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Research on Employment Compliance of Chinese Outbound Digital Platforms from an ESG Perspective

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Abstract: As an institutional carrier of national governance modernization, corporate compliance governance serves as a critical practical pathway for advancing the comprehensive rule of law in China. Amid globalization, the importance of ESG standards has become increasingly prominent, and ESG compliance for overseas enterprises has become an inevitable trend. Chinese overseas enterprises face ESG compliance challenges in digital platform labor practices, including insufficient compliance motivation (prioritizing short-term gains), inadequate capacity (constrained by stringent legal environments), and covert algorithmic discipline with weak regulatory oversight. These issues stem from corporate resource deficiencies and labor alienation driven by algorithms. From an ESG perspective, the compliance boundaries of digital platform labor for Chinese overseas enterprises require a four-dimensional restructuring: shifting goals from profit-driven priorities to balancing multiple values; expanding governance actors to include governments and societal stakeholders; upgrading frameworks to incorporate algorithmic ethics reviews and third-party audits; and elevating compliance content to algorithmic ESG governance. Building on this, Chinese overseas enterprises urgently need to establish a three-dimensional (E-S-G) collaborative compliance path: Environmental (E)—developing green, low-carbon labor models; Social (S)—redefining algorithmic ethics through a "neutral algorithms, transparent accountability, compliance review" mechanism to clarify platform responsibilities; Governance (G)—implementing tiered disclosure mandates, establishing technology ethics committees, and fostering third-party multidimensional evaluations. This will drive the platform economy to transition from efficiency-first to value co-creation. For Chinese enterprises expanding globally, sustainable and steady growth must accompany their internationalization efforts.

Keywords: Chinese Overseas Enterprises; Digital Platform Labor; Labor Compliance; ESG

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1.Introduction

ESG (Environment, Social, Governance) is an internationally accepted framework for sustainable development designed to guide companies to balance environmental responsibility, social equity and governance effectiveness in their operations. Compared with traditional financial indicators, ESG standards evaluate corporate performance more comprehensively in the three dimensions of environment, society and governance, and have become the mainstream system for measuring non-financial performance. By means of quantitative, standardized indicators and deep integration with core corporate strategy, ESG transcends the limitations of traditional CSR in sustainable development and long-term value creation, providing Chinese enterprises "going global" with more valuable metrics and guidelines for sustainable development.

Under the wave of "going out", ESG compliance in digital-platform employment by Chinese overseas enterprises has become an inevitable trend. On the one hand, amid drastic changes in international rules, global markets treat ESG compliance as a new trade barrier; enterprises that fail to meet ESG standards risk being eliminated. On the other hand, digital platforms' reliance on algorithmic control has led to labour alienation, eroding workers' rights and accumulating social risks. ESG compliance, by reconstructing the "sustainable development" mechanism, has become the core path to solving regulatory failure and balancing corporate competitiveness with labour rights; it is also a strategic cornerstone for modernizing national governance and supporting Chinese enterprises to "go far and steady". In the face of compliance challenges posed by international rules, how to align Chinese overseas enterprises' digital-platform employment norms with international standards has become the key to breaking through trade barriers and achieving sustainable development.

2.ESG Compliance Dilemmas of Chinese Overseas Enterprises in Digital-Platform Employment

2.1 Endogenous Motivation Deficit: Structural Insufficiency in Willingness and Capacity

2.1.1 Insufficient willingness

Chinese overseas enterprises' digital-platform employment shows inadequate ESG compliance willingness. Over-focused on short-term economic returns and financial risks, companies neglect the long-term value of sustainable development and social-responsibility risks. They generally lack understanding of ESG compliance management in platform employment: they do not attach importance, conduct no research, and know little about the ESG system.

2.1.2 Insufficient capacity

On the one hand, the legal environment for ESG compliance is becoming more complex and stringent; relevant laws and regulations are continuously refined, posing higher challenges. On the other hand, the content of ESG disclosure is increasingly rich, the standards are ever higher and deadlines shorter, bringing enormous pressure for data collection, analysis and report writing. Even when firms subjectively wish to comply, they are often trapped by a lack of professional knowledge, technical support and resource investment, and struggle to integrate ESG compliance into strategy and daily operations.

If the ESG legal-compliance framework is transplanted to China, it may create a mismatch between the legal system and Chinese social realities. The current development level, international competitiveness and labour-relations conditions of developing countries such as China make it difficult to reach the labour-protection standards set by ESG. Meanwhile, ESG legislative practice may spill over, forcing China to adjust its domestic legal norms passively to match ESG expectations, resulting in a non-autonomous legal-transplant process. During cross-border legal transplantation, neglecting China's economic stage and cultural traditions and adopting an overly radical legislative model may undermine the stability of China's platform-employment legal system. Following Amartya Sen's framework of "focusing on manifest injustice rather than pursuing absolute justice", legislators should confine ESG regulation to clearly defined areas instead of attempting to establish so-called optimal labour standards through legislation.[1]

2.2 Governance Black Hole of Algorithmic Discipline: Hidden Digital Labour Control Leading to Regulatory Failure

From the industrial to the digital era, labour control has broken the boundaries of traditional workplaces. Panoptic real-time surveillance networks conceal the process of labour control, allowing digital-platform employment to wander in grey zones while regulation lags and remains weak.

In traditional industrial production, the subject of labour control is clear, the process is simple and oversight is easy. According to Marx's political economy, labour time is the basic unit of value creation; capitalists appropriate surplus value by controlling workers' time, triggering continuous power games over working hours, intensity and flexibility. In early capitalism, capitalists prolonged working hours; workers resisted to limit such extensions. In the monopolistic stage, capitalists refined labour time through scientific management to raise efficiency and extract surplus value.[2]

With digital technology, AI algorithms are embedded in labour control, achieving panoptic visibility and increasing the concealment that impedes oversight. Foucault, in Discipline and Punish, proposed panopticism: modern power constructs a disciplinary mechanism akin to Bentham's panopticon, using "partitioned spaces, hidden gazes and absent surveillance" to

instil fear of being watched, normalize behaviour, and achieve "real domination produced by fictitious relations".[3]

The technical opacity of algorithmic systems reconstructs responsibility allocation. Automatic ratings, gamified incentives and other hidden control mechanisms dilute employer responsibility among algorithm developers, data suppliers and other actors, complicating identification of liable parties.[4] To reduce labour costs, delivery platforms have spawned outsourcing and multi-tier subcontracting, covering part-time and gig work, further complicating legal relationships. Arbitration bodies and courts in China have issued inconsistent rulings; even within the same city opinions diverge. This architecture of diffused responsibility, via a "digital panopticon", shifts disciplinary power to consumer rating systems and worker competition mechanisms, externalizing labour-capital contradictions. Data show riders work 9.8 hours per day on average, 64.3% lack basic rest guarantees; algorithm-driven "labour races" foster high-intensity self-exploitation. Such profit-oriented hidden control aggravates domestic ESG governance dilemmas and leads to systemic regulatory failure marked by fragmented responsibility and blurred accountability.

3.Generative Mechanisms of ESG Governance Failure in Chinese Overseas Digital-Platform Employment

The ESG compliance dilemmas of Chinese overseas enterprises in digital-platform employment are essentially the result of the interaction between corporate compliance-capacity deficits and labour alienation under algorithmic domination.

3.1 Capacity Gap: Lagging Compliance Resources Behind Ever Stricter ESG Requirements

Under economic globalization, the deficits in willingness and capacity for digital-platform employment compliance among Chinese overseas enterprises are essentially a choice-bias caused by scarce compliance resources. Compliance resources are a key competitive asset for sustainable development. Wernerfelt (1984) pioneered the resource-based view, laying the foundation for the theory of core competitiveness.[5] According to this view, sustainable competitive advantage derives from strategic resources that are rare, valuable, inimitable and organizationally embedded.[6]The deficits in willingness and capacity for ESG compliance in Chinese digital-platform employment are essentially deficits in cognitive and practical resources.

Cognitive resources: lagging cognition leads to strategic short-sightedness. Managers focus on short-term costs and ignore long-term sustainability, prioritizing economic benefits over social welfare. Influenced by a domestic "minimum-compliance" mindset, Chinese firms—especially SMEs—treat platform employment as a cost-control tool rather than a human-rights responsibility, suffering from a congenital lack of strategic-resource reserves. The 2024 report "Facing Challenges, Forging Ahead—Development Report of Chinese Enterprises in the EU (2024/2025)" shows that surveyed firms generally lack full-time labour-law counsel and GDPR compliance digital attendance systems, increasing compliance risks.

Practical resources: compliance practice lags behind high ESG standards, widening the capacity deficit. On the one hand, digital-platform employment models have emerged rapidly while matching laws and regulations remain incomplete. On the other hand, firms lack digital management tools and technical applications to monitor and manage digital labour effectively. They cannot track working hours or intensity, facing high compliance risks.

3.2 Labour Alienation: Algorithms Reshaping Labour Control

The concealment of labour control in the digital era is ultimately labour alienation after algorithms reshape control. Marx, in the 1844 Manuscripts, systematized alienated labour into four dimensions: (1) alienation from the product; (2) alienation from the labour process; (3) alienation from species-being; (4) alienation from interpersonal relations.[7]

Contemporary digital economies intensify alienation, blur traditional labour-capital relations, create new exploitation forms and complicate ESG regulation. First, workers' products are owned by platforms; what they produce are not only goods but also data that enslave them, forcing high-intensity labour. Second, labour is dominated by big data; seeming flexibility actually eliminates freedom, suppresses bargaining power and imposes hidden overtime. Third, workers lose control over tools and are dominated by them; intelligent tools overturn traditional definitions of high-intensity labour rights and duties. Fourth, subjectivity is dissolved by algorithms. Platforms turn workers into "digital production factors" via data collection, task allocation and performance evaluation. For example, delivery riders' routes and working hours are dynamically set by algorithms, eliminating autonomy and forcing high-intensity mechanical practice.

4.Redefining the Boundaries of Digital Responsibility for Chinese Overseas Enterprises Under an ESG Perspective

4.1 Defining Corporate Digital Responsibility

International academia is divided on the relationship between corporate digital responsibility (CDR) and CSR. The "independence thesis" argues CDR must be separate because digital technologies raise new issues—privacy, security, power balance—beyond traditional CSR.[8] The "subordination thesis" sees CDR as the digital extension of CSR, needing only content updates.[9] The "eclectic-integration thesis" stresses using the CSR framework while reflecting technical features; CDR should function as a horizontal CSR dimension integrated into finance, environment, society and governance models. [10] The latter is more reasonable: technological change remains embedded in social and human contexts; updating CSR content to include CDR can meet new challenges while preserving theoretical stability.

Scholarly definitions of CDR are diverse. The moral-attribute thesis treats CDR as voluntary ethical guidelines for responsible technology use. The legal-attribute thesis focuses on data-rights protection and compliance. The compound-attribute thesis integrates both, proposing a CDR framework based on legal compliance plus voluntary moral practice, grounded in information ethics and human-rights law. CDR is essentially a comprehensive obligation to balance legal obedience and moral self-discipline while pursuing digital economic benefits; its moral attribute provides flexible tools against regulatory lag and enhances market reputation and sustainability.

4.2 Positioning CDR Within the ESG Framework

China's legal system has preliminarily constructed a legal foundation for platform CDR and embedded it into ESG.

First, CSR as a statutory obligation provides the legal basis. Article 5 and Article 20 of China's Company Law require firms to observe social and commercial ethics, act in good faith and accept government and social oversight. Platform CDR is the concrete manifestation of CSR in the digital economy. Its legal basis is the bundle of rights constituted by Articles 1034 and 127 of the Civil Code and Article 3 of the Labour Law, protecting digital workers' legitimate rights.

Second, ESG rules in the Code of Corporate Governance for Listed Companies (Articles 86 and 95) elevate E, S and G indicators to mandatory disclosure obligations for listed companies. Platform CDR, as an important part of the social (S) dimension, has become statutory ESG content, pushing firms to fulfil digital-employment responsibilities.

Finally, regarding rights-obligations structure, digital workers have personal-information rights, rights to request explanations of algorithmic decisions, and rights to health protection in remote work. Platforms have corresponding statutory duties: data collection must follow the principle of minimum necessity, algorithms must be fair and transparent, and remote-work environments must ensure health protection. This structure helps build a fair and reasonable CDR system and drives effective ESG practice.

4.3 Redefining the Due-Diligence Boundaries of Digital-Platform Employment Under ESG

First, behavioral objectives shift from "profit-first" to "balancing multiple values". Traditional employment maximizes economic efficiency; ESG requires platforms to embed environmental sustainability, social equity and governance transparency into strategic goals. Algorithm design must incorporate worker-protection mechanisms to avoid excessive squeezing of time and health, and optimize delivery routes to reduce carbon emissions.

Second, the scope of responsible actors expands from a binary platform-worker focus to full coverage. ESG extends responsibility to governments, social organizations and consumers, forming a responsibility community. Platforms should co-build social-security systems for flexible employment with governments, and cooperate with NGOs on vocational training. For example, food-delivery platforms can pilot occupational-injury insurance for new forms of employment with local governments through data-sharing and risk-sharing mechanisms.

Third, governance frameworks evolve from single-layer to multi-dimensional systems. The former "market self-governance + ex-post supervision" model cannot handle the complexity of digital employment. ESG demands a "preventive governance + whole-process participation" framework: ex-ante algorithmic-ethics reviews to prevent systemic risks; in-process worker complaint and algorithm-explanation channels; ex-post third-party ESG audits to assess employment-ecosystem impacts. For instance, ride-hailing platforms can develop fatigue-driving warning systems, monitor working hours in real time and enforce

mandatory rest, while opening algorithmic parameters to regulators for compliance review.

Fourth, responsibility content jumps from data-source governance to algorithmic ESG value governance. Environmental responsibility must assess carbon footprints and resource consumption of employment models. Social responsibility must cover mental-health support and career-advancement pathways. Governance responsibility must address data-sovereignty ownership and algorithmic discrimination.

5.ESG Compliance Pathways for Chinese Overseas Enterprises in Digital-Platform Employment

Under the ESG framework, Chinese overseas enterprises must transcend traditional labour-relation constraints and systematically build a three-dimensional compliance system integrating environmental sustainability, social-inclusiveness and governance effectiveness. Through coordinated reform of E, S and G dimensions, the platform economy will shift from "efficiency-first" to "value-co-creation".

5.1 Environmental Dimension (E): Building a Healthy, Sustainable Digital-Platform Employment Environment

Environmental (E) compliance requires green and low-carbon goals. First, firms must embed environmental responsibility throughout the employment life-cycle, lowering ecological impact through technological innovation and institutional optimization. Examples include optimizing computing-resource allocation to cut energy consumption and promoting distributed offices to reduce commuting emissions. Tencent's 2024 ESG report proposes using AI to advance biodiversity protection and building public-participation platforms, digitally empowering environmental protection. Second, firms must quantify carbon footprints of platform employment, using block chain to create dynamic carbon-account mechanisms that extend carbon management from supply chains to employment scenarios. CATL uses carbon-tracking systems for upstream-downstream coordinated reduction, enhancing environmental due-diligence via technological transparency.

5.2 Social Dimension (S): From Passive Adaptation to Proactive Protection of Digital Workers' Rights and Social Responsibility

Addressing the dual dilemma of insufficient willingness and capacity, comprehensive solutions are needed.

First, strengthen compliance awareness and strategic transformation. Governments and industry associations should guide firms beyond "minimum-compliance" thinking, embedding ESG into strategic decisions, emphasizing environmental, social and stakeholder responsibilities, and achieving sustainable development through good governance. Incentive mechanisms—tax breaks or export subsidies for ESG certified firms—should balance short-term costs and long-term benefits. Companies need dedicated compliance departments to systematically study labour-law differences between host countries and China, and budget compliance costs as investments rather than passive expenses.

Second, build "technology for good" ethics, replacing "strictest algorithms" with "median algorithms". Algorithms should abandon profit-only efficiency logic and embed humanistic factors—road safety, rest time—to plan working hours reasonably. In bad weather or traffic jams, platforms should give riders flexible safe delivery windows and replace fixed delivery times with elastic slots. Real-time monitoring should cap daily orders and enforce rest after certain working hours. SF City's system reminds couriers to rest after four consecutive hours and suspends new orders for 20 minutes, preventing excessive overtime.

Third, pierce the veil to identify the substantive controller of digital labour, overcoming responsibility dilution. China urgently needs to break algorithmic "black-box" shields and establish a "control-right piercing" mechanism, examining firms' actual intervention in algorithmic decisions. If a firm sets "efficiency optimization" goals, compresses rest time, or retains veto power over algorithmic schedules, it should be deemed the ultimate responsible party even if the algorithm is supplied by third parties.

Fourth, strengthen algorithmic compliance review and oversight. Chinese overseas enterprises should accelerate development of digital platforms ensuring ESG compliance employment records, and use smart technologies to build early-warning models that intercept violations such as excessive working hours or insufficient rest in real time.

5.3 Governance Dimension (G): Perfecting an Internal-to-External Digital Compliance Governance System

First, strengthen digital-responsibility reporting. Chinese overseas enterprises urgently need a layered and classified digital-responsibility reporting mechanism, internalizing digital responsibility as governance momentum. Guided by the National New-Generation AI Standards System, firms should apply differentiated disclosure standards for basic, professional and application-level models, using unified disclosure platforms to lower information asymmetry, and establish three-dimensional responsibility indicators covering environment, society and governance to align Chinese AI ethics standards with international ESG frameworks.

Second, optimize board-level digital-responsibility architecture for micro-level implementation. At the governance depth, firms need to restructure board decision-making paradigms, set up technology-ethics committees to pre-review algorithms, recruit interdisciplinary directors, expand directors' compliance duties under Article 5 of the Company Law, and form a closed loop from tech-ethics review to strategic decision-making.

Third, cultivate third-party certification and assessment. At the oversight level, China urgently needs a "pre-certification + post-traceability" third-party evaluation mechanism, using a five-dimensional matrix—functional safety, ethical compliance, explainability, transparency and social impact—to create market screening. IEEE has issued global AI ethics standards, and Denmark is advancing IT security and data-ethics certification. Drawing on international experience, China should foster independent "digital gatekeepers" that use reputational capital to constrain platform-employment behaviour.

Conclusion

In the globalization process, non-compliance means elimination. Chinese overseas enterprises must transcend traditional labour regulation and build an E-S-G coordinated compliance system. First, environmentally, firms should use blockchain carbon accounts to track employment carbon footprints, promote distributed offices, and leverage technology to extend environmental responsibility. Second, socially, China must reconstruct algorithmic ethics, embed humanistic variables such as mandatory rest, establish a "control-right piercing" mechanism to clarify substantive platform responsibility, and strengthen ESG capacity building combining government guidance and market incentives. Third, in governance, firms need internal technology-ethics committees to pre-approve algorithms, disclose digital responsibility information in layers, and externally cultivate third-party certifiers to build an ESG assessment matrix covering ethical compliance and social impact. Through "median algorithms" to optimize labour control, "piercing responsibility" to clarify rights and duties, and "technology for good" to empower pluralistic governance, China should steer the platform economy from efficiency-first to an ecological value-co-creation system.

In the future, China urgently needs ESG quantitative standards and certification systems that balance international perspectives with local characteristics. Given differing ESG standards and regulations across countries, Chinese overseas enterprises must study and adapt to local compliance requirements during "going out", align digital-platform employment norms with international standards, and explore global compliance practices to provide solid support for their international development.

"He who does not plan for the long term cannot plan for the present; he who does not consider the whole cannot manage a part." Abandoning short-sighted profit-only economics and embracing long-term platform-employment compliance, Chinese overseas enterprises should aim not merely to "go out", but to "go far".

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