Swedish firms in both the voluntary standard Global Compact and the regulatory standard ISO 14001, and the coefficient of a positive correlation between the degree of democracy and the participation of Chinese firms in international standards is higher than that of Swedish firms. Of the other variables, there are considerable differences between China and Sweden. For example, the degree of individual development of the country represented by the human development index is only significantly and positively correlated with the participation of Chinese companies in the global CSR standards. Government efficiency, on the other hand, is only significantly and positively related to the participation of Swedish companies in the voluntary standard, Global Compact. Economic freedom and the number of international treaties signed, although significantly correlated with the participation

of both Chinese and Swedish companies in the Global Compact, are in opposite directions. The models' main results on democracy confirm what was suggested in the previous chapter about the importance of institutional-level political factors for firms' participation in CSR in a given country. The legitimacy pressure from citizens, represented by the degree of democracy, is positively associated with the participation of Chinese and Swedish companies in both voluntary and regulatory CSR-related standards frameworks. It means democracy, which indicates a degree of popular participation in governance, has a positive association with the proliferation of global CSR standards in both China and Sweden.

Table 12 Negative Binomial Panel Regressions of Annual Participation Count in the Global Compact and ISO 14001 Frameworks (2006-2019)

| Variable | Global Compact | | ISO 14001 | |
|----------------------------|------------------------|---------------------|-----------------------|---------------------|
| | China | Sweden | China | Sweden |
| Listed companies | -.736 (1.121) | -1.087 * (.444) | -1.640 *** 0.403 | .277 .248 |
| GDP.per.capita (2010 US\$) | 1.816 (.927) | .422 (.683) | -.053 (.372) | -.237 (.346) |
| Economic freedom | .095 ** (.031) | -.091 * (.041) | -.015 (.015) | .043 (.024) |
| Government effectiveness | .928 (.673) | 2.029 * (.951) | .129 (.240) | .590 (.421) |
| Human development | 68.271 *** (19.234) | 11.423 (8.301) | 33.395 *** (9.506) | 3.978 (5.368) |
| Democracy | 10.625 *** (2.650) | 1.009 * (.497) | 2.882 ** (.963) | 1.748 *** (.508) |
| International treaties | -.045 * (.020) | .032 *** (.004) | .002 (.008) | -0.001 (.002) |
| Intercept | -86.388 ** (27.255) | -29.562 (18.602) | .234 (9.569) | -1.580 (8.473) |
| Observations | 14 | 14 | 14 | 14 |
| Log likelihood | -87.253 | -94.469 | -272.089 | -198.307 |
| AIC | 105.253 | 112.469 | 290.089 | 216.307 |

Note: Cluster-robust standard errors in parentheses. *p < .05; **p < .01; ***p < .001 (two-tailed tests).

Table 13 shows the reference of national standards by Chinese companies. The most commonly cited national standard by Chinese companies is the Hong Kong Stock Exchange's (HKEX) ESG reporting guidelines, while all other standards are cited at less than 50%. The vast majority of Chinese companies in the citation sample are listed on the HKEX, and ESG reporting is one of the documents mandated by the HKEX, making it a notable influence in the reporting of the Chinese listed companies in the sample. Companies from China tend to prefer listing in Hong Kong to the SSE and SZSE in China. The reason for this is obvious. Hong Kong became a Special Administrative Region of China in 1997 when the Chinese government recovered its sovereignty from the UK, but the handover declaration signed between the UK and China guaranteed Hong Kong's autonomy for 50 years, so there are considerable differences in the economic and legal systems of Hong Kong and mainland China. Compared to the mainland, Hong Kong has a freer financial market and a more sophisticated legal system. Specifically, listing on the stock exchange in mainland China requires a more stringent review and a longer process than in Hong Kong. For example, the China Securities Regulatory Commission (CSRC) requires companies to meet the requirement of three consecutive years of profitability for listing on the mainland, while the HKEX does not have a mandatory requirement for profitability. In terms of process, the preparation time for listing on the HKEX is several months or even years shorter than that on the mainland.

The framework of CSR standards (e.g., CASS produces the CSR standard, CASS-CSR; the national standard GB/T 36000-2015 produced by the Standardisation Administration) in mainland China seem to be relatively under-referenced, but in fact, the companies in the sample that have adopted CASS-CSR and GB/T 36000-2015 tend not to overlap, due to the fact that both standards are CSR standards of the same nature, issued by organisations with official background. It indicates that the majority (around two thirds) of Chinese companies that have referenced CSR standards developed at the national level. Other national-level standards, mostly CSR-related regulations (e.g., labour laws) and policy initiatives (e.g., SSE's CSR reporting guidelines) in the mainland, are relatively less frequently cited.

Table 13 Rates of Reference to National Standards in the Reporting of Chinese Companies

| Standard | Rate |
|--|-------|
| ESG Reporting Guide (Hong Kong Stock Exchange) | 73.3% |
| CASS-CSR | 46.7% |
| Guidelines on the Preparation of CSR Reports (Shanghai Stock Exchange) | 33.3% |
| Labour Law | 33.3% |
| Environmental Protection Law | 26.7% |
| Labour Contract Law | 26.7% |
| Company Law | 20.0% |
| GB/T 36000-2015 | 20.0% |
| Production Safety Law | 13.3% |
| Guiding Opinions on Performance of Social Responsibilities by SOEs | 13.3% |
| Guangdong Province Real Estate CSR Guidelines | 13.3% |
| Guidelines on the CSR of Banking Institutions of China | 13.3% |

Table 14 shows the situation of Swedish companies citing national standards. The situation seems much clearer for Swedish companies than for the more complex national-level institutional environment faced by Chinese companies. The two most cited standards are the Swedish Companies Act and the Swedish Corporate Governance Code, which are explicitly cited in 60% of the reports, requiring companies to be socially responsible and to disclose this in their operations, and do not specify standards for CSR activities. Although most Swedish companies refer to a framework of corporate governance standards at the national level, the Swedish Corporate Governance Code, this framework does not set specific standards for the CSR activities of companies like the Chinese standards. It means that there are few elements of a localised CSR framework in the reporting of Swedish companies.

Table 14 Rates of Reference to National Standards in the Reporting of Swedish Companies

| Standard | Rate |
|--|-------|
| Swedish Companies Act | 60.0% |
| Swedish Corporate Governance Code | 60.0% |
| Swedish Annual Accounts Act (ÅRL) | 53.3% |
| Nasdaq Stockholm Rule Book for Issuers | 46.7% |
| Swedish Securities Market Act | 13.3% |

It has been extensively studied that CSR, as a globally respected initiative concept, varies considerably in practice in the institutional contexts of different countries. These differences

can be well reflected in the localisation of standards. The application of national standards by Chinese and Swedish companies in the sample shows two very different forms of localisation.

Chinese companies have actively applied national standards that have been localised by organisations with an official background within the framework of international standards, such as CASS-CSR and the GB/T series of standards of the Guobiao (literally, national standards) system. The common feature of these national standards is the adaptation of widely used international standards to what is known as the ‘Chinese context’. Take GB/T36000-2015, issued by the Standardisation Administration of China (SAC), the Chinese National Committee of the ISO and IEC, for an example. It was revised based on ISO 26000 (a standard code on social responsibility compiled by the International Organisation for Standardisation). Most of the revisions were made to refine and reorganise the headings and phrases in the ISO standard, but two aspects of the core content of the standard, human rights and labour practices, were significantly redacted to “*better suit local needs*”. For example, in the preamble to GB/T36000-2015, the following three articles list the deletions and changes made by the authors to the core content of the international standard on social responsibility in relation to human rights and labour practices:

“--- In 7.3.2.2, the ISO 26000. State obligations 6.3.2.2 2010 is not suitable for the national standards set forth in the relevant invasion committed to international human rights legal proceedings, and other content to be deleted to make the standard more localized adaptation needs;

--- 7.3.3.1 and 7.3.3.2 in maintaining ISO 26000.2010 6.3.8.1 at the same premise technology content, in accordance with our Constitution and Legal representation of the corresponding provisions of the content, are re-edited to make it more responsive to elaborate language localisation needs;

--- 7.4.2 maintaining ISO 26000.2010 6.4.2 technical content under the same premise, in accordance with the provisions of relevant laws and regulations of the country”

I compare the specific textual differences between ISO 26000-2010 and GBT36000-2015 in these three places. First, GBT 36000-2015 removes all of ISO 26000-2010's content on state's responsibility for human rights, while the narrative of state responsibility occupies a considerable space and role in the human rights section of ISO 26000-2010. For example, GBT36000-2015 simplifies the following description of state's responsibility in upholding human rights to "*the organisation has a responsibility to respect human rights*".

"States have a duty to protect individuals and groups against abuse of human rights, as well as to respect and fulfil human rights within their jurisdiction. States are increasingly taking steps to encourage organisations based in their jurisdiction to respect human rights even where they operate outside that jurisdiction. It is widely recognised that organisations and individuals have the potential to and do affect human rights, directly and indirectly. Organisations have a responsibility to respect all human rights, regardless of whether the state is unable or unwilling to fulfil its duty to protect."

In the section on civil and political rights, the compilers of GBT 36000-2015 have bound the descriptions under the universal framework of ISO 26000-2010 on civil and political rights by applying them to the national legal framework. The text in ISO 26000-2010 is as follows:

"Civil and political rights include absolute rights such as the right to life, the right to a life with dignity, the right to freedom from torture, the right to security of person, the right to own property, liberty and integrity of the person, and the right to due process of law and a fair hearing when facing criminal charges."

And the related section in GBT 36000-2015 is as follows:

"In our country, as a member of society, every person enjoys the rights provided for in our Constitution, laws and international human rights documents recognised by our country. All civil and political rights related to the freedom of life and dignity of the individual and political participation."

In the section on labour practices, GBT36000-2015 removes all references to the principles of labour practice set out in international conventions including the Declaration of Philadelphia, the Universal Declaration of Human Rights and the International Covenant on Economic, Social and Cultural Rights. The text of ISO 26000-2010 is as follows:

“The primary responsibility for ensuring fair and equitable treatment for workers lies with governments. This is achieved through:

– adopting legislation consistent with the Universal Declaration of Human Rights and applicable ILO labour standards;

– enforcing that legislation, including through the development and funding of national labour inspection systems; and

– ensuring that workers and organisations have the necessary access to justice.”

And the related section in GBT 36000-2015 is as follows:

“Basic rights at work are clearly defined by law and regulations and provide guidelines for action. Organisations are expected to comply with the relevant laws and regulations and to take social responsibility for their labour practices.”

Swedish companies present a different form of standards reference. Swedish companies do not cite many national standards related to CSR, but rather EU and international standards when discussing CSR-related issues. At the national level, companies mostly refer to national legislation and industry regulations related to corporate governance due to the extensive use of integrated reporting. This does not mean, however, that there is no localisation of CSR in Sweden, but rather that it is another form of tension in the localisation process, i.e., the adaptation of companies to regional and international standards.

In summary, there is a degree of commonality in the reference of standards between Chinese and Swedish companies, that is, the generalisation of similar international standards,

reflecting the global spread of international standards developed especially on behalf of the UN and the International Standards Organisation. And the proliferation of such global CSR standards in both countries is tied to the degree of democracy, similar to the claim I made in the theoretical and thematic analysis section that national political systems influence the CSR activities of the corporate groups to which they belong. In addition, the two countries' practices in terms of localisation of standards are quite the opposite. The majority of Chinese companies have adopted the CSR standard of localisation of the denial of state responsibility in human rights and labour issues, which was introduced by state institutions. Most Swedish companies, on the other hand, refer to national laws and international CSR standards. These findings corroborate the typology I developed in the previous section. Whereas the central target of CSR disclosure for Chinese companies is the authoritarian government, for Swedish companies, it is the global public. And public political engagement has contributed to CSR development in both countries.

Similar to the cultural-cognitive and regulatory system dimensions, the above findings confirm that CSR in Chinese and Swedish companies also differ in the normative system dimension of the institution. The widespread use of Chinese national standards, which exclude state responsibility, by Chinese companies confirms at the normative level the understanding and practice of CSR centred on authoritarian state regimes. The embrace of global standards and the absence of local standards in the Swedish context, on the other hand, confirms the global orientation of their CSR understanding and practice.

6. Conclusion and Discussion

This study compares the CSR disclosures of Chinese and Swedish companies through a qualitative analysis of a total of thirty Chinese and Swedish companies selected from the Forbes Global 2000 list based on industry categories for their 2019 CSR reports, on the one hand, and quantitative analysis through the collection of data related to Chinese and Swedish companies' participation in the CSR global frameworks, on the other. Starting from three theoretical dimensions, cultural-cognitive, regulative and normative systems, of institutional influence on

CSR, I examine the impact of differences in the political-institutional environment on CSR disclosures between Chinese and Swedish companies.

The findings of this research are reflected in three aspects. On the thematic structure and content of CSR disclosure, Chinese companies demonstrate a national orientation type of thematic structure, while Swedish companies adopt a global orientation type. This finding is quite consistent with the results and conjectures of previous studies. According to Kang and Moon's summary of the differing capitalist economic systems across countries, i.e., the roles of government and corporations in the economy, corporate governance in China can be categorised as a state-driven type, and corporate CSR policies and practices accordingly adopt a state-developed CSR type. The global orientation of CSR in Swedish companies also confirms the transformation of CSR in Swedish companies since the beginning of the 21st century, as pointed out by Tengblad and Ohlsson (2010) in their study.

As I suggested in the theoretical section, the national developmental CSR adopted by firms in the context of authoritarian states like China cannot simply be attributed to public values based on the mere consideration that the state's control over the economy profoundly influences the form of corporate governance while ignoring the gap between the state and public interest. By examining the quality of CSR disclosure, a manifestation of symbolic compliance is revealed in both groups but more so in Chinese companies, especially in employee rights. The results further confirm my conclusion that Chinese companies are not as detailed and substantive in their CSR disclosures as they could be, despite the emphasis they place on their responsibility to the government and even the public in their reports. In China's authoritarian political system, the interests of the state and the public cannot be seen as equivalent, as the public has little access to political oversight through formal channels of electing legitimate representatives (the vast majority of China's deputies of National People's Congress have no electoral legitimacy due to manipulated electoral procedures). In the case of labour practices in CSR, for example, although China has fairly strict labour laws, the laxity of the government's enforcement oversight, aimed at economic growth, has resulted in little

rigorous enforcement by companies in day-to-day practice. The 996 working hour system (a system of working hours that starts at 9 am and finishes at 9 pm and works six days a week), which has become popular among Chinese technology companies in recent years, is a clear violation of China's labour law, which stipulates that the working time should not exceed forty-four hours per week (Wang, 2020). Yet almost no companies that applied this system are actively regulated by the government. The authoritarian political system, in which the public interest is often taken care of only when it coincides with the regime's interests, is inconsistent with the assertion of developmental CSR based on public value, which concluded by Kang and Moon (2012), who categorised the institution based on business systems alone. Thus, I suggest that an ideal CSR typology of Chinese companies should be summarised as authoritarian-state-oriented, while that of Swedish companies can be summarised in exactly the opposite way as democratic-global-oriented. In the case of authoritarian-state-oriented CSR, the CSR activities of companies have to appeal to authoritarian governments due to the concentrated power wielded by government authority and do not necessarily align perfectly with the public interest but depend on the concerns of the government. In the case of democratic-global-oriented CSR, the CSR activities of companies are more concerned with maintaining a legitimate image in the eyes of a wider global public audience due to a diffusion of power in the democratic political context such as Sweden.

The analysis of the reference of global and local standards in CSR disclosures by Chinese and Swedish companies further supports these arguments. In the final part of the analysis section, I analyse the diffusion and localisation of CSR-related standards at the global and national levels in China and Sweden. A quantitative analysis of the relationship between the number of Chinese and Swedish companies participating in both voluntary and regulatory global CSR standards frameworks and the relevant national institutional factors between 2006 and 2019 reveals a significant positive relationship between the degree of democracy and the participation of companies in both countries in both standards frameworks. Political-institutional environments play a rather important role in the global diffusion of CSR. In terms of localisation, China and Sweden embody two quite different paths. China has localised

international standards by adopting the provisions of human rights and labour practice standards to the Chinese context, especially the political system. Swedish companies, on the other hand, are committed to adapting to global standards without referring to the national framework of CSR standards. In summary, the findings in the three theoretical dimensions, cultural-cognitive, regulative and normative systems of institutional influence on CSR confirm the differences between the political-institutional environments of China and Sweden have profoundly influenced the understanding and practice of CSR.

There are inevitable limitations to this study. First, the limited diversity of the sample may result in the findings not necessarily being applicable to small and mid-size enterprises (SMEs). My sample for the analysis is drawn from the Forbes Global 2000 list selected on the basis of industry and size, meaning that the analysis in this study may only be generalised to the group of giant listed companies in both countries. While more data in qualitative research does not necessarily lead to more information (Huberman & Miles, 1994), the lack of a sample of SMEs leave it unknown whether their situation can be generalised to the arguments constructed in this study and requires further research in the future. In the quantitative analysis section, due to the limitations of the data set collected, statistics were only obtained on the number of enterprises participating in the Global Compact and ISO 14001 frameworks in both countries from 2006 to 2019, resulting in only fourteen observations per model. Future research may need to include more observations and CSR standards frameworks in the analysis, such as adding other standards frameworks for comparison in both regulatory and voluntary standards, in order to test the results obtained in this study. In addition, this study only examines the companies' CSR disclosures. While the CSR disclosure report is a key part of CSR practice as a text for external communication, facilitating companies to gain external legitimacy, further interviews with companies' stakeholders are needed to fully understand how they perceive and practise CSR in their daily operations from the perspective of companies' political roles. Future research will need to gather more first-hand interview data to validate and reflect on the findings of this study.

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