

The Relationship Between Corporate ESG Disclosure and the Chinese-style Modernization

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Abstract: Against the backdrop of contemporary Chinese-style modernization, the state has placed increasing demands on enterprises to adhere to the principles of Environmental (E), Social (S), and Governance (G). Consequently, enterprises will face more challenges and transformations. This paper employs a multi-case study method, focusing on the sample data of Wahaha Group and Ant Group. Based on Wahaha Group's 2020 Social Responsibility Report and Ant Group's 2022 Sustainable Development Report, the paper analyzes the impact and role of corporate ESG disclosure on Chinese-style modernization from the perspectives of people-oriented, shared prosperity, and green development. The paper argues that Wahaha Group and Ant Group fully embody the new development concept of "coordination, greenness, and sharing" in their disclosure of ESG information, which has a close relationship with "Chinese-style modernization" and holds significant importance in contemporary China.

Keywords: Corporate ESG Disclosure, Chinese-style Modernization, People-oriented, Shared Prosperity, Green Development

1. Introduction

Entering a new era, With the emergence of new development concepts, the principle of sustainable development has gradually attracted widespread attention and developed rapidly in China. As a concept of sustainable development, ESG (Environmental, Social, and Governance) has also become increasingly popular in China. First proposed in 2004 by the United Nations Global Compact (UNGC), ESG differs from the simple focus on corporate economic benefits by imposing stricter requirements on corporate social responsibility. It demands that corporations, while achieving their own economic benefits, should also take on corresponding social responsibilities to the greatest extent possible. This concept aligns closely with the path of "Chinese-style modernization," providing significant guidance for China's modernization efforts. Although the concept of "Chinese-style modernization" was proposed by Deng Xiaoping in the last century, it was not elaborated until more than forty years later, in the report of the 20th National Congress of the Communist Party of China. This report defines "Chinese-style modernization" as modernization with a large population size, aiming for common prosperity for all people, coordinating material and spiritual civilization, achieving harmony between humans and nature, and following a path of peaceful development. This outlined the five characteristics and the specific content of "Chinese-style modernization," which are highly integrated with the core principles of ESG. This integration is of great significance for China's realization of

modernization. It also suggests that the practice of ESG principles at the corporate level should be gradually expanded, encouraging the widespread adoption of ESG practices in enterprises. The specific practice of ESG at the corporate level usually takes the form of sustainability reports or social responsibility reports. In recent years, most research on the practice of ESG concepts by corporations has focused on the impact and role at the micro level, with less research on the relationship between corporate ESG disclosure and macro factors. Based on this, this paper discusses the relationship between corporate ESG information and "Chinese-style modernization" by listing examples from Ant Group and Wahaha Group's practice of ESG principles, and analyzes in detail the impact pathways of corporate ESG information disclosure on "Chinese-style modernization." The contributions of this paper are as follows: First, it enriches the literature on the impact of ESG information disclosure at the national level. Second, it explains to readers the necessity and importance of enhancing ESG information disclosure. Third, it provides directions for thought on how to enhance the intensity of corporate ESG information disclosure. Fourth, it reveals the close relationship between successfully achieving "Chinese-style modernization" and enhancing corporate ESG information disclosure.

2. Development History of ESG

In 1997, John Elkington, the founder of the renowned British sustainable development consultancy, made a profound metaphorical statement in his influential book "Cannibals with Forks: The Triple Bottom Line of 21st Century Business." He pointed out that if businesses in the 21st century only focus on profit and neglect the social and environmental aspects, they are akin to economic animals in a barbaric era. Conversely, businesses that prioritize not only profit but also the social and environmental aspects evolve from economic animals of the barbaric era into responsible corporate citizens of the civilized era. Elkington introduced the concept of the "Triple Bottom Line," which provides a theoretical basis for businesses to consider economic effects, social benefits, and environmental benefits simultaneously, thereby creating shared value (CSV) [1]. Subsequently, in the international community, shared value gradually evolved into the ESG (environment, social, and governance) concept. Since the 21st century, the ESG concept has gradually gained traction in China and has seen significant development. However, upon closer examination of the implementation of the ESG concept by domestic enterprises, many still exhibit the phenomenon of "greenwashing," posing a serious obstacle to the path of "Chinese-style modernization." [2] Therefore, this paper primarily investigates the impact of corporate ESG information disclosure on "Chinese-style modernization" when enterprises do not engage in "greenwashing."

3. Wahaha Group and Ant Group's Emphasis on "Putting People First"

Table 1: Putting People First in ESG Information Disclosure of Wahaha Group and Ant Group

Ant Group	Wahaha Group
1 Technological Assistance for Convenient Living	1 Providing a large number of job opportunities
2 Employee Care and Development	2 Standardizing product production processes to ensure product quality
3 Diversity, Equality, and Inclusion	3 Establishing a joint marketing system to ensure convenient consumer purchases
4 Collaborative Efforts to Safeguard Digital Security	4 Making efforts to safeguard employee rights
5 Data Security and Privacy Protection	5 Improving employee training systems to enhance skill levels
	6 Actively organizing various activities to improve workers' living standards

3.1. Prioritizing Employee Welfare and Skills Enhancement

In today's "Chinese-style modernization," which encompasses the modernization of the entire Chinese nation and every Chinese individual, President Xi Jinping has stated, "The people's longing for a better life is our goal of struggle." This undoubtedly underscores the importance of improving people's living standards in achieving "Chinese-style modernization." Therefore, both Ant Group and Wahaha Group have implemented measures such as "increasing employee wages," "enhancing various subsidies for employees," and "actively organizing internal cultural activities," significantly improving employees' living standards. Moreover, Wahaha Group has actively promoted employee housing construction, ensuring the well-being of every Wahaha employee and substantially raising their living standards. Furthermore, both entities have endeavored to establish comprehensive employee training systems, aiming for every employee to become self-reliant and independent workers. Through these measures, not only have people's living standards significantly improved, but also, through the "contagion effect" [3] and "demonstration effect," [4] other enterprises are encouraged to adopt similar measures to enhance employee welfare and skills. This, in turn, raises the living standards of society as a whole, advancing China's march toward modernization.

3.2. Establishing a Diversified System to Ensure Convenience and Safety in People's Lives

In recent years, frequent incidents such as the "Old Temple Pickle" incident, the "Sanlu Milk Powder" incident, and various personal information leakage incidents have raised concerns about personal information and food safety among the people. Consequently, the government has strengthened supervision of food and personal privacy information through various means. Wahaha Group and Ant Group have proactively responded to the government's call. Wahaha Group has significantly reduced the possibility of food safety issues by constructing a supervision system from raw materials to final products, ensuring convenience in people's daily lives through the establishment of a joint marketing system. Similarly, Ant Group has reduced the likelihood of personal information leakage by establishing an intelligent, all-day, and diversified supervision system using its advanced detection systems. Additionally, Ant Group has improved the convenience and safety of people's daily lives in areas such as government services, daily transportation, and medical care through various measures, thereby providing efficient guarantees for the convenience and safety of people's daily lives in China. Moreover, it continuously safeguards the path of "Chinese modernization" by providing continuous support for its development.

4. Wahaha Group and Ant Group's Practice of "Common Prosperity"

Table 2: Practice of Common Prosperity in ESG Information Disclosure of Wahaha Group and Ant Group

Ant Group	Wahaha Group
1 Promoting Rural Revitalization and Public Welfare	1 Promoting Rural Revitalization and Public Welfare
2 Supporting the Development of Small and Micro Enterprises	2 Improving Employee Welfare
3 International Cooperation and Common Development	3 Actively Cooperating in Various Fields for Win-Win Results
4 Promoting Industry Development and Win-Win Results	
5 Enhancing Employee Welfare Treatment	

4.1. Increasing Employee Income and Welfare Treatment

The report of the 20th National Congress of the Communist Party of China pointed out that achieving common prosperity is the essential requirement of socialism with Chinese characteristics and an important path to alleviate the main social contradictions. In the new era [5], China's main social contradiction has shifted from the contradiction between the people's growing material and cultural needs and backward social production to the contradiction between the people's growing aspiration for a better life and unbalanced and inadequate development. Wahaha Group and Ant Group have implemented various measures to increase the average annual salary of employees, with labor income as a percentage of wages gradually increasing [6], ensuring housing security, and steadily improving holiday subsidies and work benefits. These measures have significantly improved people's living standards, making a significant contribution to raising the living standards of the Chinese people and achieving common prosperity in China.

4.2. Vigorously Promoting Rural Revitalization and Public Welfare Activities

In the new era, with the proposal of new development concepts, attention to agricultural, rural, and revitalization issues has increasingly gained attention from governments at all levels. In the process of promoting common prosperity, the most profound and extensive foundation lies in rural areas [7], where the most arduous and burdensome tasks exist, and the greatest potential and momentum lie. To achieve common prosperity across the vast land of China, it is imperative to first enrich rural areas. Rural revitalization is therefore imperative and is the only way to promote "Chinese-style modernization." Based on this, Wahaha Group and Ant Group have actively promoted rural revitalization efforts. Ant Group focuses on promoting the sustainable development of rural areas through digital technology. By digitizing rural revitalization efforts, various aspects of rural revitalization work become more intelligent, convenient, and efficient, ensuring continuous progress. Wahaha Group, on the other hand, has provided job opportunities for rural revitalization through industrial poverty alleviation, such as building factories and establishing production bases. Moreover, by purchasing agricultural and sideline products as raw materials, it has diversified income sources for farmers, injecting strong impetus into rural revitalization efforts. Additionally, both entities have actively participated in public welfare activities, providing additional sources of income for all people through the third distribution.

4.3. Actively Advocating Multi-domain Cooperation and Practicing the Concept of "Win-Win Cooperation"

In today's era of economic globalization, closed small-scale agricultural economies are no longer conducive to the development of the times. In contrast, the concept of "win-win cooperation" has become deeply rooted. With the deepening of China's reform and opening up process, the concept of "cooperation" has also penetrated into various industries in China. Wahaha Group and Ant Group are pioneers in practicing the concept of "win-win cooperation" among Chinese enterprises. They have not only chosen to cooperate with various industries domestically but have also actively expanded the scope of cooperation, deepening cooperation with the international community. This deepens the cooperation partners of Chinese enterprises internationally, which has a very positive impact on "Chinese-style modernization."

5. Wahaha Group and Ant Group's Implementation of "Green Development"

Table 3: Practice of Green Development in ESG Information Disclosure by Wahaha Group and Ant Group

Ant Group	Wahaha Group
1 Vigorously practicing "green" development concepts, actively participating in environmental governance	1 Actively practicing sustainable development strategies, establishing resource-saving enterprises
2 Empowering green development through technological means	2 Actively promoting environmental protection concepts, forming environmental teams
3 Increasing advocacy for green concepts	3 Continuously increasing environmental investments, advancing green transformation of the enterprise
	4 Actively participating in environmental governance

5.1. Actively Advancing Corporate Green Transformation and Upgrading

The 19th National Congress report of the Communist Party of China clearly stated that China should construct a "market-oriented green technology innovation system" and emphasized the "importance of forming green development modes and lifestyles" and the "importance of innovation-driven development strategies." [8] Furthermore, with the recent introduction of China's "dual carbon goals," the state has increased its demands for corporate green development, making the green transformation and upgrading of enterprises an urgent matter. According to stakeholder theory, under the current system of ecological civilization construction, enterprises face increasing environmental regulatory pressures and stakeholders' environmental pressures [9]. Enterprises should thus vigorously promote green transformation, expand their investments in green innovation, and actively undertake social responsibilities to achieve sustainable development. Based on this, both Ant Group and Wahaha Group have annually increased their investments in promoting corporate green transformation and have achieved positive results. They have built green supply chain management systems to drive and assist suppliers in producing and delivering greener products; they have also actively engaged in energy conservation and emission reduction, upgrading inefficient industrial equipment and improving processing techniques to gradually reduce corporate carbon emissions, making a significant contribution to achieving the "dual carbon" goals.

5.2. Vigorously Practicing Environmental Protection Concepts and Participating in Environmental Governance

In recent years, Wahaha Group and Ant Group have actively participated in environmental governance, promoting activities including "tree planting and afforestation" and "energy saving and emission reduction." Additionally, both have increased their investments in promoting environmental protection concepts. For instance, Ant Group has engaged over 650 million users in "Ant Forest" to participate in green and low-carbon lifestyles, reducing emissions and producing over 26 million tons of "green energy." Through the "Green Energy Action," they continually identify low-carbon behaviors and scenarios in daily life, collaborating with 636 brands and industry partners to provide low-carbon products and services. Moreover, while adhering to the carbon emission reduction assessment-based "green energy" distribution rules, they are exploring broader incentives for green behavior participation, actively responding to the "Beautiful China Action" call. Based on the "Code of Conduct for Citizens' Ecological Environment," they launched a green action mini-program,

enhancing many citizens' awareness of environmental protection. According to Ning Cai and others' notion that enterprises' venture networks can cause enterprises' investment behaviors to converge [10], this behavior also encourages other enterprises to increase their investments in environmental protection, supporting the "Chinese-style modernization" of green, sustainable development.

6. Conclusion and Implications

In the absence of "greenwashing" in corporate ESG information disclosure, leveraging the "demonstration effect" theory, this study explores the significance of expanding corporate ESG information disclosure for "Chinese-style modernization" from the perspectives of "people-oriented," "common prosperity," and "green development" through the analysis of the above cases. Finally, the following recommendations are proposed: (1) The government should take active measures to expand corporate ESG information disclosure. (2) The government should standardize ESG information disclosure standards to reduce the occurrence of "greenwashing." (3) The government should actively promote the ESG concept, transforming voluntary disclosure of ESG information into mandatory disclosure.

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