



**A New Form of Accounting with Traditional
Chinese Cultural Thinking through the Lens of
Social and Environmental Accounting**

By

J. Yu

**A thesis submitted in partial fulfilment of the requirements
for the degree of**

Doctor of Philosophy

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Management School

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“The wolf will live with the lamb, the leopard will lie down with the goat,
the calf and the lion and the yearling together;
and a little child will lead them.

The cow will feed with the bear, their young will lie down together,
and the lion will eat straw like the ox.

The infant will play near the cobra’s den,
the young child will put its hand into the viper’s nest.

They will neither harm nor destroy on all my holy mountain,
for the earth will be filled with **the knowledge of the Lord**
as the waters cover the sea.”

Isaiah 11: 6 – 9, Holy Bible

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Abstract

This thesis explores a thought of a new form of accounting and designs a practical accounting model 'Accounting for Thrift' with traditional Chinese cultural thinking for a harmonious society.

It introduces and discusses the development of traditional Chinese cultural thinking in the context of a brief history of China. The writer argues that the spirit of traditional Chinese cultural thinking is oneness between heaven and man, and there are three layers of meanings of heaven: Dao, Moral Virtue and the Natural World and they are in order. The moral corruption has been throughout the history of China due to leaving Dao since Confucius's time, and the moral corruption makes people unable to see the interconnection of everything; consequently, people lose the harmonious relationship with nature and between ourselves in this natural world.

The up-to-date research data collected regarding the general environmental situation in China uses Actor-Network Theory (ANT) and it shows the immorality of the whole society due to the economy-focused thinking; therefore, a practical accounting model with spiritual and organic values is designed based on Dao for helping recover the morality of the whole society and then restoring the harmony between human beings and nature and between ourselves; i.e. primal episteme in which intrinsic sustainability can be achieved in all aspects.

Keywords: Dao, Moral Virtue, the Natural World, Primal Episteme, Eco - civilisation

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List of Abbreviations

SEA	Social Environmental Accounting
SD	Sustainable Development
EA	Environmental Accounting
PRC	People's Republic of China
CPC	Central Committee of the Communist Party of China
ANT	Actor-Network Theory
SAM	Sustainability Assessment Model
ECO-CIVILISATION	Ecological Civilisation

Chapter One Introduction

This chapter is to generally introduce the research background, the current social and environmental accounting (SEA) research situation, the aim of this thesis, to give the research question and the structure of this thesis.

The structure of this chapter is as follows: Section One generally introduces the research background with the current SEA research situation and a calling for a new form of accounting. Section Two gives the research question of this thesis and discusses the several issues relating to this research question. Section Three gives the overall structure of this thesis. The chapter summary is given in Section Four.

1.0 Research Background

Human beings like pursuing worldly and flesh pleasure and modern people see developing economy as the only way to pursue it; therefore, they design the current economic system under capitalism. It takes the economic value only into account while driving out non-economic values (see, for example, Gray et al., 2014, Gray, forthcoming, Bebbington, 1999; Bebbington & Thomson, 2005; Cho & Gioradano 2015; Elgin, 2014); as a result, human beings have severely destroyed the essential existing condition, since we have been exploiting nature to develop the economy. This situation is even more severe in developing countries like China where the fresh air and clean water which should be natural to have are now becoming one of the most formidable aims for the Government of China (see, for example, 17th, 18th and 19th National Congress Report). Economy-focus has made human beings lose the harmonious relationship with nature and between ourselves (see, for example, Birkin & Polesie, 2011; 2012); the environmental issue is only one of many issues now across the world from which we are aiming to build up a fairer and more just society (see, for example, Gray et al., 1996; Bebbington, 1997, 1999; Bebbington & Gray, 2001).

As far as accounting is concerned, social and environmental accounting (SEA) has been established for resolving the conflicts between the economy, society and environment

and then improving the companies' accountability for the whole society; however, SEA research over the last 25 years has not improved organizations' accountability at a greater level (Deegan, 2017) or even getting worse (Gray et al., 2014, p2). Through the literature review, the writer discovers that although SEA researchers have criticized the dualistic thinking and the centered thinking (see, for example, Birkin, 1996; Birkin & Polesie, 2011, 2012), in practice, we usually jump into this trap without realization; in result, we attempt to solve the issues by focusing on the issues themselves, aiming to change from 'economically-centered' to 'ecologically-centered' (see, for example, Gray, forthcoming) and even 'abandoning', 'eradicating' or 'removing' the current economic system under capitalism which is believed to be the primary source of the current social and environmental issue by many scholars (see, for example, Gray et al., 2014, Gray, forthcoming, Bebbington, 1999; Bebbington & Thomson, 2005; Cho & Gioradano 2015; Elgin, 2014); more dangerously, accounting has been divided into many forms in order to solve the different issues individually, but none has been well developed from theories to practices; it seems that this has become a fashion trend to give accounting different names sounding cutting-edge. The writer argues that this kind of thinking and behaviour have severely impeded the problem solving and misled the development of accounting as a whole.

Meanwhile, scholars are calling for a new form of accounting for solving the current social and environmental issues; for example, Bebbington (1997) argues that 'environmental accounting has been concerned with exploring and developing new forms of accounting which are more socially and environmentally benign and which have the potential to create a fairer and more just society'. Cho and Gioradano (2015) claim that SEA studies may have the potential to build up a bridge between 'the traditional approaches and critical perspectives on accounting'. This bridge composes new forms of accounting fulfilling 'other aspirations of civil society rather than solely economic motives' (p2). Gray (forthcoming) contends that 'It seems obvious, therefore, that all forms of ecological accounts must be explored and supported – subject only to the proviso that they are substantive, reliable, aimed towards completeness and driven

by notions of ecological, planetary and social need.’

Under these circumstances, the writer has been thinking of what a new form of accounting may look like. Firstly, this accounting will not focus on solving the current environmental issue but from which a fairer and more just society may be built up (see, for example, Gray et al., 1996; Bebbington, 1997, 1999; Bebbington & Gray, 2001); secondly, this accounting will not divide accounting into many forms; instead, accounting should be looked at as a whole. In order to achieve these, the writer argues that the dualistic thinking and the centered thinking should be changed to the integration thinking, which is supported by many scholars (see, for example, Kallis, 2011; Elgin, 2014; Van den bergh, 2011; Hollender, 2012; Birkin & Polesie, 2011; Birkin & Polesie, 2012). Birkin and Polesie (2012) describe an episteme change. They call this primal episteme in which everything is integrated in a complex relationship. The intrinsic sustainability will be achieved in all aspects by the integration thinking. Coincidentally, the Government of China proposed constructing the ecological civilization in 17th National Congress Report in 2007 (17th National Congress Report) for solving the environmental degradation, but it is not merely equivalent to ecological protection (Zhang, 2014). The construction of China’s eco-civilisation calls for the revival of traditional Chinese cultural thinking, which is integration thinking valuing the harmony between heaven, man and earth, showing that we are moving towards the primal episteme. Consequently, the writer believes that this thesis can attempt to build up a new form of accounting with traditional Chinese cultural thinking.

2.0 Research Question

The research question of this thesis is ‘what a new form of accounting may look like with traditional Chinese cultural thinking for a harmonious society’. Many scholars’ understanding of traditional Chinese cultural thinking only stays on nature (see, for example, Miller, 2003; Yao, 2000; Swearer, 1998; Margerison, 2015; Yu, 2007; Tu, 2001). However, through studying traditional Chinese cultural thinking, the writer argues that the spirit of traditional Chinese cultural thinking is oneness between heaven

and man. There are three layers of the meanings of heaven: Dao, Moral Virtue and the Natural World, with Dao the first layer of meaning, Moral Virtue the second and the Natural World the third. They should be in order, beginning with ‘oneness between *Dao* and man’; then we can have ‘oneness between *moral virtue* and man’ and finally, human beings can live in this natural world with concord, harmony, light, joy and life – oneness between the natural world and man (Zhuang, 2009, p404 – 405). Solving the issue of nature by nature self is in a closed system that will not fundamentally solve the issue. More issues will probably be brought up; instead, human beings need to rebuild up a vertical relationship with Dao, then the morality can be recovered by Dao; finally, the recovered morality makes people see the interconnection of everything so that we can have a harmoniously horizontal relationship with nature and between ourselves. Based on this more comprehensive understanding of traditional Chinese cultural thinking, the writer aims to explore a thought of a new form of accounting. After this, a practical accounting model based on Dao will be designed for helping recover the morality of accountants and the morality of the whole society which leads to restore the harmonious relationship between human beings and nature and between ourselves. Moreover, the writer believes that this new form of accounting with traditional Chinese cultural thinking will also help redirect the development of accounting as a whole.

The research data is collected in the Chinese context. The reason for this is that China has been developing the economy at the cost of the environmental degradation, and now the Government of China is making a great effort to recover the polluted environment; for example, the Chinese Premier Li Keqiang declares a ‘war on pollution’ (PRC¹ Central Government, 2014 March 6th); the Chinese leader Xi Jinping claims that ‘Better to having lucid waters and lush mountains than to having gold and silver mines; Lucid waters and lush mountains are gold and silver mines’ (Yao & Jing, CPC² News Net, 2017 June 5th). As mentioned above, in order to solve the environmental degradation, the construction of the eco-civilisation was proposed by the Government of China in the 17th National Congress Report in 2007 (17th National Congress Report).

¹ People’s Republic of China.

² Central Committee of the Communist Party of China.

However, it is not merely equivalent to ecological protection (Zhang, 2014). The environmental issue is a starting point from which a harmonious society will be built up with the revival of traditional Chinese cultural thinking. Consequently, I argue that the data collected in a Chinese context is typical enough to represent the environmental degradation across the world, and traditional Chinese cultural thinking will probably provide a solution to the world with not only focusing on solving the environmental degradation; more importantly, restoring the harmonious relationship between human beings and nature and between ourselves.

This thesis is not to purposefully distinguish Western thinking and Eastern thinking and then blaming each other. We human beings are facing environmental degradation, and we only have one earth. Now it is the time for us to unite together, striving for our necessary living conditions and then from which we are restoring the harmonious relationship with nature and between ourselves; i.e., we can live in this natural world with concord, harmony, light, joy and life.

3.0 Structure of This Thesis

The structure of this thesis is as follows:

➤ **Chapter One Introduction**

To generally introduce the research background, the current SEA research situation, the aim of this thesis, to give the research question and the structure of this thesis.

➤ **Chapter Two Literature Review**

To review and discuss the literature on SEA, and the potential contributions of this thesis.

➤ **Chapter Three Traditional Chinese Cultural Thinking**

To introduce and discuss the development of traditional Chinese cultural thinking in the context of a brief history of China, preparing for an exploration of a new form of accounting.

➤ **Chapter Four Methodology and Method**

To claim and discuss the writer's ontological and epistemological belief based on

the research question of this thesis; and then, the social theory and the research method are chosen and discussed accordingly.

➤ **Chapter Five Research Design**

To give details of how the research being designed based on the aim of this research.

➤ **Chapter Six Research Findings**

To describe the research data according to Actor-Network Theory (ANT).

➤ **Chapter Seven Discussion and Design**

To discuss the research findings described in Chapter Six; and then to explore a new form of accounting and design a practical model with traditional Chinese cultural thinking based on the discussion.

➤ **Chapter Eight Conclusion**

To give the overall summary of this thesis; it also discusses the contributions, limitations and future research.

4.0 Chapter Summary

The world is facing environmental degradation today. SEA researchers have been trying hard to help resolve the conflicts between the economy, society and environment, hoping to improve the companies' accountability for the whole society. However, the writer argues that the current SEA research is generally in dualistic thinking and centered thinking, although they are criticized by SEA researchers (see, for example, Birkin, 1996; Birkin & Polesie, 2011, 2012). Consequently, the issues are solved by focusing on the issues selves. Moreover, accounting has been divided into many forms in order to solve the different issues individually, but none has been well developed from theories to practices, and SEA research over the last 25 years has not improved organizations' accountability at a greater level (Deegan, 2017) or even getting worse (Gray et al., 2014, p2).

On the other side, there is a paradigm shift to have the knowledge of integration thinking (see, for example, Kallis, 2011; Elgin, 2014; Van den bergh, 2011; Hollender, 2012; Birkin & Polesie, 2011; Birkin & Polesie, 2012). Birkin and Polesie (2012) call

this as primal episteme in which everything is interconnected in a complex relationship. Coincidentally, the Government of China proposed the construction of the ecivilization in the 17th National Congress Report in 2007 (17th National Congress Report) for solving environmental degradation, but it is not merely equivalent to the ecological protection (Zhang, 2014). The environmental issue is a starting point, from which a harmonious society will be built up with the revival of traditional Chinese cultural thinking, which is the integration thinking valuing the harmonious relationship between human beings and nature and between ourselves. As a result, this thesis is aiming to develop a new form of accounting with traditional Chinese cultural thinking for helping restore the harmonious relationship between human beings and nature and between ourselves, as well as the development of accounting as a whole.

Chapter Two Literature Review

This chapter is to review and discuss the literature on Social and Environmental Accounting (SEA).

The structure of this chapter is as follows: Section One and Two give an understanding of SEA and an important concept relating to SEA; i.e., sustainable development (SD). Section Three gives a picture of the development of SEA. Section Four describes and discusses a paradigm shift; in particular, episteme changes and China's eco-civilization. Section Five criticises several issues in the current SEA research which has misled the development of accounting as a whole. Section Six discusses the potential contributions of this thesis. The summary of this chapter is given in Section Seven.

1.0 Understanding of Social and Environmental Accounting (SEA)

According to Bebbington (1999), it is widely recognized that the era of SEA activity had begun in the 1960s and 1970s when there were debates over the potential business responsibilities. Moreover, this was also the time when policymakers started concerning 'the environmental effects of human activity and the lack of human development in some parts of the world', although such concerns were expressed before this time (p149).

Deegan (2017) views SEA as a nebulous term which can take many different forms, and it can be thought

'to relate to the preparation and capture of information to inform stakeholders (within and outside the organization) about an organisation's impact on the societies and environments in which it operates (including, past, presents and future societies and environments)'. (p66).

Gray and Laughlin (2012) give a more detailed definition of SEA, in the sense of the

definition of accounting³ provided by the authors. ‘social accounting’ is used as a generic term and viewed as

‘exploring how the social and environmental activities undertaken (or not, as the case maybe) by different elements of a society can be and are – expressed. In essence, how they are made speakable – even knowable. So the process of social accounts then offers a means which the non-financial might be created, captured, articulated and spoken. The analysis of such accounts – and their absence (Choudhury, 1988) – provides a basis through which social accountability can clarify how the relationships which are largely dominated by the economic (Thieleman, 2000) might be renegotiated to accommodate – or even to prioritise – the social and environmental within these relationships’. (p240).

The writer argues that there are two points in this view of SEA:

- It shows that accounting as the recording and control system should not only hold financial behaviours accountable but also non-financial behaviours;
- Financial (element) accounting does not make the full story of accounting, which is traditionally considered as pursuing the economic profit maximization (see, for example, Burritt & Schaltegger, 2010; Gray, 1992); rather, elements which are usually ignored by the traditional view of accounting such as social and environmental need to be included, and how the economic, social and environmental elements can be balanced or even to prioritise the social and environmental elements.

Gray et al. (2014) comment that conventional accounting is restricted to:

1. the financial description;
2. specified (priced) economic events;
3. relate to defined organisations or accounting entities;
4. provide information for specified users of that information.

Instead, social accounting is about some combination of:

1. accounting for different things (i.e. not accounting only for economic events);

³ ‘accounting, at its broadest (and stretching rather) might be thought of as the recording and control systems by which the elements of civil society, the state and the market define, articulate and monitor the behaviours by which they will be judged and held accountable (Gray and Laughlin, 2012). (p66).

2. accounting for different media (i.e. not accounting in strictly financial terms);
3. accounting for different individuals or groups (i.e. not only accounting to the providers of finance); and
4. accounting for different purposes (i.e. accounting for a range of purposes and not only to enable the making of decisions whose success would be judged in financial or even only cash flow terms). (p4 & 5).

Through the developments of including social and environmental responsibilities in accounting, there occur many forms, such as social accounting, environmental accounting, social and environmental accounting, sustainability accounting, biodiversity accounting, ecological accounting. The writer argues that the purpose of these researches is almost the same; i.e., how accounting can be developed in order to take more social and environmental responsibilities for a better society (see, for example, Gray et al., 1996; Gray, 1992; Bebbington, 1999; Bebbington & Gray, 2001; Gray, forthcoming). Therefore, please bear in mind that in the following paragraphs, different literature may have different names for SEA; however, this only puts the same wine into different bottles; which the writer will criticise later.

2.0 Sustainable Development (SD) – An Important Concept in SEA

The notion of SD was drawn from Brundtland Report, which defines it as ‘development that meets the needs of the present without compromising the ability of future generations to meet their own needs’ (UNWCED⁴, 1987, p8). Although this definition has been criticised as underspecified (see, for example, Bebbington, 1997; Holden and Linnerud, 2007), it raises the awareness that the social and environmental sustainability needs to be paid attention to, and in the business context, what SD may mean for business and accounting. The initial idea of SD in the business literature was to address the question: ‘What kind of economic system would lead to everyone’s needs being

⁴ United Nations World Commission on Environment and Development.

met in an environmentally sustainable and socially just manner' (Bebbington, 2001, p128). This explanation of SD demonstrates that sustainability deals with the relationship between economy, society and environment (see, for example, Eweje, 2007, p15; Bebbington, 2001, p144; Bebbington, 1999, p377). SD was considered as 'good environmental management' without contemplating the problems embedded in the current economic system (see, for example, Bebbington, 2001). Scholars holding this view see SD mainly as a technical problem; however, it is argued that SD should not be constrained at the technical level; instead, it should be lifted to the moral altitude (see, for example, Gray, 1992; Bebbington, 1999; Bebbington, 2001). This does not mean that the technical aspect can be ignored. In fact, the techniques and the morality need to be bounded together for achieving SD, with morality⁵ leading.

2.1 Eco-Efficiency and Eco-Justice

Gladwin (1993) splits SD into two aspects: eco-efficiency and eco-justice. The former deals with the environmental issues, considering how companies' activities have an impact on 'global environmental sustainability (such as climate change), biodiversity, resource availability and use, waste assimilation capacities and population carrying capacities'; this element concentrates on the question of how efficient to use the environment with environmental techniques; while the latter pursues the social moral. It is argued that if environmental sustainability was achieved with its benefits being unequally distributed, SD as a whole would not be succeeded. As a result, social moral is concerned; it aims to conquer the problems as to 'how the benefits and costs of development are distributed within the current time period (intragenerational equity) and between this and future time periods (intergenerational equity)' (see, for example, Bebbington, 2001, p137). The combination of eco-efficiency and eco-justice helps to achieve SD as a whole. However, splitting SD into the two elements raises a question

⁵ This is different from the moral virtue which will be discussed in Chapter Three: Traditional Chinese Cultural Thinking; the former is about the moral values and moral choice about intragenerational and intergenerational equality distribution as will be seen later; while the latter is seen as the order of the universe in traditional Chinese cultural thinking; it is about people's original conscience, the noumenon of heart. According to Confucianism, the purpose of learning knowledge is to pursue 'ren' – the perfect virtue.

as which one is in priority or whether they should be treated as equal. Dover (1989) states that ‘sustainability is a value – it is the moral choice of accepting intergenerational equity as an overriding ethic’ (p34). Bebbington (2001) declares that ‘Eco-justice, at least potentially, demands a fundamental rethink of how we conduct our lives in the ‘developed’ world” (p138). Hawken (1993) criticises that none of the companies deserves the award for social and environmental contributions. Moreover, he points out that ‘What we had done was to scratch the surface of the problem, taken a few risks, put a fair amount of money where our mouths were, but, in the end, the impact on the environment was only marginally different than if we had done nothing at all’. He gives his understanding of what a business should look like: ‘The ultimate purpose of business is not, or should not be, simply to make money. Nor is it merely a system of making and selling things. The promise of business is to increase the general well-being of humankind through service, a creative invention and ethical philosophy. Making money is, on its own terms, totally meaningless, an insufficient pursuit for the complex and decaying world we live in’ (p1). Therefore, it is contended that eco – justice is in priority to eco – efficiency. The former questions the current mode of economic system, while the latter treats ‘business as usual’ (see, for example, Bebbington, 1999; Gray, 1992). Nevertheless, ‘the two elements of SD have to be pursued in unison’ (Bebbington, 1999, p109), with justice guiding efficiency, due to the reason that without justice, efficiency may lead to the benefit of environmental sustainability unequally distributed, i.e. the intergenerational and intragenerational equality cannot be achieved, and justice without efficiency results in specific environmental targets unachievable.

2.2 Strong Sustainability and Weak Sustainability

Another understanding of SD is to identify sustainability as ‘weak’ and ‘strong’ sustainability. The position on ‘weak’ or ‘strong’ continuum may be dependent upon one’s perceptions ‘about the seriousness of the environmental and social crisis’. The ‘weak’ sustainability does not question the current economic system, and it views SD as the means, which helps to achieve the economic growth as the ends. In contrast, the

‘strong’ sustainability considers the current economic system as the root cause of the unsustainability. It suggests redefining the modern mode of economic development; in particular, there is the proposal that ‘once basic needs are met, increased material consumption may not constitute ‘development’” (see, for example, Bebbington, 1999, p111; Bebbington, 2001, p139).

The ‘weak’ sustainability and the eco-efficiency being described and discussed above have the same view that SD is only treated as means to achieve the economic growth as ends and environmental techniques can do this job well. People holding this view cannot see or just deny any problems embedded in the current economic system. In the meantime, the principle behind ‘strong’ sustainability and eco-justice is consistent; i.e. SD is a value which leads to intergenerational and intragenerational equity. In order to achieve SD as ends, the current mode of the economic system needs to be questioned and redefined (see, for example, Bebbington, 1999; Bebbington, 2001).

3.0 The Development of SEA for Sustainable Development

3.1 Corporate Social Reporting (CSR)

Gray (2000) comments that ‘The social account may serve a number of purposes but discharge of the organizations’ accountability to its stakeholders must be clearly dominant of those reasons and the basis upon which the social account is judged’ (as cited in Gray et al., 2014, p3).

Gray et al. (1996) define Corporate Social Reporting (CSR) as:

‘...the process of communicating the social and environmental effects of organisations’ economic actions to particular interest groups within society and society at large. As such, it involves extending the accountability of organisations (particularly companies), beyond the traditional role of providing a financial account to the owners of capital, in particular, shareholders. Such an extension is predicated upon the assumption that companies do have wider responsibilities than simply to make money for their shareholders.’

In practice, there are three influential models which guide companies for reporting their social and environmental activities: Triple Bottom Line (TBL), The Global Reporting Initiatives (GRI) and Integrated Reporting (IR) (see, for example, Milne & Gray, 2013; Deegan, 2017, p66).

3.1.1 TBL

TBL (Elkington, 1997) is the first model which attempts to explore how to report both financial and non – financial activities in business reporting and what a relationship between economy, environment and society may look like. There are criticisms about TBL (see, for example, Norman & MacDonald, 2004; Moneva et al. 2006). The central ideas around these criticisms are that these three elements are not integrated and ‘mutually supportive’ and it is impossible for them to have equal achievements. Moreover, the use of TBL leads to misunderstand that the recognition of these three elements is to report sustainability and the concept of TBL is used interchangeably with sustainability (Milne & Gray, 2013, p18). Milne and Gray (2013) claim that there is increasing support for TBL institutionalisation. The supporters actively attempt to make the practice of TBL as synonymous with sustainability reporting, such as multi – agency initiatives, business associations, accounting professions (p18). KPMG surveys confirm this, and the 2002 KPMG survey itself became the KPMG International Survey of Corporate Sustainability Reporting 2002. (p17). Deegan (2017) points out that in reality, such accounts ‘do not address sustainability in any substantive ways’. (p66). It is commented that

‘Sustainability is a systems – based concept and, environmentally at least, only begins to make any sense at the level of eco-systems and is probably difficult to really conceptualise anything below planetary and species levels. So whatever else organizational ‘accounts of sustainability’ are, they are probably not accounts of sustainability’ (Gray & Milne, 2002).

3.1.2 GRI

GRI is a not-for-profit organisation, and it was established in 1997, aiming to ‘empower

decisions that create social, environmental and economic benefits for everyone' through setting up sustainability reporting standards for companies voluntarily disclosing sustainability information. GRI standards are 'the first and most widely adopted global standards for sustainability reporting', and 93% of the world's largest 250 organisations disclose their sustainability information by adopting GRI standards (About GRI). From this brief introduction of GRI, it can be seen that GRI is an influentially international organization. It is inspired by the concept of TBL, with companies focusing on reporting their economic, social and environmental performances, which are believed to be synonymous with sustainability reporting. the definition of sustainability reporting given by GRI on its website is that 'a sustainability report is a report published by a company or organization about the *economic, environmental and social impacts* caused by its everyday activities'. Moreover, 'sustainability reporting can be considered as synonymous with other terms for non-financial reporting; triple bottom line reporting; corporate social responsibility reporting and more' (Sustainability Reporting). Henriques & Richardson (2004) argues that this

'... has led to a state of confusion where sustainability now starts to look tractable as something expressed as a three-part notion that managers thought they understood and which is achievable in a manner which offers little or no challenge to business-as-usual.'

3.1.3 IR

IR is established by International Integrated Reporting Council (The IIRC), which is a global not-for-profit organisation. Recognizing the drawbacks of current financial reporting, which is short-term focus, backward-looking and use fragmented approach, IR attempts to help businesses use integrated, long-term and forward-looking thinking by identifying the six capitals of financial, manufactured, intellectual, human, social and relationship and natural, creating value over time. it is guided by the IR framework, which was first released in 2013. The purpose of IR is to 'promote financial stability and sustainable development by better linking investment decisions, corporate behaviour and reporting' in the wake of the global financial crisis (The IIRC). It is argued that the purpose of the establishment of IR is to sustain financial prosperity.

Gray (2012) points out that IR is ‘exclusively investor-focused and it has virtually nothing and certainly nothing substantive to say about either accountability or sustainability’ (as cited in Milne & Gray, 2013, p20). Milne & Gray (2013) claim that in comparison to TBL and GRI, IR will lead us even further away from sustainability. (p20).

Generally, TBL’s contribution is that it is the first move to explore how the relationship between economy, society and environment can be linked and reported, although it fails this job. GRI’s contribution is that it attempts to set up standards based on the concept of TBL for organizations to produce sustainability reporting, and it gives organizations guidance and direction on how to report their social and environmental behavior. *Nevertheless*, they fail to help organisations achieve sustainability – ‘sustaining the life-supporting ecological systems on which humanity and other species depend’ (Milne & Gray, 2013, p13). Companies tend to use TBL and GRI as a management tool to continue their irresponsible behavior while appearing socially and environmentally responsible to the public. In contrast to TBL and GRI, IR is ‘exclusively investor-focused’ and will lead us even further away from sustainability (Milne & Gray, 2013, p20). All of these three models are run in a ‘win-win’ situation and ‘business – as – usual’. McDonough and Braungart (1998) state that: ‘...works within the same system that caused the problem in the first place...it presents little more than an illusion of change’. (as cited in Milne & Gray, 2013, p21). Milne and Gray (2013) call this ‘change-but-no-change’. (p20).

3.2 Legitimacy Theory and Stakeholder Theory

3.2.1 Legitimacy Theory

Legitimacy theory is frequently utilised by researchers to explain why corporate management takes specific actions; for example, creating sustainability reporting (Deegan, 2014, p249). Suchman (1995) defines legitimacy as ‘a generalised perception or assumption that the actions of an entity are desirable, proper, or appropriate within some socially constructed system of norms, values, beliefs, and definitions’ (as cited in

Deegan, 2014, p248). Deegan (2014) further argues that for organisations to be legitimate, it is not the 'actual conduct' of the organisation counts, rather, the society's 'perception' about the organisation is taken into account. This is consistent with a world's famous philosopher Groucho Marx's saying: 'The secrets of success in business are honesty and transparency. If you can fake that, you've got it made' (as cited in Banerjee and Bobby, 2008, p64). In terms of the sustainability reporting, corporate management desires to legitimise every aspect of companies' actions and enhance the image and reputation of their companies for the ongoing survival (see, for example, Deegan, 2002; Deegan, 2014). For example, Milne and Patten (2002) show that 'under some circumstances positive disclosures can restore or repair an organisation's legitimacy' through an experimental decision case in the context of the chemical industry; Deegan et al. (2002) examined social and environmental disclosure of BHP Ltd from 1983 to 1997, indicating that there are legitimation motives when a company discloses the social and environmental information. Moreover, one of the recent papers used the quantitative method to find out whether the social and environmental disclosures are still due to the legitimacy, and they found out that although there is a significant increase in the breadth of the social and environmental information disclosure, legitimation and image enhancement are still used as a tool when producing sustainability reporting (Cho et al., 2015).

3.2.2 Stakeholder Theory

The basic idea of stakeholder theory is to extend the companies' responsibilities from simply making money for shareholders to having much wider responsibilities such as social and environmental responsibilities for other stakeholders (Gray et al., 1996, p45). However, different stakeholders have different needs and expectations (see, Huang & Kung, 2010; Spence & Rinaldi, 2014); therefore, companies which adopt these reporting practices address the interests of the most powerful stakeholders, while leaving the needs of the less powerful ones marginalized (Bebbington et al., 2014). Banerjee and Bobby (2008) hold a different view for stakeholder theory, which is 'the stakeholder theory of the firm represents a form of stakeholder colonialism that serves

to regulate the behaviour of stakeholders'. Moreover, 'Effective practices of 'managing' stakeholders and research aiming at generating 'knowledge' about stakeholders are less systems of truth than products of power applied by corporations, governments and business schools' (Knights, 1992).

Deegan (2014) points out that although there are similarities between stakeholder theory and legitimacy theory; e.g. both theories 'conceptualize the organization as part of a broader social system wherein the organization impacts, and is impacted by, other groups within society' and both are used as tools for manipulation purpose, the writer argues that there are differences as well:

First, legitimacy theory concerns the expectations and needs of the society as a whole, while stakeholder theory only has a concern for a particular stakeholder group within the society;

Second, relating to the social contract, the former only has one contract with the society, but the latter has various contracts "negotiated" with different stakeholder groups;

In addition to legitimacy theory and stakeholder theory, a recent paper written by Cho et al. (2015) suggests that under the prevailing economic system, corporations' substantial sustainability reporting is due to the organised hypocrisy, which "also provides corporate managers with a solution for managing conflicting stakeholder demands". This practice is beneficial to companies; otherwise, they would not persist.

3.3 SEA Techniques

SEA researchers have invented a variety of techniques to help corporate management to produce and implement 'sustainability' strategy, measure the 'sustainability' and communicate these with stakeholders. One of the examples is 'Sustainable Cost Calculation (SCC)' proposed by Gray (1992). It considers 'what it would cost at the end of the accounting period to return the planet and biosphere to the point it was at the beginning of the accounting period'. This shadow accounting system would treat the 'sustainable cost' as an expense and is deducted from the calculated profit, and this expense would be used in the restoration of the biosphere. Gray (1992) contends that

‘The probability is that no western company has made a ‘sustainable profit’ for a very long time, if ever’. (p419 – 420). Bebbington and Gray (2001) try to put the calculation of ‘sustainable cost’ into practice. They chose Manaaki Whenua, Landcare Research New Zealand Ltd as the case. This experiment failed in the end as it did not produce the numbers expected. They explained that the key reason for this failure is that this case organisation was attached to the implicit value of ‘business as usual’ and they called for the organisational change.

Another example is cost-benefit analysis (CBA) which is considered as a useful tool to consider social and environmental issues (see, for example, Mylonakis and Tahinakis, 2006; Bebbington et al., 2006; Morrissey et al., 2013). According to Milne (1991), many of the early CBA applied to evaluate the economic effects of proposals such as ‘transport, irrigation, hydroelectricity and water resource’, but ‘more recently, CBA procedures have been extended to incorporate a much wider range of benefits associated with environmental resources, including such non-market benefits as recreational use, options for future use, and preservation. This approach...provides a wider basis for the expression of those preferences by utilising non-market valuation mechanisms. This has led to the notion of the total economic value of environmental resources as comprising the sum of use, option and existence values’; nevertheless, Soderbaum (2001) claims that CBA ‘privileges the neoclassical view of humans as ‘economic persons’’. Ackerman and Heinzerling (2002) further argue that ‘CBA may thus result in privileged groups imposing costs ‘on the countries, communities, and individuals with the least resources’’. Corner House (1999) used examples on the use of CBA which makes economists claim ‘that the value of a statistical life of a Chinese citizen was worth only 1/15th of that of a North American’ (as cited in Bebbington et al., 2006, p226). In general, these techniques are invented within traditional accounting, which is mainly designed to help management make sustainability strategy, which in turn makes them ‘engage with stakeholders’ and is ‘used to help improve corporate economic performance’ (Schaltegger & Burritt, 2005). As Hart (1997) comments that ‘While there have been significant advances in pollution control and emission reduction,

this does not mean that current modes of development are sustainable for the planet as a whole’.

Both Gray (2010) and Bebbington and Larrinaga (2014) realised that the problems above are embedded in traditional accounting, suggesting a change in the ontological and epistemological positions. Sustainability science is proposed (Bebbington & Larrinaga, 2014). Sustainability science ‘is a description applied to a particular approach to knowledge production that seeks to point ‘the way towards a sustainable society’ (Komiyama & Takecuhi, 2006). It is ‘concerned with the fundamental character of interactions between nature and society’ (Kates et al., 2001) and ‘it adopts an interdisciplinary approach to problem definition and analysis’ (Clark & Dickson, 2003, p403). In practice, they proposed sustainability assessment model (SAM) based on the idea of full cost accounting, which considers external costs of an organization and integrates the internal costs with the external ones (see, for example, Atkinson, 2000, p239) and it is in monetary terms (see, for example, Atkinson, 2000, p239; Bebbington et al., 2006); but SAM recognizes and accepts the disadvantages of monetisation. (see, for example, Bebbington et al., 2006; Bebbington & Larrinaga, 2014). In the U.K., there are four elements applied in SAM: economic impact, environmental impact, resource impact and social impact (Baxter, 2003, as cited in Bebbington & Larrinaga, 2014, p229); however, SAM ‘retains a qualified commitment to monetization. It is considered that if economic rationalism still dominates management decision making and public policy making, then an alternative information set built around monetisation is a ‘way to ensure consideration of [sustainability] issues’ (Herbohn, 2005, p529). In reality, it is unarguable that management always prioritises economic performance; for example, Lamberton (2000) designed an accounting model to help ‘City Farm’ achieve ecological, social and economic goals, and found out that but ‘not surprisingly’ when conflicts occur, the economic goals come first. We are “eco-modernist” adopting ‘business as usual’ approach (see, for example, Bebbington et al., 2006, p231; Banerjee and Bobby, 2008, p65).

3.4 SEA Research VS Mainstream (Traditional) Accounting

Research on Social and Environmental Issues

Mainstream accounting researchers are in line with organisations' self-interest of profit maximisation, treating social and environmental issues as 'new variables (opportunities) against which to associate share price movements, corporate profits, accounting-based bonuses, or other research measures' (Deegan, 2017, p68). From ignoring the social and environmental issues to including them as 'another potential cost or liability' (see, for example, Hughes, 2000; Hassel et al., 2005), their mind has been set up within 'cost-benefit analysis'. Furthermore, they are very loyal to traditional accounting based on neo-classical economics, which has been criticized by SEA researchers; for example, Burritt and Schaltegger (2010) point out that the first publication relating with sustainability accounting focuses on deficiencies of traditional accounting and 'the limits of the underlying philosophy of accounting, which conventionally focuses on monetary, quantitative measures of corporate economic activities'. Gray (1992) claims that traditional accounting is built upon neo-classical economic theory, which pursues maximising the short-term economic self-interest; seeing technology as neutral and everything can be reduced and modelled. In this system, loyalty, compassion, sympathy, concern for others are excluded, and the environment is externality and just there for human beings to exploit. Gray (1992) further argues that the attitudes and practices should be shifted for achieving real sustainability. Gray (2010) argues that 'Accounting, certainly conventional accounting, must be thought of as the very essence of modernity' and 'much of the realist and procedural baggage associated with conventional accounting is no longer apposite when seeking to account for sustainability'; as a result, SEA researchers attempt to develop SEA going beyond traditional accounting (see, for example, Gray, 1992; Birkin, 1996) and encourage 'a different conceptual base' (Bebbington, 1999, p150) and 'a redrafting of our mental maps' (Gray & Laughlin, 2012). It seems that there has been an unending quarrel between mainstream accounting researchers and SEA researchers, with the former criticizing the latter as 'not

accounting’, ‘anthropocentric’, ‘under-theorised’, and ‘threatening profitability’. (Gray, 2002, p688); while the latter criticising the former as the cause of the social and environmental issues.

3.5 SEA Research in China

In China, environmental accounting research can be traced back to the 1980s, focusing on social accounting during this period; however, this was not being paid attention to (Xiao et al., 2009, p99). In 1992, one of the masters of accounting in China Professor Ge Jiashu published a paper ‘a new idea of western accounting theories in the 1990s – the theory of green accounting’, which opened the door for environmental accounting research in China (see, for example, Xiao, 2006; Xiao et al., 2009, p99). Nowadays Chinese researchers have come across different aspects of environmental accounting or sustainability accounting; for example, environmental and social responsibilities information disclosure, the economic consequences of environmental governance and social responsibilities fulfilment, environmental and social responsibilities management and control, environmental auditing, carbon accounting (Wu and Tang, 2012). It is found out that Chinese scholars treat SEA as an extension of traditional accounting; and never question the deficiency of traditional accounting and neo-classical economics. They normally hold two views of SEA accounting: *one*, it is a mechanism, which uses traditional accounting’s theory and methods, to measure, record, disclose and analyse companies’ environmental activities or economic activities relating with the environment, although the way of expressing this is different. Some scholars insist that the monetary measurement is the only method of recording, while others propose that measurement should not be narrowed on monetary; *two*, it is the accounting concentrating on how to compensate natural resources consumption (see, for example, Chen, 2003; Xu and Cai, 2004; Zhao, 2007; Hu and Chen, 2008; Xiao et al., 2009; Xu, 2009; Long and Wang, 2010; Zhou and Tao, 2012).

In terms of SEA framework, which is precisely consistent with traditional accounting framework: the objectives of SEA, SEA elements, SEA assumptions, SEA

measurement, SEA information disclosures, etc. (see, for example, Chen, 2003; Xu and Cai, 2004; Zhao, 2007; Hu and Chen, 2008; Xiao et al., 2009; Xu, 2009; Long and Wang, 2010; Zhou and Tao, 2012).

As far as research methods are concerned, quantitative methods are dominant (see, for example, Yao et al., 2012; Bi et al., 2012; Chen et al., 2013; Jing et al., 2014). Chen (2007) points out that the U.S. influences the dominance of the quantitative methods in accounting research among Chinese scholars; in fact, these quantitative methods in China only imitates the form of the models of the quantitative methods in the U.S. so that they lack creativity and are unlikely to fit in the context of China. This is consistent with Komori (2015)'s view that a large number of Japanese accounting researchers apply 'the type of quantitative analytic models prominent in North American journals to test Japanese data sets', and this demonstrates 'a clear trend towards homogeneity in terms of research methods and approaches'. Non-Anglo-Saxon countries are impacted greatly by Anglo-Saxon countries, in particular, the U.S., with losing their countries' own culture of critical thinking, through examining accounting research in Japan, and her own experiences of publishing in international accounting journals.

The writer argues that unlike Western SEA researchers, the majority number of Chinese SEA researchers in China tends to treat social and environmental issues as 'new variables (opportunities) against which to associate share price movements, corporate profits, accounting based bonuses, or other research measures' (Deegan, 2017, p68) as mentioned above for criticizing mainstream accounting researchers for studying social and environmental issues. These researchers simply treat social and environmental issues as technical issues and work hard towards inventing or adopting different techniques based on traditional accounting for examining and measuring the social and environmental costs for companies, achieving 'win-win' situation with the priority of the economic development. This can also be seen from many papers published in the Western journals by Chinese SEA researchers in China; e.g., Wang et al. (2018) adopt Life Cycle Assessment method to analyse and measure the environmental impact of coal-fired power generation in China. They conclude that 'upgrading the facilities for

emission reduction, improving emission standards of pollutants, and strengthening process management of coal-fired powered generation are effective ways to reduce the burden on the environment'. Zhang et al. (2012) use Malmquist-Luenberger (ML) productivity index to appraise the growth of China in Total Factor Productivity (TFP), concluding that 'the enforcement of environmental regulations in China is far below the levels achieved in the best performing regions...' Zhang et al. (2007) conduct a quantitative case study for more sustainable town planning in China and then develop a general green space planning model. Yang and Yang and Chen (2014) present the exergy-based approach in evaluating the energy and environmental performance of biogas projects in China.

This can also be seen in the research findings which will be described and discussed in Chapter Six and Chapter Seven respectively. As will be discussed in Chapter Seven, SEA education in China is down to the technique issue by using accounting techniques to examine and measure environmental performance for achieving 'win-win' situation without the compromise of the economic development. This attitude towards SEA also reflects that professional accountants in both companies and accountancy firms have low involvement with the environmental agenda. This research finding is consistent with Western literature regarding this issue; for example, Gray et al. (1995) discover that accountants have low involvement with the environmental issues, bean-counting the associated costs. (p227); Gonzalez and Bebbington (2001) conduct a case study with a Spanish electricity company, concluding that accountants' low involvement with the environmental agenda is due to the reason that accountants do not see themselves as the right agent who is responsible for the environmental issue. The reason for this is probably because 'Absolute Masculine' dominates the accounting education and accountancy profession regardless of the biological gender (see, for example, Hines, 1992; Bebbington et al., 1997), making accounting students and professional accountants ignore feelings and emotions which are subjective, 'soft' and unmeasurable (Bebbington et al., 1997).

In overall, the increasing diversity of this area makes it less likely to give a 'neat

summary' (Gray and Laughlin, 2012). Gray (2000) comments that 'The social account may serve a number of purposes but discharge of the organisations' accountability to its stakeholders must be clearly dominant of those reasons and the basis upon which the social account is judged' (as cited in Gray et al., 2014, p3). In fact, the disclosure of social and environmental data dominates social accounting research (Milne, 2007; Parker, 2005); much of this research has been 'routine descriptions of disclosure practice' and/or attempts to 'link disclosure to theoretical explanations' (Gray & Laughlin, 2012), which are narrowly dominated by stakeholder and legitimacy theories (Gray et al., 2010, as cited in Gray & Laughlin, 2012); moreover, Deegan (2017) comments that SEA research over the last 25 years has not improved organizations' accountability at a greater level. Gray et al. (2014) hold the same opinion that the accountability of organisations is no better or even getting worse. (p2). Gray and Laughlin (2012) claim that social accounting literature has not been significantly presented in mainstream literature.

From the corporations' perspective, Bakan (2004) argues that '...Under capitalism, it is almost certain that on the whole corporations cannot be responsible' (as cited in Gray et al., 2014, p49) and Gray et al. (2014) conclude that 'to expect corporations to be 'responsible' in some absolute sense is both ridiculous and improper'. (p49). Bebbington (1997) and Gonzalez and Bebbington (2001) raise a concern that environmental accounting has probably captured or colonised by the current business model and accounting framework.

In the meantime, academic researchers including SEA researchers nowadays only pursue the short-term gains such as promotions, paper publications and personal fame. Deegan (2017) states that academics in many countries throughout the world are expected with work plans, which 'identify expected research outputs and outlet targets (ranked journals)'; but 'Thoughtful, innovative research takes time'. (Deegan, 2017, p69). Deegan (2017) points out that SEA researchers have tended to 'rely upon secondary data and without active engagement'. (p69). Gray (2002) argues that SEA researches are largely passive and even conservative; they neither advance those

accountings nor ‘is it obvious that the primary motivation behind such research is to do so’. (p698). Gray (2002) comments that it seems that projects which SEA researchers study are subject to ‘trends’ and even ‘fashion’; such as environmental accounting, which follows the cycle as ‘environment – not-environment – environment’. (p697). Deegan (2017) points out, from reporters’ side, that in the early 1990s, reporters focus on reporting environmental issues; in the mid-1990s, social issues, which was the focus of some reporters in the 1970s, are reintroduced, and reporters nowadays have embraced such notions such as TBL reporting, CSR reporting and more recently, sustainability reporting. (p66). Gray (2002) points out that the inconsistency of authors’ presence in the field; they enter a project and then depart and leave the issues raised from this project never be resolved. (697). Gray et al. (2014) point out that:

‘so rather than increasing cohort of informed intelligent and able people with a desire for change, we fear that society is encouraging the formation of an increasingly informed cohort of intelligent people who see little further than the next grade mark, the next job or the next journal article’. (p2).

In his most recent paper, Gray (forthcoming) proposes an emergent field of SEA, i.e., ecological accounting, focusing on planetary and society; instead of focusing on organizations like a great deal of SEA practices, which ‘has nothing to say about a just society or a nurtured ecology’; Gray (forthcoming) calls the former ‘outside-in’; while the latter ‘inside-out’. Gray (forthcoming) argues that ‘if modernity and international financial capitalism are the primary sources of assault upon society and ecology, then the focus of social and environmental accounting is (or at least should be) upon those sources and how they might be *undermined, mitigated and eventually removed*’, joining an ‘*ecologically-centered mankind* that knows to nurture and to live within ecological (and societal) boundaries’.

Although the writer does not entirely agree with this argument, which will be discussed in more details later, it shows the redirection of SEA research, from focusing on organizations to focusing on planetary and society, although Professor Gray does not give more details. Meanwhile, Professor Gray encourages and supports all forms of

ecological accounts which are subject to be ‘substantive, reliable and aimed towards completeness and driven by notions of ecological, planetary and social need’ (Gray, forthcoming). The writer argues that this demonstrates a paradigm shift which will be discussed next.

4.0 Paradigm Shift

The current economic system under capitalism is seen as the root cause which is discussed in many SEA research papers (see, for example, see, for example, Birkin & Polesie, 2011; Gray, forthcoming; Birkin & Polesie, 2012; Bebbington and Gray, 2001; Gray, 1992; Bebbington, 1999). Many researchers believe that the reason for this is that the knowledge of dualism thinking makes people focus on the economy while driving out non-economic values. Consequently, the knowledge of integration thinking should be employed; for example, Douglas (2015 July 25th) report that several dozen academicians from the fields of economy, anthropology, ecology and evolutionary biology met up in Frankfurt, Germany, discussing how to ‘overthrow the old regime’. They criticised the neo-classical economics, which focuses on ‘mathematical formulae’, and thus allowing forecasting. Nevertheless, this is at the cost of ‘ignoring the complexities of human beings and their interactions – the things that actually make economic systems tick’. Kallis (2011) claims that there is a need for ‘systemic political, institutional and cultural change in order to create a different system where expansion will no longer be a necessity and where economic rationality and goals of efficiency and maximisation will not dominate other social rationalities and goals’. (p875). Elgin (2014) takes a metaphor of humanity as teenagers that ‘humanity has been rebelling against nature for thousands of years, trying to prove that we are separate, superior and independent’. Moreover, ‘we are seeking our short-term pleasures and are largely ignoring the needs of other species and future generations’ (p317); therefore, we need to build up a new relationship with the Earth, with one another and with the living universe. (p318). Additionally, the old institutions need to be removed; and instead, new institutions fitting to the new era need to be established. (p320). Van den bergh (2011)

opposes GDP indicator as this is not reliable for social welfare and thus suggesting that we need to be indifferent to GDP growth. (p885 – 886). Hollender (2012) comments that we need to learn ‘the endless connection between all things’, and therefore a holistic perspective needs to be taken. Latour (2013) claims that ‘...we now need new forms of accounting, finance and economics for the emerging ecological civilisation’.

4.1 Epistemes

Based on the knowledge of integration thinking, Professor Birkin and Professor Polesie describe and discuss an epistemic change and call this primal episteme. The episteme theory is based on the development of Foucault’s book 《The Order of Things》, in which Foucault explains and discusses how the first three epistemes, which are Renaissance episteme, classical episteme and modern episteme individually, made different kinds of knowledge possible during different periods of European history (Birkin & Polesie, 2012).

The term ‘episteme’ refers to the ‘possibility of knowledge’ that ‘determines the development of thought and knowledge in a given period’ (Foucault, 1970, as cited in Birkin & Polesie, 2013, p144). Epistemes are ‘abstract conceptions lying at the foundations of thought that are normally taken for granted’. Epistemic analyses ‘link metaphysics, ontology and knowledge. They provide a wealth of detail relating to the theoretical and practical consequences of anyone episteme in a given period’; and an episteme is more about how we know rather than what we know (Birkin & Polesie, 2013, p144).

4.1.1 Renaissance Episteme

This is the period from Mediaeval Times to 1650. People in Europe during this period held the opinion that this world was God-given and the way people interpreted the world was like reading a book, ‘a huge, multidimensional, interactive, multimedia simulation of a book’ (Birkin & Polesie, 2012, p63). Their knowledge was based on signs and similitudes; ‘bringing hidden resemblances and similitudes into the light and creating associations’. To their mind, to know and to interpret was equivalent and this

God-given world was ‘Holistic, whole, holy, healthy, wealthy and heal’, which were all contained in a single word, the Germanic ‘Heilig’ (Birkin & Polesie, 2012).

4.1.2 Classical Episteme

This episteme was between 1650 and 1800. During this period, people still firmly believed that this world was God-given but in a rationally ordered way. They began using systematic and measurable ways to observe the world (Birkin & Polesis, 2012, p123). Unlike Renaissance episteme, which was multidimensional and identified parts by their resemblances, Classical episteme was two-dimensional and they laid out everything, including all of the time, finite and infinite; fact and fantasy on a table-top at face value. They then became knowing ‘everything’ on the table top by systematically identifying differences, separating the parts (Birkin & Polesis, 2012; Birkin & Polesis, 2013, p145). In Classical episteme, knowledge was still integrated, complete, coherent, whole, holistic and holy; i.e. Great Chain of Being. People as observers looking down ‘everything’ laid out on the table top; this was different from Renaissance episteme, in which people were participants. Although people in Classical episteme observed the world with ordered mathesis and taxinomia, they knew that what they observed was not the order self; therefore, they filled this gap between the representation of order and the order self by ‘impressions, reminiscences, imagination, memory and all that involuntary background’, which shows that there were strong metaphysics in Classical episteme.

4.1.3 Modern Episteme

This is the episteme we are in now starting from the beginning of the 19th century. According to Foucault (1970), the turning point of this transference was German philosopher Immanuel Kant’s question ‘What makes representation possible?’ (as cited in Birkin & Polesis, 2011, p244; Birkin & Polesis, 2012, p150). In his Critique of Pure Reason (1787), Kant argues that ‘we can know a priori of things only we ourselves put into them’ (as cited in Birkin & Polesis 2013, p145); therefore, Modern episteme did not appreciate the Classical metaphysics and its ontology, which were naïve and dogmatic in the eyes of Modern man. This lack of strong metaphysics made Modern episteme unable to reach the origin of things; ‘such origins are always to be approached,

but never to be attained’; this created an epistemological vacuum which was filled by ‘the creation of Man in a unique epistemological role, an epistemological man’ by Foucault (e.g., Birkin & Polesis, 2011, p245; Birkin & Polesis, 2012, p155). The world in Modern episteme is man’s world, i.e. anthropology.

The representative figure of Modern Episteme is the French Philosopher Rene Descartes, who introduced a dualism, which distinguishes mind from matter (Birkin & Polesis, 2012, p124; Birkin & Polesis, 2013, p145). For Descartes, man is not a part of nature, and they are separate. For the first time, nature has been turned from active to passive. He argues that ‘the world is made of ‘corpuscles’ or small particles of tiny and infinitely divisible matter that swirl around to create gravity and the world we can see. This vision of a physical world composed of inert particles of matter, ‘corpuscles’ colliding and interacting was the foundation of whole new ‘mechanical philosophy’” (Birkin & Polesis, 2012, p126). Mechanical philosophy treats everything, including human beings as machines and focuses on the mathematical way to do things; moreover, it breaks down the connection of everything and sees that everything is separate and divisible.

Until modern episteme, human beings live in an open-system world, although they do not realise it. The reason for this is that they believe that this natural world is not self-created; instead, she has a creator. They are seeking Dao or Truth and God in Holy Bible is the Dao in their belief. However, when it comes to modern episteme, human beings start denying God. The German philosopher Nietzsche says that ‘God is dead’. Kant claims that there are the noumenal world and the phenomenal world. Men with pure reason cannot access the former but only can see the latter; therefore, he says that in the noumenal world, he cannot know the three things: God, Eternality and Freedom (Tang, 2015). It is supposed that this is possibly the reason that he questions ‘What makes representation possible?’ and argues that ‘we can know a priori of things only we ourselves put into them’. From that time onwards, men only concentrate on the phenomenal world because the noumenal world cannot be accessed (Tang, 2015). Men are not seeking Dao anymore. The natural world without the source of living water loses

her vitality. Men see her only as an object to be exploited and conquered for serving economy. Furthermore, men see rationality as the only way to know this world but rationality leaving Dao is fallen.

4.1.4 Primal Episteme

Birkin and Polesis (2012) describe knowledge of integration thinking; they claim that everything is interconnected in a complex relationship, in which human beings are reconnected with the intrinsically active nature; they call this as primal episteme. They claim that this is nothing new; ‘the systemic arrangements of matter and energy had always been there – even the humblest forms of life know that much’ (p335); however, the reality is hidden by modernism. This can also be seen from the literature reviewed at the beginning of this section.

In terms of businesses, primal episteme has completely different views and values from Modern episteme. The following table shows some examples of these differences:

284 <i>Intrinsic Sustainable Development</i>		
Table 1. Comparative Typologies of Modern and Primal Businesses.		
Aspect	Modern Business	Primal Business
<i>Philosophical Foundation</i>	Idealistic, logical belief systems.	Pragmatic, empirical Realism.
<i>Values derived from Ethics based on Business Units</i>	Market transaction costs. Rules, directives and laws. Discrete, closed, economically organic, entities. Analytic, deterministic, constructions.	Human aesthetic and experiential exchanges. Aesthetic appreciation of a diverse and complex world. Integrated, open, autopoietic, nodes. Representational, unpredictable, condensates.
<i>Assets Are</i>	Owned and represented as financial capital.	Loaned and represented as financial, knowledge, ecological, and social capital etc.
<i>Finance Sources Goals</i>	Tending to high-g geared, external. Progressive, economic maximisation. Maximise financial gain in shortest times.	Tending to low-g geared, internal. Adaptive, social, ecological & economic optimisation. Enhance and maintain business processes over longest possible time.
<i>Management Attitudes</i>	Having More Order is progressive and has to be imposed on a malleable world and others must learn this. A successful business is and end in itself. Freedom is conformity	Being More Order is adaptive and has to be observed in participations in the world and managers and others may learn from this. A successful business is a tool. Freedom is discovery and

Figure 1 Comparative Typologies of Modern and Primal Businesses from Birkin and Polesie, 2012, p284

Furthermore, Birkin and Polesie (2012) also draw a picture showing something of ‘Worlds in Transition’ based on Venn diagrams. The picture is shown as below:

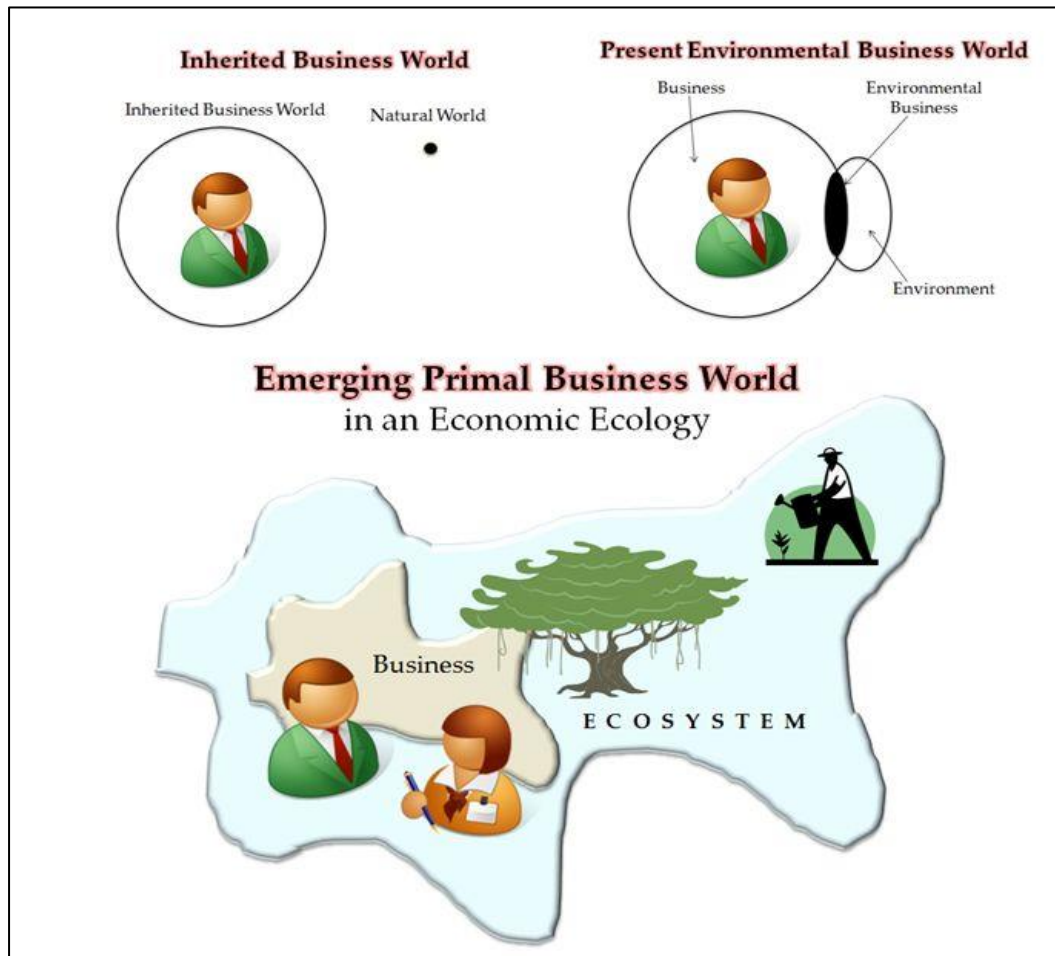


Figure 2 Worlds in Transition, from Birkin and Polesie, 2012, p290

The first part of Figure 2 shows how inherited businesses run, where businesses and the natural world are entirely separate, and the latter is out there for the former to exploit. Moreover, a white businessman is shown in a large, hence important and self-made area, intending to ‘draw attention to the dominance of males in establishing traditional business practice’. The second part shows how the current business views the natural world. The natural world has grown in importance, but it has been transformed into the environment. However, business and environment overlap in a small part, showing that the foundation of current business models with the dominance of economic development remains unaffected. The third part shows a vision that business and humans are embedded in the ecosystem where everything is interconnected without the dominance of economic development. Humans are participants of this natural world. Non-whites and females are introduced to represent ‘increasing diversity of participants and the end of the dominance of the white businessman’. (p290 – 291). In primal

episteme, economic development is not the ends; rather, it becomes a means for the prosperity of the whole (Birkin and Polesie, 2012).

4.2 China's Ecological Civilisation

The 'eco-civilisation' was firstly mentioned in the 17th National Congress Report on October 15th, 2007. In Point Five, Article Four "New Requirements for Attaining the Goal of Building a Moderately Prosperous Society in All Aspects", it is stated that "To construct *eco-civilisation* by basically forming the industrial structure, growth pattern and consumption mode of energy and resource conservation and ecological environmental protection. Large-scale circular economy will be formed ... *the eco-civilisation* concept will be firmly established in the whole of society." (China's 17th National Congress Report, 2007).

4.2.1 The Concept of China's Eco-Civilisation

The concept of ecological civilisation from the Chinese perspective is respecting and maintaining the ecological environment to take sustainable development as the foundation and considering the development of future generations. This is the fourth civilisation in human history. The first civilisation is primitive civilization; the production activity is mainly dependent on simple gathering, hunting and fishing. The second civilisation is agriculture civilization, and the invention of the iron made humans achieve a qualitative leap for changing nature. The third civilisation is industrial civilisation. British industrial revolution in the 18th century has opened the modern age for humans. Unlike industrial civilisation, ecological civilisation emphasises the importance of ecology, stressing the interdependence between humankind and nature (Bai Du, 2014). Zhang (2014), who is the director of Ecological Civilisation Research Center of Chinese Academy of Governance⁶, argues that eco-civilisation is not

⁶ She was established on November 30th, 2013. The purpose for this establishment is to "make full use of and integrate all aspects of research and management resources in order to promote the deepening of the ecological civilisation construction theory and to explore the practice" (Economics Department, Chinese Academy of Governance, December 12th, 2013).

equivalent to ecological protection; instead, it is an issue of civilisation model, although it is originally due to the issue of the ecological environment. (p96).

When the journalist Zhao interviewed Zhang as mentioned above, Zhang comments that eco-civilisation is not the continuation of industrial civilisation; instead, she is a new civilisation which is beyond the industrial civilisation (Zhang, 2013, as cited in Zhao, 2013). Zhang (2013) points out that the industrial civilisation is a civilisation with high energy consumption, high environmental pollution and low welfare (as cited in Zhao, 2013). The fundamental disadvantage of her is the economic growth model with cost externalisation. The very original purpose of economic growth is for the happiness of men; however, nowadays it is not a *means* for achieving happiness; instead, it becomes the *ends*. People focus on ‘money’, and the meaning of life is to make as much money as possible at any cost; consequently, humans are morally corrupt, and now we are eating this corrupted fruit: the existing essential condition of humans is destroyed by ourselves. Furthermore, the classical physical theory dominates the view of the world; therefore, the ordering of knowledge is dualism, and everything is seen in piecemeal; rather than seeing everything as a whole which is in traditional Chinese cultural thinking (Zhang, 2014). Zhang (2013) points out that after more than 30 years of reform and development, we have established the socialist market system; when we blindly follow the Western industrial civilisation, we have been deconstructing and criticising our own traditions. We have paid a great price for this; therefore, the industrial civilisation is only a transitional civilisation which transfers China from the past to the future. The eco-civilisation is the great rejuvenation of the Chinese nation, due to the reason that the view of nature which the new era of eco-civilisation needs and the harmonisation value are highly consistent with 5000-year traditional Chinese culture. It must be a spiral-rise return for Contemporary China moving towards eco-civilisation (as cited in Zhao, 2013).

Xiao (2018 April 17th) argues that the industrialised production mode does not only play a role in the economic field; but also it is penetrated any other areas such as society, culture, spiritual morality and education; consequently, it appears as characteristics of

industrialization as a whole; and the ideology of ‘economic-centered’ has become the global ideology. The major characteristics of industrialisation are intensification, large-scale, standardisation, quantification, stressing economic benefits and efficiency, ignoring emotion, morality and ideal, overemphasizing confrontation and competition. Xiao (2018 April 17th) claims that it is not simply the transformation of the production mode transferring from industrial civilization to eco-civilization; rather, this is the systematic transformation of the economy, society, culture, education and the world view. It will redefine the social relationship, the relationship between human beings and nature and the relationship between people. The objective is to achieve the development and happiness of human beings; rather than focusing on materials as the *ends*. People’s body and mind will never become split; instead, they will become congruent. Xiao (2018 April 17th) continuously proposes that the beautiful vision of eco-civilisation depends on *self-moral and spiritual cultivation* and the good ecological environment is the natural result after, showing that China’s eco-civilization is much more than just ecological protection; instead, she goes beyond the phenomenon and attempts to find out the root cause – moral corruption. Huang (2014 February 1st) claims that the ideology of China’s eco-civilisation is “respecting nature, complying with nature, and protecting nature”; for achieving this, he appeals to people removing the heart impurities which are the excessive selfishness in human nature and the pursuit of material interests maximisation.

4.2.2 China’s Practice of Eco – Civilisation

4.2.2.1 Environmental Protection Law of People’s Republic of China

The environmental protection law is revised in 2014, on the basis of 1989 《Environmental Protection Law of People’s Republic of China》. It is considered to be the most severe environmental law in the history of China. There is one thing worth to be mentioned here is that the ideology of the revised one is ‘to promote the eco-civilisation construction and economically sustainable development’; while that of the former one is ‘economy in priority, and to promote the economic development’.

4.2.2.2 The 18th National Congress Report Regarding Eco-Civilisation

As mentioned above, China's eco-civilisation is not simply the transformation of production mode; rather, it is the systematic transformation of economy, society, culture, education and the world view; it will redefine the social relationship, the relationship between human beings and nature and the relationship between people (Xiao, 2018 April 17th). In practice, the construction of eco-civilisation is integrated into all the aspects, and the whole process of economic construction, political construction, cultural construction and social construction; and this is called five-in-one (18th National Congress Report, 2012). In comparison with the 17th National Congress Report, there is a full chapter discussing the construction of eco-civilization in the 18th National Congress Report. This is stated in Chapter Eight of the Congress Report: Making Great Efforts to Promote Eco-Civilisation Construction. The following paragraphs are the extracts of this chapter, which gives readers the main idea of China's construction of eco-civilisation:

"... we must establish the eco-civilisation ideology of respecting nature, complying with nature and protecting nature. To give high priority to the construction of eco-civilisation, and to integrate it into all the aspects and the whole process of economic construction, political construction, cultural construction and social construction; to work hard on building a beautiful country, and to achieve the lasting and sustainable development of Chinese nation". This paragraph states the ideology and objectives of China's eco-civilisation.

"To adhere to conserving resources and protecting the environment as the *basic State policies*, to adhere to the principle of giving priority to economisation, protection and natural restoration, to push forward the green development, the circular development and the low-carbon development, to form the spatial pattern, the industrial structure, the way of production and the lifestyle of the resource conservation and the environmental protection, to reverse the trend of the ecological environmental deterioration from the fountainhead ...

(1) To improve the national land space development pattern ...

- (2) To comprehensively promote the resource conservation ...
- (3) To intensify the protection on the eco-system and the environment ...
- (4) To enhance the system building of the eco-civilisation construction ...”

From the second paragraph to the above four points, it points out how to do for achieving the eco-civilisation.

In the final paragraph of this chapter, it is claimed that “We must treasure nature more consciously, to protect the ecology more actively, to strive to move towards a new era of the socialist eco-civilisation.”

4.2.2.3 Overall Plan for the Reform of Eco-civilisation System

In 2015, the central Government of China issued a more detailed plan for the construction of eco-civilisation in 《Overall Plan for the Reform of Eco-civilisation System》. This was printed and distributed by the Central Committee of the Communist Party of China and the State Council in September 2015 (PRC⁷ Central Government, 2015 September 21st). The core of this plan is to build up an institutional framework, in order to solve the conflicts between the development and the environmental protection; and to promote the endogenous mechanism of green development (Chen⁸, 2016 March 2nd), using the institutionalised power to cultivate and cast the ideology of respecting nature, complying with nature and protecting nature (Li, 2016 March 14th). The main task is to build an institutional framework composed of the following eight systems by 2020 (Article Four, Overall Plan for the Reform of Eco-civilisation System):

- Establish the property rights system of natural resources, striving to resolve the issues such as the natural resources owners not in place and the obscurity of the ownership boundaries;
- Establish the system for the development and protection of territorial space, resolving the issues such as high quality cultivated land and ecological space being occupied too much contributing from disorder, excessiveness and dispersed

⁷ People's Republic of China.

⁸ Chen Jining, the minister of the Ministry of Environmental Protection of PRC.

development, ecological damage, environmental pollution;

- Establish the spatial planning system, resolving the issues such as spatial planning overlapping conflict, the overlap of departmental duties and a constant change in local policy planning;
- Establish the system for the total amount of resource management and comprehensive conservation of resources, resolving the issues such as severe waste of resources and low utilisation efficiency;
- Establish the system for payment-based resource consumption and ecological compensation; resolving the issues such as the low price of natural resources and their products, unreasonable financial return from protecting the ecology;
- Establish the system for the environmental governance, emphasising on improving the pollutant discharge permission system, the regional linkage mechanism for pollution control, the rural environmental governance system and the environmental information disclosure system, and resolving the issues such as the weak pollution prevention and control ability, the cross supervision and regulation, the inconsistency between the power and the duties, very low cost for illegality;
- Establish the market system for the environmental governance and ecological preservation, resolving the issues such as the delayed development of the main market body and the market system, low rate of social participation;
- Establish the system for evaluating officials' eco-civilisation performance and for holding those responsible for ecological damage to account, emphasising to establish the system for eco-civilisation objectives and the lifelong accountability system for the liability of damaging the ecological environment, and resolving the issues such as the incomplete development performance, responsibility not in place, and a lack of accountability for damage (Chen, 2016 March 2nd).

China's work on the reform of eco-civilisation system is progressed by way of "1+6".

"1" is 《Overall Plan for the Reform of Eco-civilisation System》 ; "6" includes

《Environmental Protection Supervision Plan (pilot)》, 《Ecological Environment

Monitoring Network Construction Plan》 , 《 Measures for Investigating the

Responsibility of the Ecological Environment Damage of Party and Government Leading Cadres(pilot)), 《Making Natural Resource Balance Sheet Pilot Program》, 《Ecological Environment Damage Compensation System Reform Pilot Program》 (People Net, 2015 September 18th). It is pointed out that this overall plan is the institutional framework foundation and the top-level design for the reform of the eco-civilisation (PRC Central Government, 2015 September 11th).

4.2.2.4 Holistic Thinking

Integration thinking is the overall thinking for China constructing eco-civilization; for example, in 《Decision of the Central Committee of the Communist Party of China on Some Major Issues Concerning Comprehensively Deepening the Reform》 adopted at the Third Plenary Session⁹ of the 18th Central Committee of the Communist Party of China on November 12th, 2013, there are 16 chapters in total; and “Accelerating the Eco-civilisation System Construction” is in the 14th chapter. It is pointed out that “in order to construct eco-civilisation, we must establish complete and integrated institutions and systems, implement the strictest source protection system, damage compensation system and accountability system, improve the environmental governance and the ecological restoration system, use set rules to protect the ecological environment.”

The Chinese leader Xi Jinping has also given the 《decision》 explanations. He again mentioned the construction of the eco-civilisation system; in particular, he stressed that the ecological restoration is the systematic engineering; he points out that “... mountains, water, forests, fields and lake are community of life ... if the one planting trees is only responsible for planting trees, the one taming the flood is only responsible for taming the flood, the one protecting the fields is only responsible for protecting the fields, it is very easy to attend to one thing and lose another; thereby it will cause the

⁹ Normally, the Party's third plenary sessions are the important basis for people estimating the administrative policies and the work focus of a new leadership team. It has significant meaning for doing a good job in the next five or even ten years.

systematic destruction of the ecology. ... it is very necessary to systematically protect and restore mountains, water, forests, fields and lake.”

4.2.2.5 The Revival of Traditional Chinese Culture Thinking

As mentioned above, the eco-civilisation is the great rejuvenation of the Chinese nation, due to the reason that the view of nature which the new era of eco-civilization needs and the harmonisation value are highly consistent with 5000-year traditional Chinese culture (Zhang, as cited in Zhao, 2013). The writer argues that this is the spirit of traditional Chinese cultural thinking which will be discussed in Chapter Three. The British magazine *The Economist* comments that China is currently experiencing the revival of traditional Chinese culture and the Government of China plans to replace the peak-time entertainment TV programs with programs of more moral values (Elite Reference, 2017 September 6th). The morality construction has been mentioned in the 18th and 19th National Congress Report (18th National Congress Report, 2012; 19th National Congress Report, 2017); but was not seen in the 17th National Congress Report; in fact, the construction of eco-civilisation was only firstly mentioned in the 17th National Congress Report without any detailed plans. There are events and lectures disseminating the moral virtues of China to the public; for example, the project ‘Moral Lecture Hall’ started in Chang Zhou City, Jiang Su Province as a testing site through a variety of methods such as lectures in working places across the city, radio, internet and on-bus (Bai Du, Moral Lecture Hall). This project has been spread across the nation now (Wenming Net, 2013 June 17th). It can be seen that China’s eco-civilisation construction is a complex and systematic engineering, rather than only focusing on the phenomenon – ecological environment, which is the natural result of the eco-civilisation construction. The writer argues that it will take very long time for Chinese people to realise the importance of moral virtue and live their daily life by it, due to the reason that ‘economic-centered’ development has made people lose true belief and as a result, personal economic success has become the only standard for judging people’s success which will be shown in the chapter of Research Findings.

4.3 Primal Episteme and China's Eco-Civilisation

From the descriptions above, it can be seen that the idea of primal episteme by Birkin and Polesie (2012) is consistent with that of China's eco-civilisation. The main idea of both is that we humans need to build up an interdependent relationship with nature; rather than conquering and exploiting nature. Both criticise the ordering of knowledge in industrial civilization; i.e., dualistic and piecemeal thinking make people look at things independently; rather than as a whole; as a result, nature is seen as an independent object which serves the needs and wants of humans without respect and feeling grateful. Moreover, the economy becomes the only ontology in this ordering of knowledge so that economic success can be at any cost, even the essential existing condition of humans. Birkin and Polesie (2012) argue that this is the root cause of unsustainability; as a result, holistic thinking can lead to intrinsic sustainable development; on the other side, the Government of China claims that the construction of eco-civilisation should be *through* holistic thinking *by* moral virtue. Consequently, the revival of traditional Chinese culture is a very important job to the Government; owing to the reason that in Chinese cultural thinking, things are not seen independently; instead, they are seen as a whole and the highest state is to see all the things, including both tangibles and intangibles in the universe and self, are one; and this is achieved by pursuing perfect virtue – 'ren', returning to the conscience as it is, which will be discussed in more details in Chapter Three. It can be seen from this is that the ordering of knowledge of holistic thinking is the result of moral virtue. The writer agrees with the latter since the former ignores the *original sin* in the human nature; for example, Gray et al. (2014) point out that evidence shows that people are tough overcoming 'habit, self-interest and inertia' even when they know what 'good' action is (p32). Another example is that Professor Fritjof Capra (1976) – the author of the book 《The Tao of Physics》 says that the history of Quantum theory can go back to 1920s in the 20th century. The theory 'has abolished the notion of fundamentally separated objects' (p146) which modern physics insists; instead, it discovers the complex and interdependent relationship between everything

in the universe. the world is not certain, and even human consciousness is necessary to be included in the description of the world. (p146). This significant discovery will change the world view which has been settled by modern physics; however, the world at that time, in particular, the Western world is experiencing the benefits brought by industrial civilisation; therefore, modern scientists choose to deny this discovery; therefore, knowledge alone cannot make the world change.

The writer argues that the significant contribution of Birkin and Polesie (2012) is their observation and interpretation of episteme change; i.e., from modern episteme to primal episteme; the idea of China's eco-civilisation shows that this change is gradually happening. According to their observation, they display a picture of what the future will be like in primal episteme; business, social institutions, humans, daily life, nature and many other things are becoming one; furthermore, 'what we can do for economy' is becoming 'what economy can do for us'. This description shows that in primal episteme, the intrinsic sustainable development will be achieved in all aspects rather than in the ecological environment only. This view is consistent with China's eco-civilisation, which is a systematic engineering and the ecological environment is the natural result after.

Although the writer believes that primal episteme is closer to the reality and China's eco-civilisation is moving towards it, the writer queries about their fundamental victory due to their world view based on the *horizontal relationship* only in the natural world. As will be discussed in Chapter Three, the spirit of Chinese cultural thinking is oneness between heaven and man. There are three layers of meanings of heaven: Dao, Moral Virtue and Natural World, with Dao the first layer of meaning, Moral Virtue the second and Natural World the third. These three layers should be in order, beginning with 'oneness between *Dao* and man'; then we can have 'oneness between *moral virtue* and man' and finally, human beings can live in this natural world with concord, harmony, light, joy and life – oneness between the natural world and man (Zhuang, 2009, p404 – 405). However, in the West, God has been dragged down from throne since by modern people, and in China, socialist materialism under Marxism is the guiding ideology;

therefore, only the third layer of heaven is focused. The writer argues that solving the issues in nature sphere by nature sphere self only is in a closed system. It sounds good, but the tragedy is hidden although the writer is not clear what kind of tragedy; just like animosity cannot be solved by animosity self as this will bring endless animosities, or desire cannot be reduced by desire self as this will bring more and more desires. Therefore, the writer argues that we human beings should re-build up a *vertical relationship* with the first layer of heaven – Dao, and the *horizontal relationship* in primal episteme and traditional Chinese culture thinking needs to be followed by the vertical relationship with Dao; then the intrinsic sustainable development in all aspects can be fundamentally achieved. This can be shown as a picture below¹⁰

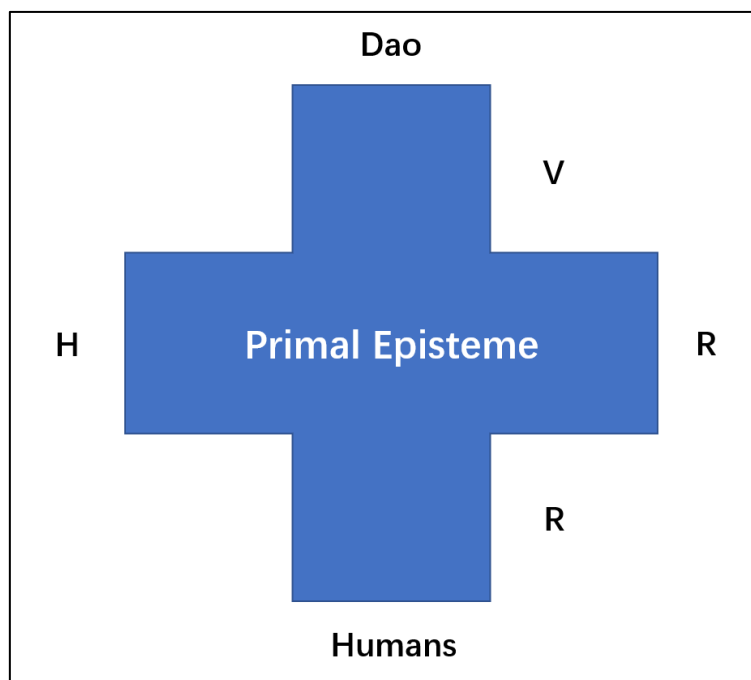


Figure 3 Vertical Relationship and Horizontal Relationship

As will be discussed Chapter Three, Nan (2002) claims that the spirit of the idea of Confucius is ‘perfect virtue’ – ‘ren’; and the root of ‘ren’ is ‘Dao’ (p178). ‘Dao’ in here is the metaphysical ontology, i.e. the first cause of the whole universe and this ‘Dao’ is the same ‘Dao’ in 《Dao De Jing》(Nan, 2002, p178). The key idea of《Dao De Jing》 is to seek ‘Dao’ and then to follow ‘Dao’ (Wen, 2011). Lao Zi claims that ‘There is

¹⁰ ‘V’ is abbreviated as Vertical, ‘H’ is abbreviated as Horizontal, and ‘R’ is abbreviated as Relationship.

an integral whole, existing before heaven and earth. No sound and no body form, never depending on external force, moving in circles without ceasing; she can be the root of everything under heaven. I do not know her name, so I call her 'Dao'...' (Chapter 25, Dao De Jing). Dao is in the noumenal world, and Dao produces the natural world. Confucius says that 'if I hear 'Dao' in the morning, then I can die in the evening' (Analects of Confucius. Li Ren). Lao Zi sees the morally corrupted world in the Zhou Dynasty, and predicts that the world does not and will not follow Dao; as a result, he resigns and lives as a hermit. Differently, Confucius 'knows the impossibilities but persevering' (Analects of Confucius. Xian Wen); he sees through the world as Lao Zi does; therefore, he does not talk about Dao explicitly although his idea is based on Dao; instead, he proposes pursuing moral virtue by ritual propriety and music. From Confucius onwards, the official Chinese cultural thinking comes down from Dao to set up harmonious relations in the world by moral virtue – the order of the universe as seen in traditional Chinese culture. Consequently, moral corruption is caused by moral virtue which has become a tool for rulers legitimating their ruling in the history of China, due to the reason that Dao – the root of everything under heaven is not followed. A rootless thing does not last long. The writer hopes that China will not repeat the failure history in the construction of eco-civilisation; therefore, the revival of traditional Chinese culture should go back to the very original; i.e., we humans should rebuild up a vertical relationship with Dao, and the horizontal relationship with the knowledge of the integration thinking can then be achieved in practice.

5.0 Criticisms

According to the literature reviewed above, Several issues are raising the concern of the writer:

➤ Focusing on the issues selves

Basically, SEA researchers have been trying hard to resolve the conflicts between economy, society and environment by focusing on these issues or even prioritizing the social and environmental issues (see, for example, Gray & Laughlin, 2012, p240); in

accordance with this, economic, social and environmental values (see, for example, Elkington, 1997) or economic, social and ecological values are proposed. The writer argues that this way to solve the issues stays on the surface so that they will not be fundamentally solved, and more issues will be highly likely to be brought up. In result, accounting focuses on solving 'always-changing' issues (Flori, as cited in Quattrone, 2015, p23); for example, Western medicine focuses on symptoms themselves. This takes a much shorter time to make the symptoms unseen or controlled, but it does not mean that they are removed totally. Moreover, side effects may occur after. In comparison, Chinese medicine aims to restore patients' body harmony; rather than focusing on symptoms themselves, due to the reason that ancient Chinese people believe that the problems manifested are a sign of harmony loss. Consequently, restoring lost harmony is the key to solve the issues although it takes a longer time.

It is suggested that it is probably better not to try focusing on the social and environmental issues themselves and even prioritize them (see, for example, Gray & Laughlin, 2012, p240); rather, to solve them by not focusing on them. The writer argues that from the perspective of ancient Chinese culture, the current social and environmental issues are a sign of harmony loss between Heaven, Human and Earth. Therefore, harmony restoration should be the direction of our efforts. If harmony can be restored, all of the issues including social and environmental issues, famine, human traffic and exploitation of the third world countries can be solved. Therefore, the current social and environmental issues are an opportunity for us to build up a fairer and more just society (see, for example, Gray, 1992; Gray et al., 1996; Bebbington, 1999).

➤ **Many Forms of Accounting**

Another issue is that SEA researchers are trying to solve the issues by dividing them into many forms. Gray (2002) points out that in social accounting field, there are many forms of accounts with different labels (p687); e.g. social responsibility accounting, carbon accounting, employee and employment accounting, health and safety accounting, biodiversity accounting, stakeholder dialogue reporting, environmental accounting and reporting, etc., with each form of accounting focusing on one individual

issue as the label suggests. If this becomes the norm, there would be endless divisions when more issues were brought up so that it is hard to imagine what more accountings we will have. The literature reviewed above show that none of these forms are well developed from theories to practices. The writer argues that accounting as a discipline should be looked at as a whole for solving these issues which have common root cause which will be discussed in Chapter Three and Chapter Seven. In fact, in the early literature regarding SEA, accounting scholars see SEA as a media to develop a new form of accounting for a better society (see, for example, Gray, 1992; Bebbington, 1999, 1997; Bebbington & Gray, 2001). Bebbington (1997) claims that ‘EA (Environmental Accounting) has been concerned with exploring and developing new forms of accounting which are more socially and environmentally benign and which have the potential to create a fairer and more just society’. From the early literature, it can be seen that SEA is seen as an excellent opportunity to develop accounting discipline as a whole for building up a fairer and more just society.

➤ **To ‘abandon’, ‘eradicate’ or ‘remove’ What to be Believed as the Key Obstacles**

Many SEA researchers believe that the primary sources of the current social and environmental issues are modernity, economic system and international financial capitalism (see, for example, Gray et al., 2014, Gray, 2017, Bebbington, 1999; Thomson & Bebbington, 2005; Cho and Gioradano 2015; Elgin, 2014); they believe that these primary sources which cause the issues cannot help to truly solve the issues; as a result, they need to be ‘abandoned’ in order to solve the issues (see, for example, Gray et al., 2014, p217; Gray, forthcoming; Bebbington, 1999) or even ‘overthrow the old regime (Douglas, 2015 July 25th). There are two points the writer wants to argue:

First, the writer argues that ‘we need to follow the main line of life; not because industrial civilisation brings along issues, we are seeking an *opposing* way...we are not accepting or rejecting in a dualistic world’. (An, as cited in Liao, 2010, p206). According to I – Ching, positives (Yang) and negatives (Ying) are two aspects of reality and are mutual conditions; they can be united harmoniously at a higher level.

Second, the writer argues that the primary sources of the current social and environmental issues are human beings; in particular, greedy for money - ‘For the love of money is a root of all kinds of evil’ (Timothy 6:10, Holy Bible); and the love of money causes moral corruption as contended by Zhang (2014) above. Modernity, economic system and international financial capitalism are invented by human beings who have been using them to fulfil our desires which can never be filled. Johnson (2017) states that ‘... *human beings* have long acted as destroyers, not stewards, of Earth and its inhabitants. I believe that an extremely important contribution to this unfortunate treatment of Earth is the financial practices of *accountants, economists* and *business leaders*’ (p168). If following the ‘abandon’ and ‘replace’ logic, does this mean that we human beings have to be abandoned and then replaced? Certainly not. We need to change but not in the ‘abandon’ and ‘replace’ way; rather, we need to change ‘from within’ (see, for example, Birkin and Polesie, 2012).

➤ **‘Ecologically-centered’ Instead of ‘Economically-centered’**

SEA researchers believe that ‘economically-centered’ thinking which pursues economic profits maximisation while driving out non-economic values causes the social and environmental disasters; therefore, we need to change from ‘economically-centered’ to ‘ecologically-centered’ (see, for example, Gray, forthcoming).

The writer argues that this ‘centered’ thinking is harmful. We may just escape from ‘economic’ cage (if we can) and enter ‘ecological’ cage; and fall in the trap of solving the issues by focusing on the issues selves as argued above. Birkin and Polesie (2012) comment that the economy cannot be placed above everything else; instead, everything is interconnected and needs to be balanced. Following this ‘balanced’ thinking, we cannot put any single achievement above everything else any longer. In the long-term run, if we human beings can restore the harmonization between Heaven, Human and Earth, everything in the world should be run smoothly without even ‘feeling’ the existence, just like every part of your body is running all the time – if you are healthy you do not feel it. If some parts go wrong, let’s say, lung, you will cough or feel painful. As a result, the writer believes that a better society is not to put any single achievement

in the spotlight, showing that this particular issue goes wrong; rather, a better society is a harmonized society in which everything is interconnected (Birkin and Polesie, 2012) and running smoothly without even ‘feeling’ the existence.

➤ **The knowledge of Integration Thinking**

As discussed in Section Four, a paradigm shift with the knowledge of integration thinking occurs. Scholars supporting this idea hold the opinion that the current economic system focusing on the economic value while driving out non-economic values is due to the knowledge of dualistic thinking; therefore, the knowledge of integration thinking should be employed so that the non-economic values will not be ignored. Among these discussions, as far as I know, Birkin and Polesie (2012)’s argument is the most detailed one from theories to practices based on the development of Foucault’s book 《The Order of Things》, in which Foucault explains and discusses how the first three epistemes, which are Renaissance episteme, classical episteme and modern episteme individually, made different kinds of knowledge possible during different periods of European history (Birkin & Polesie, 2012). According to these three epistemes, Birkin and Polesie (2012) describe an episteme change; i.e., primal episteme in which the ordering of knowledge is interconnected in a complex relationship and then the intrinsic sustainability can be achieved *in all aspects*. China’s eco-civilization described and discussed above shows that we are moving towards the primal episteme. Both of the primal episteme and China’s eco-civilisation demonstrate the knowledge of the integration thinking and that solving the issues by not focusing on the issues selves. Birkin and Polesie (2012) argue that intrinsic sustainability can be achieved *in all aspects* by the ordering of knowledge of interconnection in a complex relationship. As mentioned above, China’s eco-civilisation is not equivalent to the ecological protection although it initially starts from the ecological issue (Zhang, 2014). Meanwhile, there are also differences between them in the way they see the knowledge of integration thinking; with the former seeing it as the root cause of unsustainability; while the latter seeing the eco-civilisation achieved *through* the knowledge of integration thinking *by* moral virtue, which is seen as the order of the universe in traditional Chinese cultural

thinking. As discussed above, knowledge alone will not achieve sustainability in all aspects. It needs the recovery of morality in traditional Chinese cultural thinking. However, as will be discussed in Chapter Three, morality without Dao guiding has caused moral corruption throughout the history of China; therefore, we should rebuild up a vertical relationship with Dao in order to have a harmoniously horizontal relationship in this natural world – the harmony between Heaven, Earth and Human can be restored. Dao – the root of traditional Chinese cultural thinking will be discussed throughout this thesis.

6.0 Potential Contributions

As mentioned above, Deegan (2017) comments that SEA research over the last 25 years has not improved organisations' accountability at a greater level. Gray et al. (2014) hold the same opinion that the accountability of organisations is no better or even getting worse. (p2). There must be many reasons causing this; according to the literature reviewed above, the five issues as discussed above are raising the concern of the writer. Generally, the dualistic thinking has still dominated SEA research without even realising it although this thinking has been criticised for a long time (see, for example, Birkin, 1996; Birkin & Polesie, 2011, 2012). This 'secret' way of dualistic thinking is even more dangerous than the 'exposed' way of dualistic thinking. Many scholars propose 'abandoning', 'eradicating' or 'removing' the current economic system under capitalism which is believed to be the primary source for the current social and environmental issues. The dualistic thinking is hidden behind this proposal. This dualistic thinking makes SEA researchers solve issues by focusing on the issues selves or even prioritising them, changing from 'economically-centered' to 'ecologically-centered' (see, for example, Gray & Laughlin, 2012, p240; Gray, forthcoming). Consequently, many forms of accounting are established for solving different issues, but none is well developed from theories to practices. More dangerously, accounting as a discipline is seen as separate rather than as a whole, and it seems that this has become a fashion trend to give different cutting-edge names to accounting for attracting the eyes

of the public.

On the other side, there is a paradigm shift to have the knowledge of the integration thinking; i.e. everything is interconnected in a complex relationship. Scholars supporting this idea believe that if this knowledge is employed, people will see the interconnection of everything so that the conflicts between the economy, society and environment can be resolved by well balancing them (see, for example, Kallis, 2011; Elgin, 2014; Van den bergh, 2011; Hollender, 2012; Birkin & Polesie, 2011; Birkin & Polesie, 2012). Birkin and Polesie (2012) describe an episteme change; i.e., primal episteme in which the ordering of knowledge is interconnected in a complex relationship, and then the intrinsic sustainability can be achieved *in all aspects*, based on the development of Foucault's book 《The Order of Things》, in which Foucault explains and discusses how the first three epistemes, which are Renaissance episteme, classical episteme and modern episteme individually, made different kinds of knowledge possible during different periods of European history (Birkin & Polesie, 2012). China's eco-civilisation shows that we are moving towards the primal episteme. However, there are also differences between them in the way they see the knowledge of integration thinking, with the former seeing it as the root cause of unsustainability, while the latter seeing the eco-civilisation achieved *through* the knowledge of integration thinking *by* moral virtue, which is seen as the order of the universe in traditional Chinese cultural thinking.

The writer agrees with the knowledge of the integration thinking, which sees everything interconnected in a complex relationship so that we can fundamentally solve the issues by not focusing on the issues selves and not separating one thing into pieces; for example, China's ecological civilisation is not equivalent to the ecological protection although it initially starts from the ecological issue (Zhang, 2014). Nevertheless, the writer argues that knowledge alone will not achieve sustainability in all aspects. It needs the recovery of morality. However, as will be discussed in Chapter Three, morality without Dao guiding has caused moral corruption throughout the history of China; therefore, we should rebuild up a vertical relationship with Dao in order to have a

harmoniously horizontal relationship in this natural world – the harmony between Heaven, Earth and Human can be restored. Dao – the root of traditional Chinese cultural thinking will be discussed throughout this thesis.

As will be discussed in Chapter Three, the spirit of traditional Chinese cultural thinking is oneness between heaven and man. There are three layers of heaven: Dao (Truth), Moral Virtue and the Natural World respectively. These three layers of heaven should be in order, beginning with ‘oneness between *Dao or Truth* and man’; then we can have ‘oneness between *moral virtue* and man’, and moral virtue makes people see the integration of everything; finally, human beings can live in this natural world with concord, harmony, light, joy and life – oneness between the natural world and man (Zhuang, 2009, p404 – 405). It can be seen that there is no direct relationship between the phenomenon of the environmental issue and traditional Chinese cultural thinking because this issue is much more complex than its phenomenon from traditional Chinese cultural thinking perspective. In contrast, both Western scholars and Chinese scholars publishing papers in Western journals misunderstand traditional Chinese cultural thinking by a great deal. The writer argues that they do not study Chinese cultural thinking on a whole basis; instead, they study her on the purpose of solving the environmental issue. Consequently, they expect to find a direct answer from her. As a result, they pick up some ideas or words which look like environmentally related and focus on this tiny bit. This will be discussed in more details in Chapter Three. Their understanding of heaven stays on the level of nature only and they comment that traditional Chinese cultural thinking may help the world to solve the current environmental issue, due to the reason that she suggests a harmonious relationship between the human beings and nature (see, for example, Miller, 2003; Yao, 2000; Swearer, 1998; Margerison, 2015; Yu, 2007; Tu, 2001). Moreover, they treat traditional Chinese cultural thinking as values only. The writer argues that this way to understand and then to treat traditional Chinese cultural thinking will not help the world to solve the environmental issue fundamentally. Moreover, it will probably lead the world to a completely wrong direction. This thesis will display a much more complete picture of

traditional Chinese cultural thinking from the ontology to the epistemology, demonstrating that the environmental issue is only a starting point, from which the root cause will be dug out so that a fairer and more just society will probably be built up (see, for example, Gray, 1992; Bebbington, 1997, 1999; Bebbington & Gray, 2001).

As far as accounting discipline; in particular, SEA is concerned, it has been trying very hard to resolve the conflicts between economic, social and environmental issues; and corresponding to these issues, the values of accounting have been proposed as economic, social and environmental (see, for example, Elkington, 1997) or economic, social and ecological. The writer argues that this is the typical way to solve the issues by focusing on the issues selves. Consequently, accounting has been divided into different forms of accounting for solving different issues individually. From traditional Chinese cultural thinking perspective, the writer argues that accounting discipline should be looked at as a whole, and accounting needs to seek Dao – the root of traditional Chinese cultural thinking, inviting Dao to guide and direct the way to solve different and ‘always-changing’ issues rather than letting ‘always-changing’ issues direct the development of accounting. In result, the values of accounting should also go beyond the issues rather than in correspondence to the issues. Moreover, according to the second layer of heaven of the moral virtue based on Dao in traditional Chinese cultural thinking, the writer argues that SEA researchers now need to do subtraction instead of addition by returning to the fundamental duty of accounting; i.e. to keep books with clarity and integrity (Meng Zi). This sounds very simple, but it has been forgotten for a long time, and has never been achieved throughout the accounting history, reflecting the failure in the morality of accountants which is the soul of accounting. The continuous development of auditing and accounting ethics demonstrates the continuous failure in the morality of accountants. Consequently, a practical model will be designed based on Dao for helping *renew* and *reposition* accounting, recovering the morality of accountants and the morality of the whole society which leads to restore harmonious relationship between human beings and nature and between ourselves. fundamentally solving the issues including the environmental issue will be the natural result of this restoration.

7.0 Chapter Summary

This chapter reviews and discusses the literature regarding SEA. Although the increasing diversity of this area makes it less likely to give a ‘neat summary’ (Gray and Laughlin, 2012), the writer argues that the dualistic thinking and centered thinking have been misleading the development of accounting and SEA research over the last 25 years has not improved organizations’ accountability at a greater level (Deegan, 2017) or even getting worse (Gray et al., 2014, p2). In fact, the dualistic thinking and the centered thinking have been criticised by SEA researchers (see, for example, Birkin, 1996; Birkin and Polesie, 2011, 2012), but in practice, we usually jump into this trap without realization. In result, we attempt to solve the issues by focusing on the issues selves, aiming to change from ‘economically-centered’ to ‘ecologically-centered’ (see, for example, Gray, forthcoming), and even ‘abandoning’, ‘eradicating’ or ‘removing’ the current economic system under capitalism which is believed to be the primary source of the current social and environmental issues by many scholars (see, for example, Gray et al., 2014, Gray, forthcoming, Bebbington, 1999; Thomson & Bebbington, 2005; Cho and Gioradano 2015; Elgin, 2014). More dangerously, accounting has been divided into many forms in order to solve the different issues individually, but none has been well developed from theories to practices. It seems that this has become a fashion trend to give accounting different names sounding cutting-edge.

On the other side, there is a paradigm shift to employ the knowledge of integration thinking (see, for example, Kallis, 2011; Elgin, 2014; Van den bergh, 2011; Hollender, 2012; Birkin & Polesie, 2011; Birkin & Polesie, 2012). Birkin and Polesie (2012) describe an episteme change; i.e., episteme change in which everything is interconnected in a complex relationship, and then the intrinsic sustainability can be achieved *in all aspects*, based on the development of Foucault’s book 《The Order of Things》, in which Foucault explains and discusses how the first three epistemes, which are Renaissance episteme, classical episteme and modern episteme individually, made different kinds of knowledge possible during different periods of European history

(Birkin & Polesie, 2012). China's eco-civilisation shows that we are moving towards the primal episteme. Both of them do not solve the issues by focusing on the issues selves; instead, they aim to achieve intrinsic sustainability in all aspects (Birkin and Polesie, 2012). However, there are also differences between them in the way they see the knowledge of integration thinking, with the former seeing it as the root cause of unsustainability, while the latter seeing the eco-civilisation achieved *through* the knowledge of integration thinking *by* moral virtue, which is seen as the order of the universe in traditional Chinese cultural thinking.

The integration thinking is consistent with traditional Chinese cultural thinking in which the former is achieved *through* morality, which is seen as the order of the universe in traditional Chinese cultural thinking, and the morality is achieved *by* Dao – the root of traditional Chinese cultural thinking; otherwise, morality will become moral corruption as shown throughout the history of China, which will be discussed in more details in Chapter Three. Therefore, integration thinking is not able to be achieved.

Although traditional Chinese cultural thinking has been employed by many scholars for solving the current environmental issue (see, for example, Miller, 2003; Yao, 2000; Swearer, 1998; Margerison, 2015; Yu, 2007; Tu, 2001), the writer argues that they misunderstand traditional Chinese cultural thinking as a harmonious relationship with nature only and simply treat her as values only. This is a typical way to solve the issues by focusing on the issues selves. As will be discussed in Chapter Three, there is no direct relationship between traditional Chinese cultural thinking and the environmental issue. This thesis will display a much more complete picture of traditional Chinese cultural thinking from the ontology to the epistemology, demonstrating that the environmental issue is only a starting point, from which the root cause will be dug out so that a fairer and more just society will probably be built up (see, for example, Gray, 1992; Bebbington, 1997, 1999; Bebbington & Gray, 2001).

Following traditional Chinese cultural thinking, accounting needs to be looked at as a whole, and the morality of accountants needs to be recovered by returning to the fundamental duty of accounting; i.e., to keep books with clarity and integrity. As a result,

a practical model will be designed based on Dao for helping *renew* and *reposition* accounting, recovering the morality of accountants and the morality of the whole society which leads to restore the harmonious relationship between human beings and nature and between ourselves. Fundamentally solving the issues including the environmental issue will be the natural result of this restoration.

Chapter Three Traditional Chinese Cultural Thinking

This chapter introduces and discusses traditional Chinese cultural thinking in the context of a brief history of China, for the preparation of the exploration of a new form of accounting.

The structure of this chapter is as follows: Section One explains what culture is and a brief history of Chinese culture, in particular, the development of Chinese cultural thinking. The writer argues that Chinese cultural thinking is better understood in context of the history of China. Section Two discusses Chinese cultural thinking: syncretic mixtures of Buddhism and Daoism within Neo-Confucian framework. Section Three gives the summary of this chapter..


1.0 Culture and Traditional Chinese Culture


1.1 What Culture is

According to the Oxford English Dictionary, Culture – ‘Chiefly as a noun. The distinctive ideas, customs, social behaviour, products, or way of life of a particular nation, society, people, or period. Hence: a society or group characterized by such customs, etc.’ It shows that culture is a broad concept, and its development is constrained by a particular nation, society, people or period. Due to this reason, the former can be distinguished by the latter.

The English word ‘culture’ is commonly correspondent with Chinese words ‘文’ and ‘化’, and they are appeared together, with ‘文’ before ‘化’. The very original meaning of ‘文化’ can be seen from China’s most ancient writing – tortoiseshell and bone inions, which carve characters on tortoise shells and bones for osteomancy. It was discovered in the Yin Dynasty ruins, being located in An Yang City, He Nan Province, China in 1899; it has about more than 3,600-year history. It is the early form of Chinese

characters and it is the extremely important material of ancient Chinese characters (Chen, 2014).

‘文’ in tortoiseshell and bone inions is written as . It looks like an upright figure. The top end is head; the ones stretching to the left and right are two arms, and the bottom is two legs. There is a tattoo in the front chest; therefore, the original meaning of ‘文’ is the tattoo in the front chest. In the ancient age of China, people like tattoos; this is not the fashion designed by modern people. In 《Zhuang Zi . A Happy Excursion》¹¹, there is ‘People from Yue State cut hair and *tattoo* over the body’. It is later developed as *carving* the important historical events such as offerings, wars and astronomical phenomena on easily-kept rock face, tortoiseshell and bones, by visual lines and pictures; therefore, ‘文’ means recording, expressing and commenting in ancient Chinese.

‘化’ in tortoiseshell and bone inions is written as . The left-hand side is a figure with head-up; and the right-hand side is a figure with head-down, meaning the change from a person’s birth to death; therefore, the original meaning of ‘化’ means the natural death. It is later developed as change, transform and turning into (Chen, 2014).

The time when ‘文’ and ‘化’ are used together is from the Western Han Dynasty (202 B.C. – 8 A.D.), meaning cultivating spirituality and morality by literacy education. It originally belongs to the spiritual field; but it now has been developed as a diversified concept, including both materiality and spirituality. The difference between the Chinese word ‘文化’ and the English word ‘Culture’ is that the former emphasises the moral virtual cultivation and the promotion of spirituality, which the latter lacks. In fact, moral virtual cultivation is the focus of Chinese culture (Bai Du, Culture).

¹¹ It is the first chapter of 《Zhuang Zi》, written by Zhuang Zi, who is the representative Daoism figure in the Warring States Period (about 475 B.C. – 221 B.C.) after Lao Zi, the founder of Daoism.

1.2 A Brief History of Chinese Culture

The human beings are from the same origin and then move to different places. Some of our ancestors move to the land in which China is now located, but not as large as China is now. Their living land has been gradually expanded initially due to the population growth, and the concept of country sovereignty has also been gradually set up, and this piece of land is later called China. In the meantime, they have developed their own way of living, social behaviour, economic systems, political systems, customs, thinking, etc., and this is Chinese culture. The most distinctive features of Chinese culture are tolerant, open-minded and inclusive. Chinese ancestors learn from neighbours and unite our own culture and that of neighbors to develop Chinese culture as a diversified cultural system. In the meantime, China also Chinese neighbours (Xu, 2017). The history of Chinese culture will be briefly introduced below. The way of this introduction is using professor Xu's way to introduce Chinese Culture in his book 《Rivers Throughout the Ages》, in which Chinese culture is divided into eight Chinas over the different periods: Before the Ancient Time, the Dawn of Chinese Culture (16th Century B.C. – 3rd Century B.C.), China's China (3rd Century B.C. – 2nd Century A.D.), East Asian China (2nd Century A.D. – 10th Century A.D.), China of Asian Pluralistic System (10th Century A.D. – 15th Century A.D.), China entering the World system (15th Century A.D. – Mid – 19th Century A.D.), Hundreds of Years Staggering (Mid – 19th Century A.D. – 21st Century A.D.) (Xu, 2017) and The Revival of Chinese Culture (21st Century A.D. ~).

1.2.1 General Background

The activities of human beings can be called 'culture' at the first time is when human beings can produce food – both farming and ranching. The core area of Chinese Culture is located in the Southeast Part of Eurasia. The north is deserts and grasslands, the west is high mountains and plateaus reaching to the sky, and the east and south are facing the sea. The region of Mongolia stretches across the north of China; people there live by grazing; in the region of the northeast, there is great river and forests; people there live by fishing and hunting. The earliest ethnic groups contacting each other are pastoral

herdsmen and people in the northeast forest. One of the most important historical events in the history of China is that the herds and hunters in the north frequently invade agricultural zone in the south due to short commons. In the history of China, the minority ethnic groups from the north frequently invade China, and this is the reason why the Great Wall is built up. China has been entirely ruled by the ethnic groups twice. The first time is when China is ruled by Mongolian nationality, which founds the Yuan Dynasty (1271 A.D. – 1368 A.D.). The second time is when China is ruled by Jurchen, which founds the Qing Dynasty (1644 A.D. – 1912 A.D.), the last dynasty in China. In Southern Song Dynasty (1127 A.D. – 1279 A.D.), Jing Nationality conquers Northern China, and Song moves to the South of Yangtze River, founding Southern Song Regime, and the confrontation between the north and the south is formed. Through the wars, conquers and rulings, Chinese culture and that of minority ethnic groups blend, giving the culture of both sides new connotations. Additionally, both sides also trade and marry each other (Wu, 2009; Lv, 2015; Xu, 2017, p4 – 5).

The agricultural zone of China should be divided into two regions: the one is the Loess Plateau and the Loess Plain flowing through the Yellow River; another one is the middle and lower reaches of Yangtze River flowing through the Yangtze River. These two great rivers: one is yellow, and another one is green, representing two different natural environment. People living in the former region need to work very hard for food. Therefore, they are very hard-working and able to bear hardships, and they are conservative. In comparison, there is enough food in the latter region, and there is fertile land at the sides of lakes and rivers. Therefore, people living in this region are happy and lively, and they are willing to change. The Yellow River Culture from the north breeds Confucianism which is prim and abiding. In the south, there develops Daoism which is dialectical and full of questions to the universe (Wei, 2015; Huang, 2012; Xu, 2017, p5).

The villages in the coastal area form the embryo of the unique marine culture. The food source of the marine culture is mainly marine products and taros. This is different from the agriculture zone introduced above, which is dependent on rice and millets. In the

southeast coastal area, the waterway is networked, and life is wealthy. It is China's economic center of gravity for a long time, and it is the door of China's seaway. Through this door, China trades with the world, and Chinese culture enters the world system (Wei, 2015; Huang, 2012; Xu, 2017, p6 – 7).

In the alpine region of the southwest – Yunnan, there are more than fifty ethnic groups with different customs living in this region. Usually, there is a group of people living at the top of the mountains, there is another group of people living at the alpine lakes, and there is another different group of people living in the valley. Due to the different terrains, the lifestyles of these people are also different, and they exchange with their products (Wei, 2015; Huang, 2012; Xu, 2017, p 7 – 8).

From Heavenly Mountain to the northwest region of Tibet, there is snow mountain towering. It is dry and cold at high altitude, and there are pieces of grasslands and deserts in the flat area. In the desert, there is island-like oases. The dwellers there live in abundant agricultural life. There are also two different ways of herding: one is vertical herding in Tibet area, where the herdsmen go up the mountain in summers, and they go down in winters; another is flat herding in great grasslands in Xinjiang and Qinghai, where herdsmen drive sheep and cattle, living where there are water and grass. This region is significant door of China's land route; through this door, China contacts with Central Asia, the Middle East and Europe. The famous 'silk road' also goes through this route. Different ideas such as Western religion and Buddhism come into China through this route, and then they are transferred to other areas of East Asia. China gains not only profits by trading with other areas of the world, but also she develops her own culture from the stimulus of foreign thinkings (Xu, 2017, p8; Wei, 2015; Huang, 2012).

In the history of China, immigration often happens. From the east to the west, from the north to the south, people mix and influence each other; finally, the different cultures from the different areas are assimilated into Chinese culture with a minor difference (Xu, 2017, p9).

1.2.2 Before the Ancient Time

There are no characters during this period; as a result, experts can only infer a general picture of people's lives over this period from historical sites, unearthed cultural relics, ancient tombs, etc.

1.2.2.1 Paleolithic Age

In the Paleolithic Age, people collect and hunt animals and plants nearby using crude stone implements and tools made by animal horns. The method of making stone implements is direct hitting. There are several basic types of these implements: scrapers, choppers, carvers, pointed implements and stone hammers. There are marks of using fire. People know to defend by fire, and maybe they already know to cook food by fire. People live in groups (Lv, 2017; Xu, 2017, p14).

In the later stage of the Paleolithic Age, human beings not only use direct hitting but also they can use indirect hitting to make fine stone implements. They can scrape and polish horns; grinding and drilling holes are also mastered. Among the fine stone implements, arrow heads are discovered, showing bows and arrows are invented. This is the first time when human beings have the long-distance shot ability beyond hand throwing. Noticeably, human beings open up the realm of spiritual life. On the side of human bone fossils, there are decorative items such as perforated stone beads, animal teeth and clamshells. There are even engraved patterns on the items with colours. These show that human beings have the ideas of beauty and soul after death (Xu, 2017, p17; Lv, 2017).

1.2.2.2 Neolithic Age

In the Neolithic Age, human beings start producing food, agriculture and animal husbandry are formed. They have a stable source of food, which is very significant. Unlike the Paleolithic Age, human beings start settling in a fixed place. In the areas of animal husbandry, the food source is walking animals, which looks less settled than people living in the areas of agriculture; however, people here move within a particular scope, due to the reason that the food source of livestock is within a particular scope. Moreover, it is not suitable for breeding of livestock if moving frequently. In the areas of agriculture, the osseous remains of pigs, dogs and buffaloes are discovered, showing

poultry and livestock have been domesticated (Lv, 2017; Xu, 2017, p18 – 19).

After people have a stable source of food, they start developing mental activities, and this makes the lifestyles in different places have identified features. This is so-called ‘culture’. The population is increased with the stability of living resources. The original places are becoming crowded and not enough for the increased population living in. Therefore, the increased population has to move to other places and settle there. On the one hand, they take the culture of their hometown; on the other, they also need to adjust their original culture to the environment and resources of the new places. When the colony of a regional culture is increased to a certain degree, its distributional space will be joined with other distributional spaces of regional cultures, even crossed with each other. Among different cultural clusters, there are both conflicts and communications. This procedure is on and on among regions. Consequently, different cultural clusters are infusion, and a broad cultural circle covering different regions are formed, with differences included in the commons (Xu, 2017, p27; Wang, 2011). Professor Su claims that there are six cultural circles in the Neolithic Age (as cited in Xu, 2017, p27). They influence each other and start fusing from the Qin Dynasty (221 B.C. – 207 B.C.) and the Han Dynasty (202 B.C. – 220 A.D.). The current differences among regional cultures in China can still go back to the Neolithic Age (Wang, 2011; Xu, 2017, p37).

1.2.2.3 Complex Societies

The existing archaeological materials show that complex societies are formed about 5000 years ago. The most distinctive feature of this is the appearance of ceremonial buildings, showing that ancestors are having abstract thinking and keen to seek the originality of human beings; for example, in ruins on the border of Lingyuan County and Jianping County in Liaoning Province, stone sacrificial altars, pyramids, Goddess Temples... are distributed over dozens of square kilometres, forming a magnificent centre of the ceremony. In a Goddess Temple, there are clay statues of goddesses in different sizes. Among them, there is a fairly complete statute of goddess’ head, as big as human head. The face is coloured, eyeballs are made of round-shape jade. The facial expression is fairly vivid. These statues are placed in order, with the biggest-size statue

in the centre of the main room. This order may reflect power stratification in the human world (Xu, 2017, p42 & 45).

With the development of these ceremonies, there emerges religious leaders, priests and clergies. They know a certain number of knowledge; perhaps, characters or symbols similar to them are invented. The development of ceremonies also brings the development of handicrafts, since statues in a temple and other sacrificial tools need to be made. These may cause the prosperity of economy (Wang, 2011; Xu, 2017, p43).

The description above shows that the complex societies are gradually formed, although the causes are complex and diversified. When the societies are complicated to a certain degree, there needs management, i.e., power stratification appears, social groups are transferred to political groups, and finally, the organisation of the state is formed. From the unearthed ancient tombs, there discover funerary items, such as ivory combs, crocodile skins and fine white potteries, or non-local items, such as fine handicraft works of art and ceremonial utensils, showing the power and fortune of the occupants of the tombs (Xu, 2017, p43).

From the descriptions above, we can see that the development of culture starts with food; as a Chinese saying goes ‘food is No. 1 necessity of people’. According to Episode one and two in 《Mankind – The Story of All of Us》 produced by the U.S. History Channel (released in 2012), the origin of culture around the world is pretty same, and China is not the earliest region where culture is started.

1.2.3 the Dawn of Chinese Culture (16th Century B.C. – 3rd Century B.C.)

In the history of China, the Xia Dynasty (about 21st Century B.C. – 16th Century B.C.), the Shang Dynasty (about 1600 B.C. – 1046 B.C.) and the Zhou Dynasty (1044 B.C. – 256 B.C.) represent the core of Chinese culture. However, there has not been reliable archaeological evidence about the history of the Xia Dynasty. In Chinese archaeological field, the ruins in Er Litou, Yan Shi, He Nan Province are commonly regarded as the location of the Xia culture. In fact, these experts do not have direct evidence. They find this place according to the legend regarding the location of the Xia Dynasty. In this area,

they discover large public ceremonial buildings, and they infer that it is equivalent to the capital of the Kingdom of the Xia Dynasty (Xu, 2017, p63; Wu, 2009; Lv, 2015). Due to this reason, Only the cultures of the Shang and the Zhou will be presented as follows.

1.2.3.1 The Culture of the Shang Dynasty

The ruins of the Shang were discovered in 1928. Not only architecture and tombs are remaining, but also there is a large number of literary materials which are written on tortoise shells and bones (Xu, 2017, p63). This is tortoiseshell and bone inions as introduced at the beginning of this chapter. According to traditional historical materials, Shang lasts about 500 to 600 years. There are probably two epochal characteristics of Shang culture: first, there appears the record of characters, which are tortoiseshell and bone inions; second, from these inions, the evolutionary process of Shang Regime can be seen. The emergence of characters and regime are a milestone of the development of Chinese culture. Moreover, this shows that Chinese culture is entering historical age from prehistorical culture (Xu, 2017, p63 – 65).

The inions record activities reconstructing the political organisations of the Shang Dynasty, reflecting the 200-year evolutionary direction of Shang at the later stage. The Government of Shang develops from ‘retainer system’ to five-department ruling machines. The position of messengers of kings of Shang is equivalent to God’s messengers represented by phoenixes. They can lead troops and establish the governance right of the states. In the tombs of the kings of Shang, there are beautiful palaces, vessels, household utensils... even men as funerary objects (Wu, 2009; Xu, 2017, p66 – 67), showing the power and fortune of the kings and also human cruelty.

At the early stage of Shang, she is a complex society based on the ethnic groups, restricted by places and affinities; she has no universal character. This is probably seen from the early sacrificial system, which concentrates on the dead kings and ancestors according to the strict ancestry. At the later stage, the ancestry sacrifice is constricted to famous ancestors and dead kings over five generations; instead, the new sacrificial system includes a number of gods, such as the god of nature, river guardians, mountain

guardians and great persons. The reason for this is that the political influence of Shang is distributed very far when She merges other ethnic groups and states, she also accepts their culture. This phenomenon shows that Shang at the later stage probably gets rid of the restrictions of places and ethnic groups and moves towards universal culture (Xu, 2017, p68).

1.2.3.2 The Culture of the Zhou Dynasty

The Zhou Dynasty (1044 B.C. – 256 B.C.) lasts about 800 years, which is the longest dynasty in the history of China. Zhou goes through Western Zhou (1044 B.C. – 771 B.C.) and Eastern Zhou (771 B.C. – 256 B.C.).

In 11th Century B.C., Zhou State in Guan Zhong, Shan Xi Province defeats strong Shang, establishing the Zhou Dynasty. In the history of China, this is Western Zhou. It is a very significant historical event. Behind the establishment of this new dynasty, it is the reorganisation of the cultural system and political order, from now on, some fundamental features of Chinese culture are settled (Xu, 2017, p68 – 69).

According to historical materials, in the Shang dynasty, Zhou is a state in the west of Shang. Shang people deeply influences the technology of casting coppers by Zhou people. In Zhou's sacrificial system, not only do they use the character of Shang to record auspices but also they worship the gods and ancestors of Shang. Shang and Zhou also have royal marriages (Wu, 2009; Lv, 2015; Xu, 2017, p69). These phenomena show that the development of Zhou culture is influenced by Shang culture, but the former has a breakthrough.

After Zhou defeats Shang, Zhou people are not immersed in the joy of victory. They are thinking of the reasons of this historical development, and they believe that the fall of Shang is due to the *corruption of moral virtue*, including alcohol abuse, harlot, squander, paying no mercy on people... They conclude that 'The mandate of Heaven is not constant, *virtue* is the only way to gain His delight', showing that first, Heaven chooses and judges the rulers on the earth; second, rulers need to pursue perfection on moral virtue in order to meet standards of Heaven and gain His delight (Xu, 2017, p70). This idea of 'moral virtue' lays the foundation of Chinese cultural thinking; later, the

development of the idea of ‘oneness between heaven and man’ is influenced by this.

Western Zhou

In order to pursue moral virtue for consolidating the ruling, Zhou (in history, this is Western Zhou) builds up a set of social orders which are remained by ritual propriety and music. Ritual propriety includes many areas such as enfeoffment, seigneurs having an audience with the King, royal recruitment, sacrificial rite and marriage. It is the social laws and moral regulations. Music means classical music used in ceremonies, sacrificial rites and other occasions. ‘Ritual Propriety and Music’ system is very strict; for example, there are different ways calling ‘death’ corresponding to different classes; even in the upper class, nobles with different ranks call ‘death’ differently. Different music should also be used in correspondence to different persons with identity and class and on different occasions. Consequently, a strict feudal social hierarchy is constructed strongly, with relationships such as monarch and minister, father and son and husband and wife being regularized into the concrete moral virtual values ‘loyalty, faith, filial piety, righteousness, benevolence...’. This is the prevailing culture of the upper class in the feudal system (Wu, 2009; Lv, 2017; Lv, 2015; Xu, 2017, p74 – 75). Confucianism thinking is deeply influenced by it.

Eastern Zhou

Nothing lasts forever. In 771 B.C., Western Zhou falls. King Ping moves to the east, establishing ‘Eastern Zhou’. The fall of Western Zhou is due to ritual propriety and music disintegration, reflecting that Zhou’s social system and cultural order encounter unprecedented change. Moral virtue is bankrupt. Eastern Zhou is only a nominal continuation of Western Zhou. Factually, the monarchical power of Easter Zhou can no longer rule the huge feudal network. Consequently, the states of Zhou fight for land, fortune and power. From now on, China experiences more than 500-year transformation until Emperor Qin Shihuang unifies China. In Chinese history, this long period is called the Spring and Autumn period (about 771 B.C. – 476 B.C.) and the Warring State period (about 476 B.C. – 221 B.C.). In fact, these two periods do not have ‘black and white’ division. They are natural transition (Xu, 2017, p74 – 75).

1.2.3.3 Chinese Cultural Thinkings

Great thinkings are always born in chaotic and dark time. During the periods of ‘Spring and Autumn’ and ‘Warring State’, there appears ‘hundreds of schools of thoughts’. According to 《The Book of Han . Yiwen Record》¹², there are roughly 189 schools and 4324 works; among them, twelve schools are widely spread and influential. Some of these thoughts will be briefly introduced in order to give readers a general background in which the core idea of Chinese cultural thinking, which will be introduced and discussed in more details in the second section, is formed later.

Confucianism

Confucianism is well-known around the world, but it is initially only one school of thought among many schools of thoughts. The founder is Confucius (551 B.C. – 479 B.C.), who was born in Lu State, locating in Shan Dong Province, China. His ancestors are noble members in Song State. Nobles in Song State are descendants of the royal family of the Shang Dynasty. Before Confucius was born, his family has lost the nobility due to the political disputes and moved to Lu State, locating in Shan Dong Province, China. As a former nobleman, he is very determined to recover ‘Ritual Propriety and Music’ system risen and developed in Western Zhou. His purpose is to foster people’s personal morality by strict ‘Ritual Propriety and Music’. The core idea of Confucianism is to pursue ‘ren’. Before Confucius, a part of the meaning of ‘ren’ is consciousness; another meaning of ‘ren’ is fine and nice (Xu, 2017, p81). Xu (2017) argues that ‘ren’ is equivalent to human nature as a whole. This proposition must be the fundamental proposition of Chinese culture. (p82). Confucius does not give the definition of what ‘ren’ is. The common explanation of ‘ren’ in Chinese academy is ‘loving people’, which is firstly proposed by Han Yu¹³ in the Tang Dynasty (618 A.D. – 907 A.D.). Han’s thinking is not Confucianism; rather, he is an expert of studying Mo

¹² 《The Book of Han》 is also called 《The Book of Former Han》. It is the first biographical history book in China, written by Ban Gu (32 A.D. – 92A.D.), experiencing over 20 years; he starts the work at the age of 22.

¹³ Han Yu (768 A.D. – 824 A.D.), he is an outstanding philosopher, author, thinker and politician in the Tang Dynasty (618 A.D. – 907 A.D.).

Zi (will be introduced next), who claims ‘universal love’, and Han puts this idea into Confucianism (Nan, 2002, p169). Although Confucius does not give the definition of ‘ren’, he uses daily-life examples to illustrate ‘ren’; for example, one of his students Yan Yuan asks him “what to do in achieving ‘ren’”? He answers: “control yourself and do everything according to the requirements of ritual propriety; then ‘under Heaven’ returns to ‘ren’”. Another Student Zhong Gong asks the same question; he answers first, ‘going outside is like seeing a respected guest. Ordering people is like carrying on a great sacrifice’, meaning people need to hold a serious attitude in doing everything and treat other people seriously and with respect; second, ‘do not do unto others what you would not want others to do unto you’; third, do not raise resentment’. 《Analects of Confucius. Yan Yuan》.¹⁴ From these, we can see that Confucius wants to foster people’s personal morality, reflected by ritual propriety in the exterior. Professor Feng (2013) argues that ‘ren’ does not mean any specific item of virtue; rather, it means the sum of all virtues; in this sense, ‘ren’ can be translated as ‘perfect virtue’ (Feng, 2013, p43).

School of Mo

One of the opponents of Confucianism is Mo Zi, who is the founder of *the School of Mo*. The official historical records do not record his bibliography. Some scholars hold the opinion that he is the people of Song State, locating in He Nan Province, China; other scholars argue that he was born in Lu State, the hometown of Confucius. His birth and death are also not certain, roughly between 479 B.C. to 381 B.C.. He and his disciples are chivalrous swordsmen, which belong to the underclass in China. In ancient time, ritual propriety and music are patents belong to the nobles. People in the underclass believe that they are luxuries without any value in use; in this sense, Mo Zi and his disciples criticise the traditional system and its defenders – Confucius and Confucianism (Feng, 2013, p51). They are also against Confucianism’s hierarchical bureaucratic, claiming: ‘no aristocrats can be lastingly prestigious; no masses can be

¹⁴ 《Analects of Confucius》 is written by the disciples of Confucius, recording the dialogues between Confucius and his disciples. This book reflects the ideas of Confucius.

lastingly humble' (Yu, 2007, p74). They propose 'universal love', claiming that love is undifferentiated; everyone under heaven should love everyone else with equality (for example, Feng, 2013, p54; Xu, 2017, p82; Yu, 2007, p74). Moreover, Mo Zi also draws upon religious sanctions into his thinking; for example, he says that 'There exists the emperor in heaven; he loves people, his will is that everyone loves each other. The emperor in heaven frequently oversees the actions of people; in particular, the actions of rulers. He punishes those who are against his will by disasters; and rewards those who follow his will by blessings.' (Feng, 2013, p56).

'Yin and Yang' and 'Five Elements'

During this period, there are also some schools focusing on nature and the universe; for example, '*Yin and Yang' and 'Five Elements'*'. 'Five Elements' divides the myriads of things in the universe into the five properties of elements: Gold, Wood, Water, Fire and Soil. The scholars use 'Five Elements' to explain the formation of all things and their relationships. In Greece, there are also 'Four Elements' theory. 'Five Elements' explains the structure of the universe, but they do not give explanations on the origin of the universe. 'Yin and Yang' theory explains the origin of the universe. 'Yang' originally means the sunlight and 'Yin' originally means no sunlight; later, 'Yin' and 'Yang' are developed to become two forces or principles of the universe. 'Yang' represents masculine, positive, hot, bright, dry, strong, etc.; 'Yin' represents feminine, negative, cold, dark, wet, soft, etc. 'Yin' and 'Yang' interact with each other, producing all the phenomena of the universe. 'Yin' and 'Yang' are the unity of opposites. Both 'Five Elements' and 'Yin and Yang' thinkings believe that human and human affairs are only parts of the whole universe, and the human body is a miniature version of the universe; i.e. every part of the human body is correspondent to that of the universe (Feng, 2013).

Daoism

There are also the ideas of 'Five Elements' and 'Yin and Yang' in *Daoism*. The founder of Daoism is Lao Zi, who is a curator in Eastern Zhou. As a curator, he can read books throughout the ages, and he is also able to communicate with other well-known scholars; as a result, his own thinking system is settled. The official historical records do not

record too much about Lao Zi; even his birth and death are not clear. There are some folktales about him. ‘Lao’ and ‘Zi’ in English are ‘old’ and ‘son’ respectively. According to a story, Lao Zi’s mother has conceived him for 81 years, so when he is delivered, he is already 81 years old, that is why he is called ‘Lao Zi’ – Old Son. In Lao Zi’s time, the Government of Eastern Zhou is morally bankrupt, i.e. Ritual Propriety and Music Disintegration. Lao Zi does not want to serve this government anymore; therefore, he resigns and goes to the west region riding a donkey. For going to the west region, he needs to go through Han Guguan, which is a strategic Qin-State pass in He Nan Province. Before he comes, the official in charge of this pass is Yin Xi, who watches the celestial phenomenon, discovering the purple air coming from the east, and he then knows that there will be a sage coming. When Lao Zi comes, Yin Xi recognises that Lao Zi is the sage. Yin Xi requires Lao Zi to write something down as the condition of his pass; in consequence, the latter writes down 《Dao De Jing》, in which his core idea is reflected.

The core idea in 《Dao De Jing》 is to know ‘Dao’ and then to follow ‘Dao’ (Wen, 2011). ‘Dao’ has several meanings in Chinese; among them, ‘Dao’ has a common meaning – a way or a road; in this sense, ‘Dao’ in 《Dao De Jing》 is translated as ‘the Way’ in some English versions. However, through reading 《Dao De Jing》 in original Chinese, it can be seen that ‘Dao’ is the ontology of the universe, she is the first cause of everything, including tangible substance, the spirit of thought, the law of reason, etc.; Lao Zi cannot know her name, so he calls her ‘Dao’. In Lao Zi’s time, the society’s morality is bankrupt, and there are wars between the states in frequency. Lao Zi is very disappointed to see these, and he thinks that there must be ‘Dao’ before heaven and earth, and ‘Dao’ produces everything under heaven, and the only way solving these issues is to follow ‘Dao’. This book also let us see the law of nature, but we should not stop at this, since the law of nature is also from ‘Dao’. Additionally, we should not understand this book from the literal meaning; i.e., word by word; instead, we should understand it as a whole. Moreover, not all the Chinese words can be exactly

correspondent to the English words; for example, in some English versions of this book, the Chinese word ‘Zi Ran’ is directly translated as ‘nature’ from the literal meaning; in fact, ‘Zi Ran’ can also mean ‘as it is’ in Chinese. This needs to be judged in the context. Consequently, this book not only let us see the natural world or phenomenal world, but also the noumenal world. The writer will discuss Daoism in more details in the second section.

Generally speaking, Chinese culture at this stage has been developed from meeting the basic needs of human beings to systems of thinkings. These different thinkings show that China is very open-minded, tolerant and inclusive during this period, and they are together forming the spirit of Chinese culture later – oneness between heaven and man.

1.2.4 China’s China (3rd Century B.C. – 2nd Century B.C.)

1.2.4.1 The Brief Introduction of the Qin and the Han Dynasties

The Qin Dynasty

Qin State in the warring state period conquers other states and overthrows Eastern Zhou, establishing the Qin Dynasty (221 B.C. – 207 B.C.) in 221 B.C.; and China is unified. The builder of this empire is Yin Zheng, who calls himself Emperor Shi (‘Shi’ means ‘start’). In the former dynasties, the leaders are called ‘King’; however, Yin Zheng believes that his achievements are greater than any leaders in China before, even greater than the Three Sovereigns and Five Emperors in pre-historic periods according to the mythology. The Three Sovereigns and Five Emperors are called ‘san huang wu di’ in Chinese; in result, Yin Zheng calls himself ‘huang di’ (these two characters are the second and fourth ones in ‘san hua wu di’ respectively); ‘huang di’ is translated as ‘emperor’ in English. From now on, the rulers of the dynasties are called ‘emperor’ in the history of China.

The colour of the dragon robe of the emperors in the Qin Dynasty is black, which accords to ‘Five Elements’ theory as being introduced above. In the old age, Chinese people believe that the five elements of Gold, Wood, Water, Fire and Soil explain the structure of the universe, and they take their turns in circles; due to this reason, this

theory is also used to explain the rise and fall of each dynasty (see, for example, Feng 2013). Qin believes that she belongs to the property of Water and the corresponding logo colour of Water is black. This belief originates from a story recorded in 《The Book of Han. Lv Li Record》; it is said that ‘it is the time for the property of Water when Qin overthrows the Zhou Dynasty. Once upon a time, Wen Gong¹⁵ goes out for hunting, obtaining a black dragon¹⁶, which is the auspicious sign of Water’.

The Han Dynasty

The Qin Dynasty lasts only fourteen years, being overthrown by the Han Dynasty (202 B.C. – 220 A.D.). The Han Dynasty is divided into Western Han (202 B.C. – 8 A.D.) and Eastern Han (25 A.D. – 220 A.D.). From the Han Dynasty, the land of China has been continuously expanding. In some areas inland, both the political power and culture of China are filling the gap of the aboriginal people by hannisation and immigration of Han people. The strategy of Han dealing with the neighbours is not self-defending by delimiting the borders; instead, development by different methods such as royal marriages associated with cultural penetration and calling on enemies to surrender. Nowadays, the major part of Chinese culture is still called ‘Han Culture’; and the majority of the Chinese population is called ‘Han People’ (Wu, 2009; Lv, 2017; Lv, 2015; Xu, 2017, p114 – 115).

1.2.4.2 International Communication

As mentioned above, Chinese culture is open-minded, tolerant and inclusive before the Ming Dynasty (1368 – 1644) and the Qing Dynasty (1636 – 1912). China positively communicates with other parts of the world by trade, marriage, war, etc. In Western Han, the silk road is developed originally for the Chinese silk trade. It is a land route starting from the capital city Chang An at that time (it is located in Xi An in China now), going through Gan Su and Xin Jiang, reaching Central Asia and West Asia, and connecting the countries in the Mediterranean (Xu, 2017, p136 – 137). In addition to

¹⁵ Wen Gong, the King in Qin State before Qin establishes the Qin Dynasty, ruling Qin State from 765 B.C. to 716 B.C.

¹⁶ Dragon in East is different from the one in West; the former dragon represents the power of the ruler; while the latter one represents the evil spirit or the wickedness in 《Bible》; the images of these two dragons are also different.

the silk road, there are also some other roads; through them, China communicates with Central Asia, Inner Asia and South Asia. Meanwhile, China also has indirect contact with West Asia, North African and Europe. Trade also leads to cultural communication. From the Han Dynasty, China has been continuously exporting silk; in return, the western products are imported; for example, grapes, onions and watermelons have now become the common food in China, and the mill is used to grind wheat into powder. More importantly, Buddhism is introduced to China through these communications (Xu, 2017, p147).

1.2.4.3 The Introduction of Buddhism to China

The Buddhism is introduced to China through the silk road by pedlars, and then this religion is believed and spread among Chinese people. However, the government does not notice this religion at the start and academic scholars do not even mention this in their papers (Xu, 2017, p148). Buddhism is a great philosophical system, with the original purpose of solving matters of birth, getting old, illness and death and then saving all the creatures from torment. Its originality is from India. Xu (2017) argues that before Buddhism is introduced to China, the belief system of Chinese people is within the worship of the soul of the ancestors and the deification of the natural forces; therefore, there are no profound doctrines; and people do not feel needed to pursue eternity; as a result, Buddhism fills in this gap. (p147).

Buddhism also helps with the development of Confucianism and Daoism. The development of Confucianism in the Song Dynasty (960 – 1279) is learned from both Buddhism and Daoism. According to Xu (2017), the translation of Buddhism Sutra uses the language of Daoism due to the reason that they have similarities in spirit. This helps the development of Daoism thinking. (p150). Confucianism, Daoism and Buddhism conflict and merge, becoming the representation of Chinese cultural thinking later.

1.2.4.4 Chinese Cultural Thinkings

The Qin Dynasty rules by Legalists, which proposes ruling by law; and other schools of thoughts are repressed. At the beginning of the Han Dynasty, Daoism is the mainstream thinking, without repressing other schools of thoughts. From Emperor Wu

Di (156 B.C. – 87 B.C.), the government only respects Confucianism; from that time onwards, Confucianism has become the only official thinking in China, and the founder Confucius is recognized as ‘Uncrowned King’, but the development of Confucianism is the combination of other schools of thoughts (Xu, 2017, p123).

Dong Zhongshu, a Confucianist in Western Han; his proposal ‘only Confucianism and depose others’ is accepted by Emperor Wu Di. In his book 《Chun Qiu Fan Lu》, Dong’s idea of ‘the interaction between heaven and man’ is a very complex system with the combination of Confucianism, Daoism, Legalists, Yin and Yang and Five Elements. In this complex system, the working of heavenly spheres, the change of four seasons in circle, human ethics, the organization of the government and physical body and mind are strict systems. They are in strict order, tier upon tier, interlinked with each other. A slight change in one part may affect the whole. In this complex system, the normality is the balance of each system, i.e., the balance of Yin and Yang and the five elements (Xu, 2017, p125).

The abnormality occurs when they are unbalanced, i.e., either excessiveness or inferiority; a tiny individual change reflects the unbalance of the order of the universe; under this circumstance, a proper arrangement is needed for returning to the normality (see, for example, Dang, 2014; Li, 2015; Xu, 2017).

The idea of ‘the interaction between heaven and man’ deeply influences the academia and politics in the Han Dynasty. In politics, the emperors in the Han Dynasty believe that they rule by the mandate of heaven, which will change over time according to ‘Five Element’. Natural and human-made calamities are the sign of the change of the mandate of heaven. In the ruling period of Emperor Wu Di, the title of his reign is changed every four to six years, reflecting a restart of the mandate of heaven (Xu, 2017, p126). In fact, this is the method he uses, hoping to extend his ruling periods as long as possible. In academia, Confucianist scholars confidently believe that they are the representative of the order of the universe in the human world. They are ordained by heaven to be responsible to the empire and people; therefore, they build up a set of knowledge system to explain the order of the universe and how the human world interact with the order.

Since Confucianism is mixed with politics, it is hard for Confucianism to be developed in a purely academic way (Xu, 2017, p127).

Generally speaking, China starts contacting with other parts of the world at this stage. When the goods are exchanged, cultures are also communicated. Therefore, the introduction of Buddhism to China is by pedlars through the silk road. From the Han Dynasty onwards, Confucianism has become the only official thinking and its founder Confucius is recognised as ‘Uncrowned King’. The development of Confucianism is the combination of many schools of thoughts. The idea of ‘the interaction between heaven and man’ is a very complex system with the combination of Confucianism, Daoism, Legalists, Yin and Yang and Five Elements.

1.2.5 East Asian China (2nd Century A.D. – 10th Century A.D.)

1.2.5.1 China Leading East Asia

After the Han Dynasty falls in 220 A.D., China has entered almost 400-year tumultuous time until the Sui Dynasty (581 A.D. – 618 A.D.) and the Tang Dynasty (618 A.D. – 917 A.D.). During this period, five groups of non-civilised nations invade China from the north, forcing Chinese people to move to the south. The north and the south confront each other for 300 years until China is unified again. Chinese people (Han people) who remain in the north harmonize with non-civilised nations and the cultures on both sides are integrated. Chinese culture is developed with the injection of the culture of non-civilised nations, and gradually forming a new culture in Northern China during the period of middle ancient time (Wu, 2009; Lv, 2015; Xu, 2017, p177), showing the strong vitality of Chinese culture.

In 581 A.D., Yang Jian finishes 300-year confrontation between the north and the south, establishing Sui Dynasty. Sui lasts 37 years and is replaced by Tang Dynasty in 618 A.D., lasting 299 years. These two dynasties are usually called together as ‘Sui Tang’ since these periods are taken as the most powerful periods in the history of China. China makes neighbour countries attached to the imperial system by canonisation. For others further away from China, China keeps the relationship with them by both war and the

methods of peace such as gifts and royal marriages. China has become the most powerful country in East Asia. The East Asian world, with China leading, frequently contacts with Central Asia and Western Asia, with the Persian Empire and the Arab Empire leading successively at Central Asia. In the meantime, China also contacts with Southern Asia, with India leading, importing Buddhism (Xu, 2017, p237).

1.2.5.2 Chinese Cultural Thinkings

Buddhism and Daoism

When Buddhism is first introduced to China in the Han Dynasty, its idea contradicts with the native Chinese culture and cannot be accepted by Chinese people. Consequently, adjustments and proper explanations are used to harmonise the conflicts; for example, monks and nuns are not allowed to be married, which means that there will be no offspring any more in a family if a son or sons choose to become a monk or monks. Chinese people cannot accept this, since carrying on the ancestral line is the most important thing in Chinese families traditionally; as a Chinese saying goes ‘having no male heir is the gravest of the three cardinal offences against filial piety’. Under this circumstance, it is explained as good retribution bringing to this family in this life, future life, and life after life. As a result, the modified Buddhism has been integrated into the native Chinese culture. The most attractive part of Buddhism is to help people free from sufferings by samsara. In fact, Buddhism is a very complex and great philosophical system (Xu, 2017, p182 – 183).

As mentioned above, the translation of Buddhism Sutra uses the language of Daoism due to the reason that they have similarities in spirit and the latter is developed to Daoism religion from the former (Xu, 2017, p150). Xu (2017) argues that Daoism religion is the reaction of Buddhism from outside. After Buddhism is introduced, the two are developed at the same time. The former uses the system and ceremony of the latter, based on Daoism thinking. (p186). It is argued that Daoism religion and Daoism thinking are interlinked, with the development of the former based on the latter and in turn, the latter is further developed with the development of the former.

In the history of China, there happens four-time extermination of Buddhism due to

various reasons such as politics, economy, culture, competition from Daoism and Confucianism; finally, Buddhism has been integrated into Chinese culture in the Tang Dynasty after 1000-year development in China, and is also introduced to other East Asian countries such as Korea and Japan from China (Xu, 2017, p186).

Confucianism

Confucianism has been kept most influential and Dong's 'interaction between heaven and man' influences every aspect; for example, Chinese medicine proposes that the body's meridian system is the small system within the great universal system, and has mutual communication with nature (Lv, 2017; Xu, 2017, p198). Another example is that Chinese people's daily food also conforms to the time of heaven; e.g., different herbals and vegetables are picked according to different seasons and are then used in cooking or making tea for adjusting the balance of the body system. This thinking sees the world as a whole and interconnected, and it is different from modern western thinking, which sees the world as the composition of different parts (see, for example, Birkin and Polesie, 2012).

Generally speaking, during these periods, China continuously contacts with the world and becomes the most powerful country in East Asia. Buddhism, being imported from India, has been integrated into Chinese culture after modification. Confucianism, Daoism and Buddhism have now become essential parts of Chinese culture with conflict, competition and harmonisation.

1.2.6 China of Asian Pluralistic System (10th Century A.D. – 15th Century A.D.)

1.2.6.1 China Entering Asian Pluralistic system by Trading

During these periods, China is uninterruptedly invaded by the non-civilised nations from the north, forcing the Chinese Government, Chinese people and Chinese culture moving to the south. China experiences five dynasties and ten kingdoms; the establishment of the Northern Song Dynasty (960 A.D. – 1127 A.D.) finishes this but is later overturned by the non-civilised nations. The survivals are moved to the south, establishing the Southern Song Dynasty (1127 A.D. – 1279 A.D.), and is later

overthrown by Mongolia, which completely rules China, establishing Yuan Dynasty (1271 A.D. – 1368 A.D.) (Xu, 2017; Wu, 2009; Lv, 2015).

China is no longer a powerful country in a leading position. However, other countries in East Asia are still willing to communicate with China due to the economic reason. During the period of Middle Ancient time, the primary international trade goods China exports are silk, china, tea and ironware. A large amount of silk goes through Central Asian countries, transferring to the markets of the Middle East and Europe; in return, China imports gemstones, pearls and jades. China has been taken to the holistic economic network of Asia (Xu, 2017).

1.2.6.2 ‘Secular’ Confucian Study

After going through the wars, the emperors in the Song Dynasty (both Northern Song and Southern Song) wants to avoid the threat from the army; therefore, the political power in the Song Dynasty is a great civil service system depending on Confucian scholars. Since the Song Dynasty, ‘the civil arts over the military arts’ and ‘nothing is more important than studying’ have become the normality in the Chinese society, except for the Yuan Dynasty, which is established by Mongolia (Xu, 2017). Imperial examination in Song is fairer, breaking the aristocratic hereditary; common people have an opportunity to gain a title by imperial examination. Millions of common people study very hard day in and day out, aiming to win in the examination; therefore, the personal and family fate can be changed ever after. The third emperor Zhao Heng in Northern Song wrote in a poem 《Inspirational Learning》 : *‘there are 1000 bell su¹⁷ in the books; there are houses made of gold in the books, there are beauties in the books...reading the Five Classics¹⁸ very hard by the window’*. This imperial examination system brings up a large number of ‘secular’ Confucian scholars who are driven by high official positions and riches, rather than pursuing ‘perfect virtue’ – ‘ren’, the core idea of Confucianism. One of the philosophers Li in the Song Dynasty

¹⁷ In the Feudal China, this is the officials’ salary. In this poem, this phrase is equivalent to the officials (Yu, 2007).

¹⁸ Five Classics and Four books are Confucianism books; from the Song Dynasty to the Qing Dynasty (the last dynasty in Chinese history), they are must-read books for candidates in the imperial examination.

comments that: ‘the words of Confucius is everywhere under heaven, but none is put into practice’ (as cited in Yin, 2015 November 19th).

1.2.6.3 Chinese Cultural Thinkings

Buddhism

As mentioned above, Buddhism has been modified so that she can be integrated into the native Chinese culture, and this can be called ‘Chinese Buddhism’. In the meantime, there are a few number of Buddhism schools which are not adjusted to Chinese culture; e.g. Vijnaptimatratra School; therefore, they are called ‘Buddhism in China’ (Feng, 2013, p231) and are not influential in China. The most influential school of ‘Chinese Buddhism’ is Dhyana in Sanskrit, being transliterated as ‘Chan’ in Chinese, meaning meditation (Feng, 2013, p243); due to this reason, ‘Chan’ will be introduced in the following paragraphs.

In addition to the classical teachings of Buddhist scriptures, ‘Chan’ also has teachings of ‘koan’ (transmission from mind to mind) and ‘no establishment of words’, proposing sudden enlightenment. The aim is to save people from torment on the earth, i.e. becoming Buddha, which is the aim of Buddhism overall. ‘Chan’ believes that every man has the nature of Buddha. The best way of practice is to do no practice or practice of no practice; i.e., living in a daily life *without mind* (Feng, 2013); for example, eat when you are hungry, sleep when you feel sleepy, going to the toilet when you want to. Men without practice may do them with mind; for example, when a person wants to fart, he controls it because he is talking to a pretty girl; on the other hand, a person with practice farts when he /she needs to do, even in front of a pretty girl or a handsome guy. The theory behind this is that all the sufferings in the world are due to individuals’ fundamental ignorance of the nature of things. Everything in the universe is the performance of mind; therefore, it is illusory and transient; however, ignorant people are very addictive to this; due to this, individuals fall into the eternal samsara. The only hope to escape samsara is to replace ‘ignorance’ with ‘enlightenment’ (bodhi) by practice; consequently, individuals can be no longer greedy and infatuated through the

procedure of multiple rebirths; then the karma (action) of greediness and infatuation can be avoided; in result, individuals are free from samsara; this 'free' is called Nirvana (Feng, 2013, p233).

Chan's practice of non-practice is to let people do things regardless of any results, even they will bring good results after; i.e. concentrating on the things you are doing and nothing else. The reason for this is that people in practice will easily fall into the trap of greediness and infatuation if they keep thinking of the good results after, and this trap is what they want to avoid by practice. After a long period of practice alongside reading Buddhist scriptures, experienced masters help people in practice by using the method of 'a blow and a shout' for achieving sudden enlightenment. From this moment onwards, everything and the experiencer become one, no difference between subject and object, there is nothing different. The experiencer becomes Buddha, and he/she cannot see Buddha, because Buddha and him/her are one (Feng, 2013).

Chan's practice of non-practice is very similar to the action of non-action in Daoism. In fact, in the third and fourth centuries, Buddhist scriptures are usually explained by Daoism philosophical thinking; this method is analogy, which causes misinterpretation; therefore, in the 5th century, analogy is not used to explain Buddhist scriptures; however, the terms of Daoism such as 'there is', 'nothing', 'action' and 'non-action' are still used to express the ideas of Buddhism. This combination of Indian Buddhism and Daoism leads to the establishment of Chinese Buddhism (Feng, 2013, p231), which in turn helps the development of Daoism, and both of their ideas help the establishment of Neo-Confucianism (see, for example, Feng, 2013; Xu, 2017), which will be introduced next.

Neo-Confucianism

The establishment of Neo-Confucianism draws heavily upon the Buddhist and Daoist ideas. One of the most important reasons is that Buddhism is very popular between both upper class and lower class at that time; therefore, Confucianists aim to revive the pre-Qin Dynasty Confucianism; Confucianists in the Song Dynasty deeply study Buddhist and Daoist ideas; as a saying goes 'precise knowledge of self and precise knowledge of the threat lead to victory'. Consequently, they integrate Buddhist and Daoist ideas to

set up new Confucianist ideas, with the pre-Qin Dynasty Confucianism as the foundation; among the pre-Qin Dynasty Confucianist classical books, these Song-Dynasty Confucianism, being represented by Zhu Xi (1130 – 1200), choose ‘Four books and Five classics’ as the most important Confucianist books which are reinterpreted with the requirement of the age. From that time onwards, these nine books are must-read books with Zhu Xi’s interpretation *only* for candidates participating in the imperial examination until 1905. Western scholars call this reinterpreted Confucianism as Neo-Confucianism (see, for example, Feng, 2013; Dong, 2015; Xu, 2017). There are two famous schools of Neo-Confucianism in Chinese history: the philosophy of principle and the philosophy of heart (see, for example, Feng, 2013; Dong, 2015; Xu, 2017); they have both commons and differences but the same spirit. In the following paragraphs, the writer will briefly introduce the ideas of these two schools.

The philosophy of principle and the philosophy of heart are founded by Cheng Yi (1033 – 1107) and Cheng Hao (1032 – 1085) respectively and they are brothers. The former is completed by Zhu Xi as mentioned above; and the latter is developed by Lu Jiuyuan (1139 – 1193) and completed by Wang Shouren (1473 – 1529). The main idea of the former is that every kind of things have principles which are the origins of them and these principles are what these things should become; for example, building a house has the principle of building a house; even there is no single house in the material world, the principle of building a house is still there. Therefore, we should study different things, including self, and then we can find out these different principles. When these different principles are reached to a certain number of amounts, we can overall grasp the Ultimate Principle, i.e. Tai Ji in Zhu Xi’s word; every principle is from Tai Ji and returns to Tai Ji. Zhu Xi claims that ‘studying things is to seek the metaphysical Tai Ji from physical things ... when studying things, we need to see the nature of the things, making the conscience shine as it is’ (as cited in Feng, 2013, p289).

The latter agrees with the idea of principle, but does not agree that principles are there; instead, principles are in our hearts; i.e. the heart is the principle (Wang Shouren). Wang

Shouren, who completes the philosophy of heart, claims that your heart is not a ball of flesh and blood; instead, it is your conscience, which is the noumenon of the heart, the master of the heart and the Ultimate Goodness. The ultimate origin of the universe and the conscience are originally one (Dong, 2015). The conscience is originally transparently transparent, as a bright mirror; however, the Desire conceals the original conscience; as a result, Wang Shouren proposes ‘the practice of conscience’, which means that we need to return to the conscience by continuous self-reflection and practices (see, for example, Feng, 2013; Dong, 2015; Alitto, 2013). In his later life, Wang Shouren only talks about conscience in his every lecture; one of his friends asks him that ‘what more can you talk about in addition to the conscience?’; and Wang replies that ‘what more can I talk about in addition to the conscience?’ This shows that how important Wang thinks of conscience is; the reason for this is that it is morally bankrupt in Wang’s time (Dong, 2015); in fact, moral corruption has been retained throughout the history of China.

From the brief introductions above, we can see that although the ideas of the two schools have differences, their spirit is the same, i.e. returning to the conscience as it is. In fact, this is the essence of Chinese culture – the purpose of studying knowledge is to pursue perfect virtue – ‘ren’. When this enlightenment is gained, all the things, including both tangibles and intangibles in the universe and self are one; Wang Shouren says ‘nothing is outside my heart’ (Dong, 2015); Lu Jiuyuan says ‘the universe is my heart and my heart is the universe’ (Feng, 2013, p291).

Generally speaking, during these periods, China has lost the leading position in East Asia; but international trading brings China to the Asian pluralistic system. The ideas of Confucianism, Buddhism and Daoism have been settled as the Chinese thinking system, and the relationship between them are ‘I am part of you and you are part of me’ (Xu, 2017, 290 – 291). Neo-Confucianist choose ‘Four Books and Five Classics’ among the Pre-Qin Dynasty Confucianist classics, with Zhu Xi’s interpretation only as the must-read books for candidates participating in the imperial examination; and this lasts until 1905.

1.2.7 China entering the World system (15th Century A.D. – Mid – 19th Century A.D.)

During these periods, there are the last two dynasties on the stage in the history of China: the Ming Dynasty (1368 – 1644) and the Qing Dynasty (1636 – 1912). The former overthrows the Yuan Dynasty, which is ruled by Mongolia, and the latter overthrows the former. Before Ming, China is open-minded and tolerant, and China actively communicates with the Asian World. At the beginning of the Ming Dynasty, international trading is still prosperous, and China is in trade surplus. In the middle of the Ming Dynasty, due to the intrusion of China's coastal areas and territorial seas from Japanese, the Government finally decides to close the border (Wu, 2009; Xu, 2017; Lv, 2015). However, the profits from international trading are too huge to resist; in result, private trading goes under the desk. In fact, since Columbus discovers the new continent, every part of the world is integrated into the world system (Xu, 2017), regardless of your will. Going through the Renaissance, the Reformation and the Enlightenment, Europe has been rising gradually and will lead the world later. On the other hand, China has been immersed into the dream of 'a great country, long-history culture, abundant resources without exhaustion', so that China is completely unaware of the world change until Western powers open the door of China with weapons in 1840. China is forced to enter the world system.

In the development of Chinese cultural thinking, there is not too much contribution during these periods. One of the principle reasons is that since the Southern Song Dynasty, 'Four Books and Five Classics' with Zhu Xi's interpretation only becomes the standard for candidates participating in the imperial examination, and this standard is more and more standardized. Consequently, stereotyped writing without any development and creation is used in the examination, even the number of words is strictly limited.

In the 16th century, the priests of Catholic come to China; this is the first time China communicates with European culture. These priests bring not only the religion but also

they bring Western science to China. They build up a good relationship with the Governmental officials; for example, the Confucianist official Xu Guangqi (1562 – 1633) and the Priest Matteo Ricci (1552 – 1610) work together, translating the first six volumes of 《Euclid's Elements》 into Chinese in 1606 (see, for example, Yu, 2010). Unlike Buddhism, The Catholic religion is not integrated into Chinese culture. The reason for this is that Catholic priests insist the teachings without any compromise with Chinese culture. Consequently, 'Chinese etiquette dispute' between East and West happens in late 17th century and beginning of 18th century. On the other hand, when Catholic priests take Chinese culture back to Europe, Europeans complements the rationalism and humanism of Confucianism, the imperial examination system and Confucianist politics; in the meantime, European scholars see the negative side of Chinese culture; for example, Jean-Jacques Rousseau criticizes that there is a great gap between ideal China and real China. In the 19th century, Europeans' complements to China has been changed to despise (Xu, 2017).

Generally speaking, during these periods, China has been immersed into the dream of 'a great country, long-history culture, abundant resources without exhaustion', closing the door to the outside world until western powers open the door with weapons and China is forced to enter the world system. There is not too much development in Chinese cultural thinking; one of the principle reasons is the stereotyped writing in the imperial examination. The echo of Western culture coming to China is much less than the opposite.

1.2.8 Hundreds of years Staggering (Mid-19th Century A.D. – 20th Century A.D.)

China has finally tasted the powerful artillery from the West, and China loses the confidence in her own culture which she used to be very proud of before over one night. Chinese people start changing, and later the last Dynasty Qing is overthrown in 1912, establishing Republic of China (ROC) by Sun Zhongshan; Sun aims to learn the Western mode of governing the country proposing 'Principle of Nationalism, Principle of Democracy and Principle of People's Livelihood'.

Unlike before, China starts looking up Western culture. One of the most influential Western books at that time in China is 《Evolution and Ethics》 written by the British naturalist Thomas Henry Huxley; the intellectuals at that time in China excessively praise the concept of evolution. Consequently, the confrontation between Chinese and Western cultures in parallel has become ‘Chinese culture is backward, and Western culture is advanced’. At the beginning of the 20th century, there happens ‘the May 4th Movement’ which is one of the important events in China’s modern history. The purpose of this movement is to save China and three proposals are made: first, the negation of Chinese culture; some extremists even suggest complete westernization, throwing away classical Chinese books to the toilets; second, importing democracy and science from the West; this ‘science’ is factually scientism, putting science over everything else; third, modernisation, like the Western countries (see, for example, Xu, 2017; Wu, 2009).

Generally speaking, since the mid-19th century, China has lost the confidence in her own culture and aims to achieve modernisation like the West.

1.2.9 The Revival of Chinese Culture (21st Century ~)

In the late 19th century and beginning of 20th century, some Chinese scholars calmly look at China’s modernisation; for example, Liang Qichao visits Europe in 1918, he sees the social problems of capitalism such as a large gap between the poor and the rich and materialism. When he returns to China, he claims that we need to make up the drawback of Western Civilsztatation by Chinese Civilisation (Xu, 2017, p515). The last Confucianist Liang Shuming (1893 – 1988) used to predict that the future culture of the world is the revival of Chinese culture (Alitto, 2013, p101; Liang, 2013). Nowadays, the economic and social problems in the Western world are getting more and more serious, even fundamental condition of human existence – natural environment is destroying; as a loyal follower, China also suffers. Liang’s prediction in the early 20th century has become true. both West and China have now turned the eyes to Chinese culture, and hope to find a solution from her; for example, a number of western

literature draw upon the ideas of Chinese cultural thinking to explain and solve the ecological issues (see, for example, Miller, 2003; Berthrong, 2003; Sponsel and Natadecha – Sponsel, 2003; Birkin and Polesie, 2012). In China, the Government of China issues 《 Suggestions on the Implementation of Inheritance of Excellent Traditional Chinese Culture Project》 on January 25th 2017. This is the first time when the Government issues the document regarding the revival of traditional Chinese culture since the establishment of New China in 1949 (Xin Hua News, 2017 January 25th). People News (2017 January 26th) claims that the revival of traditional Chinese culture becomes the national strategy. The British magazine The Economist comments that China is currently experiencing the revival of traditional Chinese culture, and the Government of China plans to replace the peak-time entertainment TV programs with programs of more moral values (Elite Reference, 2017 September 6th).

When the writer writes the brief history of Chinese culture, the writer is amazed at her tenacity. In the history of China, China has experienced numerous disasters, including national subjugation. China can stand up from falling down time and time again. Chinese culture is never extinguished; instead, she is more and more shining after every disaster. In the next discussion, the writer will discuss the spirit of Chinese cultural thinking. Chinese culture is only one chapter in the Human Book; she does not only belong to China but also she belongs to the world.

2.0 The Spirit of Chinese Cultural Thinking

2.1 Western literature on the relationship between Chinese Cultural Thinking and the Environment

Facing the serious environmental disaster, it is claimed that technology cannot fundamentally solve the issue (see, for example, Birkin and Polesie, 2011; Birkin and Polesie, 2012; Gray, 1992); consequently, Western scholars attempt to find a solution from the cultural thinking and a number of Western literature draw upon Chinese

cultural thinking as one of the tools (see, for example, Berthrong, 2003; Fan, 2005; Nuyen, 2011; Swearer, 1998). The writer agrees that the serious ecological disaster needs to be solved more fundamentally from the cultural thinking, rather than technology only; and Chinese cultural thinking may provide one of the solutions; however, the writer argues that there are misunderstandings of Chinese cultural thinking due to the utilitarianism. Through reading the Western literature on the relationship between Chinese culture and the environment, the writer argues that scholars, including both Western scholars and Chinese scholars publishing papers in Western journals, only use Chinese cultural thinking as a tool without genuinely understanding the spirit of her. They do not study Chinese cultural thinking on a whole basis; instead, they study her on the purpose of solving the ecological issue. Consequently, they expect to find a direct answer from her; as a result, they pick up some ideas or words which look like ecologically related and focus on this tiny bit. The writer argues that this way of doing research with pre-set expectation will not grasp the whole and find out the truth; for example, in 《Dao De Jing》, ‘Zi Ran’ appears in Chapter 25, and it is translated as ‘Nature’ by some western literature; the Confucianist idea of ‘heaven’ is understood as ‘Nature’ only; in result, they concentrate on the parts of ‘harmonization with Nature’ and ‘the law of Nature’ in Chinese culture (see, for example, Miller, 2003; Yao, 2000; Swearer, 1998; Margerison, 2015; Yu, 2007). However, the concept of ‘Nature’ is a western idea meaning the natural world, and this does not exist in the Chinese tradition (see, for example, Jenkins, 2002, p42; Zhuang, 2015, p144); rather, ‘Zi Ran’ in Chapter 25 means ‘as it is’, and understanding ‘heaven’ as ‘Nature’ does not grasp the deep meaning of ‘heaven’ in Chinese culture; thus, the spirit of Chinese cultural thinking is misunderstood as harmonisation with nature only. Consequently, solving the ecological issue with Chinese cultural thinking stays on the surface.

Due to the above reason, the writer argues that studying Chinese cultural thinking needs to be based on a whole basis and without any specific purpose; i.e. the idea of action of non-action in Daoism; in consequence, a different picture is shown as below.

2.2 The Spirit of Chinese Cultural Thinking

As mentioned in Section 1.2.3., after the Zhou Dynasty defeats the Shang Dynasty, the former considers the reason of the fall of the latter, and they conclude with the corruption of moral virtue. Furthermore, they claim that moral virtue is linked upward with the mandate of heaven, which judges whether the ruler on the earth is pursuing the perfection on moral virtue and turns down the dynasty or kingdom if the ruler has no moral virtue. The key idea of Confucius, the founder of Confucianism is to pursue ‘ren’, which can be translated as ‘perfect virtue’ (Feng, 2013, p43) as discussed in 1.2.3. In Chinese culture, moral virtue is *fundamental* for human existence (Dong, 2015), which should not be understood as moral values or moral dimension; instead, moral virtue is the order of the universe. In practice, Confucianists build up a moral system of moral standards and ethical behavior in order to achieve harmonious social relations (Jenkins, 2002, p41). The perfection on moral virtue is in accordance with the mandate of heaven. This lays the foundation for the development of the idea of oneness between heaven and man – the spirit of Chinese cultural thinking.

Nan (2002) claims that the spirit of the idea of Confucius is ‘perfect virtue’ – ‘ren’; and the root of ‘ren’ is ‘Dao’ (p178). ‘Dao’, in Chinese, Dao has several meanings: way or road, which is the common meaning, physical principles or rules, and metaphysical ontology (Nan, 2002, p179). The ‘Dao’ in ‘the root of ren is ‘Dao’ is the metaphysical ontology, i.e. the first cause of the whole universe (Nan, 2002, p178). Confucius says that ‘if I hear ‘Dao’ in the morning, then I can die in the evening’ (Analects of Confucius. Li Ren), showing how desperate Confucius is for knowing Truth. This ‘Dao’ is the same ‘Dao’ in 《Dao De Jing》 (Nan, 2002, p178). The key idea of 《Dao De Jing》 is to seek ‘Dao’ and then to follow ‘Dao’ (Wen, 2011). Lao Zi claims that ‘There is an integral whole, existing before heaven and earth. No sound and no body form, never depending on external force, moving in circles without ceasing; she can be the root of everything under heaven. I do not know her name, so I call her ‘Dao’...’ (Chapter 25, Dao De Jing). Lao Zi argues that ‘The great Virtue completely follows

‘Dao’ ... From ancient time to today, her name (Dao) shall never pass away, we can know the beginning of everything according to her...’ (Chapter 21, Dao De Jing). This particularly shows the relationship between Dao and Virtue; i.e., Virtue needs to completely follow Dao, which exists before heaven and earth and can be the root of everything under heaven. Lao Zi continuously argues that ‘Dao produces everything and Virtue fosters it...’ (Chapter 51, Dao De Jing); this shows the noumenal world ‘Dao’ and the phenomenal or natural world which is produced by ‘Dao’ and fostered by Virtue’, which completely follows ‘Dao’.

Confucius asks Lao Zi about ‘Dao’ several times. The earliest time is when he is around twenty years old and the last time is when he is around fifty years old. In the last time, Lao Zi warns Confucius: ‘...Give up your haughtiness and wishes; these things bring you nothing good’ (Wen, 2011, p27). In 《Dao De Jing》, Lao Zi discusses a number of topics including philosophy, ethics, politics and military science; and all of these need to follow Dao (Wen, 2011); however, Lao Zi sees the morally corrupted world in the Zhou Dynasty, and predicts that the world does not and will not follow Dao; as a result, he resigns and lives as a hermit. Differently, Confucius ‘knows the impossibilities but persevering’ (Analects of Confucius. Xian Wen); he sees through the world as Lao Zi does; therefore, he does not talk about Dao explicitly although his idea is based on Dao; instead, he proposes pursuing moral virtue by ritual propriety and music. From Confucius onwards, the official Chinese cultural thinking comes down from Dao to set up harmonious relations in the world by moral virtue – the order of the universe.

As described in 1.2.4, A Confucianist politician and scholar Dong proposes ‘interaction between heaven and man’ (based on the idea of the mandate of heaven in the Zhou Dynasty) with a set of knowledge system at the first time in the Han Dynasty. From this time onwards, this idea has been developed as the spirit of Chinese cultural thinking. In the time of the Song Dynasty, Confucianists draw heavily upon Buddhist and Daoist ideas to revive and develop pre-Qin Confucianism as Neo-Confucianism. From this time onwards, Chinese cultural thinking has been settled with syncretic

mixtures of Buddhism and Daoism within Neo-Confucian framework (Yang, 1961, as cited in Jenkins, 2002, p41). As discussed in 1.2.6., there are two famous schools of Neo-Confucianism: the philosophy of principle and the philosophy of heart; although they have differences as discussed in 1.2.6., they have the same spirit, i.e., making conscience shine as it is. This is consistent with Confucius's key idea – to pursue 'ren' – the perfect virtue.

If people can return to the original conscience, the enlightenment is achieved (Wang Shouren, 2015; Zhu Xi, 2011). When the enlightenment is achieved, everything, including self, up from the universe and down to the earth, including tangibles and intangibles becomes one; i.e. oneness between heaven and man (Wang Shouren, 2015; Zhu Xi, 2011). The writer argues that this is the spirit of Chinese cultural thinking with moral virtue as the inner force for the reasons as below:

First, the ancient idea of the mandate of heaven has been embedded in the heart of every ruler over dynasties, and the moral virtue perfection has to be pursued in order to meet the standards of heaven and then the ruling periods can be kept as long as possible, since the moral virtue is the order of the universe;

Second, in his book 《Chun Qiu Fan Lu》, Dong (2010) (the proposition of interaction between heaven and man) claims that 'Heaven can also be happy, angry and sad, and heaven and man are in the same kind'. He continuously argues that man is the copy of heaven; for example, heaven is round, so is man's head; the earth is square, so are man's feet. Man has two eyes because heaven has the sun and the moon; man has four limbs because heaven has four seasons. Dong (2010) holds the opinion that heaven and man are in the same kind so that they can interact. He also proposes pursuing moral virtue because this is the mandate of heaven. Moreover, as mentioned in Section 1.2.3., both 'Five Elements' and 'Yin and Yang' thinkers believe that the human body is a miniature version of the universe; i.e. every part of the human body is correspondent to that of the universe.

Third, Neo-Confucianists propose conscience, since it is morally bankrupt by that time (Dong, 2015); in fact, moral corruption has remained throughout the history of China.

They believe that when one's conscience is returned to its originality, the enlightenment is gained; i.e., everything, including self, up from the universe and down to the earth, including tangibles and intangibles becomes one; i.e. oneness between heaven and man (Wang Shouren, 2015; Zhu Xi, 2011).

Fourth, In the Chinese tradition, Chinese people's daily food also conforms to the time of heaven; e.g., different herbals and vegetables are picked according to different seasons, and are then used in cooking or making tea for adjusting the balance of the body system.

From the idea of the mandate of heaven, the interaction between heaven and man, to the oneness between heaven and man and Chinese people's daily life, it can be seen that Chinese people wish to learn from heaven, know the order of heaven, and finally, heaven and man become one. The inner force of this spirit is moral virtue – the mandate of heaven and the order of the universe. Due to this reason, the ultimate purpose of studying knowledge is to pursue moral virtue perfection according to traditional Chinese cultural thinking, although in practice, there are lots of secular Confucianists who only want to gain high official positions and wealth. As mentioned in 1.2.6. Daoism and Buddhism have different roads from Confucianism; however, they are 'the three horses to the same destination' (Yang, 1961, as cited in Jenkins, 2002, p41). As discussed in the first section, all of the three believe that Desire is (in Chan, it is called greediness and infatuation) the root cause of the sufferings and moral corruption. Therefore, Desire has to be removed in order to achieve enlightenment, and when this is achieved, there will be no differences between subject and object; everything, including self, up from the universe and down to the earth, becomes one – oneness between heaven and man. The relationship between them is 'I am part of you and you are part of me', and Chinese cultural thinking is settled with syncretic mixtures of Buddhism and Daoism within Neo-Confucian framework (Yang, 1961, as cited in Jenkins, 2002, p41).

2.3 The Relationship Between Chinese Cultural Thinking and the Environment

From the discussions above, it can be seen that there is no direct relationship between Chinese cultural thinking and the phenomenon of the environmental issue. The writer argues that the environmental issue is not a separate and independent issue. Moreover, to developed countries, this is very essential and urgent; on the other side, it is not an urgent issue to underdeveloped countries, where filling the tummy is most essential and urgent. As a result, the writer argues that we should not focus on the environmental issue; in particular, the phenomenon of this issue; instead, we should see it as a starting point to discover the root cause, which the writer believes has the commonality of other issues in the world, e.g. health and safety; child abuse; drug trafficking, human trafficking, etc.

Zhuang (2009) argues that 'heaven' in 'oneness between heaven and man' has three layers of meanings: the *third* layer of meaning is the natural world as mentioned above; the *second* layer of meaning is moral virtue – the order of the universe; and the *first* layer of meaning is Truth or Dao, the root of everything under heaven, existing before heaven and earth (Chapter 25, Dao De Jing). (P404). This can be shown as a picture below:

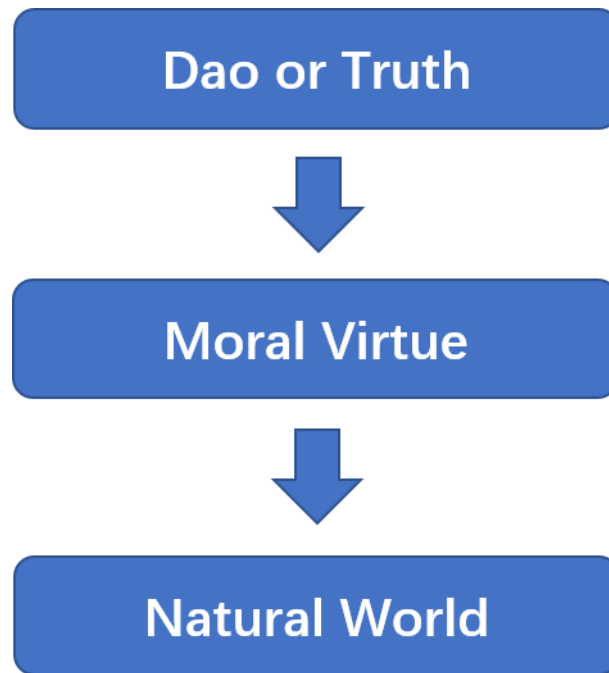


Figure 4 Three Layers of Heaven

Zhuang (2009) claims that these three layers should be in order, beginning with ‘oneness between *Truth or Dao* and man’; then we can have ‘oneness between *moral virtue* and man’ and finally, human beings can live in this natural world with concord, harmony, light, joy and life – oneness between the natural world and man. (p404 – 405). However, Zhuang (2009) argues that since Confucius’s time, the first layer of heaven has been lost in Chinese culture; by that time, Chinese cultural thinking has been focused on the second and third layer of heaven, aiming to rule the natural world by moral virtue; i.e., pursuing ‘ren’ in Confucius’s idea or returning to conscience in philosophy of principle and philosophy of heart within Neo-Confucianism.

From the discussion above, the writer argues that only focusing on nature self will not fundamentally solve the issue; instead, we need to look up beyond the third layer of heaven to find out the root cause which is not only for the ecological issue but also for any other issues in the world. There are a number of discussions about the cause of the environmental issue, and a common view is that the primary sources are modernity, economic system and international financial capitalism (see, for example, Gray et al., 2014, Gray, forthcoming, Bebbington, 1999; Thomson & Bebbington, 2005; Cho and Gioradano 2015; Elgin, 2014). However, Johnson (2017) states that ‘... *human beings*

have long acted as destroyers, not stewards, of Earth and its inhabitants. (p168); from this, it can be seen that no matter what kind of system or -ism, they are all created by human beings whose original conscience has been concealed by desires. Zhuang (2009) holds the opinion that the issue of environmental protection seems about the resources and the environment on the surface; actually, this is due to the depravity of the heart. (p362). Liao, a well-known environmentalist in China, comments that environmental protection is not only limited on nature self; rather, the environmental issue is caused by heart pollution and spiritual desert; therefore, solving the issue is heart healing (Liao, 2015 May 26th). Liao (2010) claims that conscience and moral virtue are the universal law of environmental protection. (p296). The last Confucianist Liang Shuming (1893 – 1988) used to predict that the future culture of the world is the revival of Chinese culture (Alitto, 2013, p101; Liang, 2013), since Liang argues that Western modernism emphasises ‘rationality’ and the result of this is that they only see nature as an object of use and conquest to achieve material satisfaction. Moreover, this attitude also forms the way how they treat other people in the world; meanwhile, in Chinese culture, self and the universe are integrated without division (Alitto, 2013, p86); i.e., oneness between heaven and man.

The writer agrees with the above discussion that the primary cause of the environmental issue is not any system or -ism; instead, it is due to the human beings ourselves whose conscience is concealed by desires. Consequently, only focusing on nature – the third layer of oneness between heaven and man, will not fundamentally solve the issue; instead, returning to the original conscience by moral virtue – heart healing; i.e., the second layer of oneness between heaven and man needs to be cultivated before working on the third layer. This is the focus of Chinese cultural thinking since Confucius’s time. However, there is literature showing the moral corruption throughout the history of China, and moral virtue has become a tool for Chinese rulers ruling China (see, for example, Alitto, 2013; Alitto, 2017; Zhuang, 2009). In his book 《Konfuzianismus and Taoismus》, Weber (2010) comments that Chinese people have the desire of profit – making, highly or even entirely holding wealth in esteem. They carefully control

themselves in order to keep dignity in appearance, saving face. (p321). In section 1.2.6., the writer also mentioned secular Confucianists accounting for the majority, who see the imperial examination as a tool for seeking higher and higher official positions and wealth. Weber (2010) calls this utilitarian rationalism. (p321). Regarding the ecological issue, it is questioned that why Chinese culture does not help China halt environmental degradation while China's economy is developing (see, for example, Jenkins, 2002; Snyder, 2006); here comes the first layer of oneness between heaven and man; as mentioned above, these three layers should be in order, with the latter following the former. Therefore, the second layer of heaven of moral virtue needs to be followed by the first layer of heaven of Truth in Western word or Dao in Chinese culture. Unfortunately, in Chinese culture, Dao has been lost since Confucius's time, and from that time onwards, Confucianists aim to build up a moral system of moral standards and ethical behaviour in order to achieve harmonious social relations (Jenkins, 2002, p41) by moral virtue – the order of the universe. Nevertheless, it is in failure (the second and third layer of oneness between heaven and man) as discussed above, since Dao is not followed as Lao Zi suggests in 《Dao De Jing》 ; on the other side, the rise of Western capitalism is a good example of following Truth or Dao – ‘I AM WHO I AM’ (Exodus 3:14, Bible). Lao Zi says that ‘... in accordance with Dao, everything can last long and no danger throughout the lifetime’ (Chapter 16, Dao De Jing). In order to ‘*understand*’ Dao, we need to ‘*stand under*’ Dao; then the reason of human beings can be returned to Dao.

In his book 《The Protestant Ethic and the Spirit of Capitalism》 , Weber (2005) argues that puritans see working as a duty to God, and the purpose of wealth accumulation is to honour God, rather than self-pleasure in materials. Weber (2010) compares puritans with Confucianists; the former works hard and lives in frugality from endogenous power, while the latter does so because they need to follow the requirement of ritual propriety so that they will not lose the status and fame. The former does not see wealth accumulation as the ultimate purpose; instead, this is a medium to honour God; e.g., until 1917, there are 21 universities established by churches in China; and at the same

period, there are 264 church hospitals in China (Zhuang, 2009, p439 – 440). In contrast, the latter sees wealth as keeping face in funeral rite, good fame and material enjoyment (Weber, 2010, p322). Moreover, nowadays, science is treated as knowledge and techniques and scientism is believed as the absolute authority; however, the essence of science; particularly, theoretical science and basic science is to discover and interpret the mystery of the natural world created by God initially (Zhuang, 2009, p436). In the following, the mottos of some world well-known universities are listed (Jiang, 2013, p15):

- The University of Oxford: The Lord is my light (Psalm 27:1, Holy Bible);
- University of Glasgow: the Way, the Truth and the Life (John 14:6, Holy Bible);
- University of Exeter: We follow the light;
- King's College London: With Holiness and with Wisdom
- Brown University: In God we hope;
- Yale University: Light and Truth;
- Princeton University: Under God's power she flourishes.

We can see from above that Western countries used to seek Truth and follow Truth in their belief; consequently, they are blessed with the flourish in every aspect, and they lead the world and set up the rules for the world. Unfortunately, the blessing makes them arrogant and deny Truth; as a result, the original spirit of wealth accumulation has been lost, and thus the purpose of wealth accumulation has become endless desires with more and more. The meaning of life becomes meaningless. Human beings cannot control wealth accumulation; instead, it controls us, and we become its slaves. We are now economic-focused without encyclopedia thinking (see, for example, Birkin, 1996; Birkin and Polesie, 2012); in result, more and more issues including ecological issue come with a shower.

From the discussion above, the writer argues that Western literature draw upon Chinese cultural thinking, hoping to find a solution to the ecological issue. However, most of them treat her as a tool only so that they can only see the third layer of heaven of the natural world; hence, Classical Chinese cultural thinking such as 《Dao De Jing》 is

misinterpreted as the law of nature, and ‘Dao always follows nature’ (see, for example, Hathaway, 2009; Capra, 1976), and heaven in ‘oneness between heaven and man’ is misunderstood as a harmonious relationship between nature and man only (see, for example, Yao, 2000; Margerison, 2015). However, the writer is not saying that Chinese cultural thinking does not have nature which is in the third layer of heaven in Chinese cultural thinking; rather, what the writer is trying to say is that the essence of Chinese cultural thinking is not nature, but this essence can help nature become vivid and active again. Importantly, recovering nature by nature self is in a closed system which will not fundamentally solve the issue. As discussed above, the key to solve the environmental issue is heart healing through moral virtue, which is the order of the universe in Chinese culture and this is the essence of Chinese cultural thinking since Confucius’s time; nevertheless, this is in failure due to the reason that we have been leaving Dao since Confucius’s time. If we do not recover the relationship with Dao – the first layer of heaven, the second layer and third layer of heaven will be doomed in failure, as shown throughout the history of China; if we return to Dao (the first layer of heaven), our conscience will shine as it is as Zhu Xi used to say (the second layer of heaven), and finally, the world issues, including the environmental issue will be fundamentally solved (the third layer of heaven).

3.0 Chapter Summary

This chapter introduces and discusses Chinese cultural thinking in the context of a brief history of China; therefore, a more complete picture of Chinese cultural thinking with flesh and bone is displayed. The writer argues that the spirit of Chinese cultural thinking is oneness between heaven and man, which has three layers of meanings, and they should be in order, with the latter following the former. However, since Confucius’s time, Chinese cultural thinking has been skipping the first layer of heaven of Dao, focusing on the second layer of heaven of moral virtue and attempting to build up a harmoniously natural world (the third layer of heaven) by following the second layer. In result, moral corruption is throughout the history of China and rulers use moral virtue

as a tool to legitimate their ruling, due to the reason that Dao is not followed.

Unlike Western literature the writer reviewed, which study Chinese culture with utilitarianism and not on a whole basis, showing, the writer argues that there is no direct relationship between Chinese culture and the current environmental issue. The writer argues that solving the issue of nature by nature self is in a closed system which will not fundamentally solve it. Furthermore, this issue is not a separate and independent one; rather, its root cause and that of other world issues have commonality. As a result, a new form of accounting needs to be explored from accounting as a whole, rather than division of endless forms of accounting, e.g., extinction accounting, biodiversity accounting, health and safety accounting, low carbon accounting, sustainability accounting, ecological accounting, etc.

The writer agrees with Zhuang (2009) and Liao (2010) that the key to the environmental issue is heart healing, which makes our conscience return to the originality, shining as it is through moral virtue – the second layer of heaven. If this is successful, the writer believes that other world issues can also be fundamentally solved. However, the history of China shows that this is in failure, due to the reason that Dao is not followed as discussed above.

Chapter Four Methodology and Method

This chapter is to claim the writer's ontological and epistemological belief based on the research question 'what a new form of accounting may look like with the traditional Chinese thinking for a harmonious society' of this thesis; and then, the social theory and the research method are chosen and discussed accordingly.

The structure of this chapter is as follows: Section One briefly discusses modern ontology and epistemology, which are different from traditional Chinese cultural thinking as introduced and discussed in Chapter Three; therefore, the former is not the writer's philosophical assumption of this thesis, neither do the traditional social theories in accordance with for data collection and interpretation. Section Two discusses the writer's ontological and epistemological belief based on the research question of this thesis; i.e. Dao in 《Dao De Jing》 - the very origin of traditional Chinese thinking as discussed in Chapter Three. Section Three discusses Actor-Network Theory (ANT) – both of the social theory and the research method of this thesis which are in accordance with the writer's ontological and epistemological belief based on traditional Chinese thinking. Section Four summaries this chapter.

1.0 Modern Ontology and Epistemology

Hughes (1990) claims that ontology deals with the question 'what kinds of things are there in the world'; i.e. what exists in the world; while epistemology is concerned with 'philosophical claims about the way in which the world is known to us or can be known to us'; (p5). i.e. the way in which the knowledge is created. Ontological and epistemological issues are connected. 'Claims about what exists in the world almost inevitably lead to questions about how what exists is made known' (Hughes, 1990, p5). Ontological considerations can be mapped on a continuum between realism and nominalism. Realists believe that there is concrete reality which exists "out there", waiting to be discovered; i.e. it is independent of human mind (Burrell and Morgan, 1979);

while nominalists view that reality ‘was created in and through the meanings that human beings used to make sense of the world around them’ (Hughes, 1990, p148), so that different people may have different viewpoints of reality.

Epistemological choices are usually dichotomised as being positivism (aligned with realism ontology) and constructivism (aligned with nominalism ontology). The former assumes an independent reality existing “out there”, so that researchers can and should conduct in an objective, value free and deductive manner, using natural science methods and hypothesis testing to generalize law through a large number of observations; while the latter assumes that reality is socially constructed and different people may create their own realities, so that researchers conduct in a subjective manner, and it is not possible to pursue externally verified and generalized law (Burrell and Morgan, 1979).

In fact, realism ontology and positivism epistemology are dominant in Modern episteme, due to the reason of Kant’s questioning of origins of representations, which redirects European thought from ‘philosophical theology’ to ‘philosophy’ and ‘reinforces confidence in the speculative use of reason’. From that time onwards, science and mathematics have been applied to discover the truth of the world and explain how the world works (Birkin and Polesie, forthcoming). Nineteenth-century Europe was dominated by Newtonian mechanics and economics is unavoidable. Under this circumstance, mechanistic and determinate models were invented for economics (Birkin and Polesie, forthcoming). Consequently, Modern accounting, which is built upon neo-classical economics, is also dependent on mathematical analysis and financial modelling. Wickramasinghe and Alawattage (2007) argue that the meta-theory of financial and management accounting is provided by economics (as cited in Birkin and Polesie, forthcoming).

It is criticised that Moderns have only one ontology; i.e. subject/object, man/nature, facts/values, theory/ practice, etc; in particular, its monism of being, although it captures the diversity of the world in a pluralism of representations. This ontology leads Moderns to concentrate on the economy only, separating man from nature and facts from values; as a result, Moderns are fundamentally opposed to ecology which reveals the

interdependence of living things (Birkin 1996; Birkin and Polesie 2011; Latour, 2013). Consequently, the traditional social theories as a guide to the writer's data collection and interpretation are inadequate.

2.0 Ontology and Epistemology with Traditional Chinese Thinking

Based on the research question 'what a new form of accounting may look like with traditional Chinese cultural thinking for a harmonious society', Dao in 《Dao De Jing》 is both of the writer's ontology and epistemology. According to the statistics of United Nations Educational, Science and Cultural Organization, 《Dao De Jing》 is the second most number of issuing around the world, the first is 《Holy Bible》. British Rock Band Beatles used to compose a song 《The Inner Light》 from Chapter 47, 《Dao De Jing》 (Bai Du. The Inner Light). Although 《Dao De Jing》 only has 5000 Chinese characters, it includes a numerous number of disciplines such as philosophy, ethics, politics and military science (Wen, 2011). As discussed in Chapter Three, the spirit of the idea of Confucius is 'perfect virtue' – 'ren', and the root of 'ren' is 'Dao'. However, Dao has been removed from Chinese culture since Confucius's time. From that time onwards, the official Chinese cultural thinking comes down from Dao to set up harmonious relations in the world by moral virtue – the order of the universe in traditional Chinese cultural thinking. Consequently, moral corruption has been throughout the history of China, and moral virtue has become a tool for Chinese rulers ruling China (see, for example, Alitto, 2013; Alitto, 2017; Zhuang, 2009). Therefore, the writer argues that traditional Chinese thinking needs to relink with the root – Dao in order to fundamentally solve issues.

The Key idea of 《Dao De Jing》 is to seek Dao and follow Dao; Dao is the key concept of the philosophy of Lao Zi (Wen, 2011). Dao is the metaphysical ontology in the noumenal world; she has no specific sound, form and substance; she is infinite and not be able to be completely known by human beings; if somebody says that he/she knows Dao,

the dao known by him/her is not Dao self; neither can she be proved. Dao creates everything in the world, including tangibles and intangibles such as heaven, earth, the law of nature, time, space, human beings; for example, ‘Dao which can be described by languages is not eternal Dao...’ (Chapter One, Dao De Jing); ‘There is an integral whole, existing before heaven and earth. No sound and no body form, never depending on external force, moving in circles without ceasing; she can be the root of everything under heaven. I do not know her name, so I call her ‘Dao’...’ (Chapter 25, Dao De Jing). Although Dao is in the noumenal world without sound, form and substance, and is not able to be completely known and proved, Dao can be followed through studying everything by heart in nature, as everything in nature has characteristics of Dao. In his book 《Zhuang Zi. Zhi Bei Tour》, Zhuang Zi comments that ‘Dao is everywhere – Dao is among the ants; Dao is in the barnyard grass; Dao is even in the excrement and urine. In Chapter 21, 《Dao De Jing》, Lao Zi claims that ‘Great virtue fully adheres to Dao...From the ancient time to today, her name is never abolished, according to her, the beginning of everything is only to be known...’ Through studying a numerous number of things including heaven and earth created by Dao, Lao Zi concludes that following Dao is the most joyful and true thing to do in the world; for example, in Chapter 62, 《Dao De Jing》, Lao Zi claims that ‘Dao is all-inclusive and cover all things...Dao will not pass away ...therefore, even you get to the top of the throne; set up the civil and military officers all around you, have beautiful jade of rare treasure, ride magnificent carriage; they are nothing in comparison to sitting in Dao...therefore, Dao is most honorable under heaven.’ In result, there are many paradoxes in Lao Zi’s idea; for example, ‘...people see big as big, small as small, many as many, little as little, but the wise men see small as big, little as many...’ (Chapter 63, Dao De Jing); ‘To be part is to be whole, to be bent is to be straight, to be hollow is to be filled, to be worn out is to be renewed, to be little is to have more, to have much is to be confused...’ (Chapter 22, Dao De Jing). Most people are not able to see this; therefore, Lao Zi encourages people to ‘...keep simple, reduce selfishness and desires’ (Chapter 19, Dao De Jing). He argues that ‘...wise men only keep tummy

full rather than chasing after the lust of the eyes; therefore, let out the external temptation, only keep the inner satisfaction', due to the reason that 'colourful colours dazzle the eyes, a variety of sound sounds dull the hearing, a variety of tasty flavours numb the mouth, horse hunting crazy the heart, rare objects disorder the conduct' (Chapter 12, Dao De Jing). As a result, Lao Zi proposes 'discard wisdom' (Chapter 19, Dao De Jing). Solomon says that 'for in much wisdom is much grief, and he who increases knowledge increases sorrow' (Ecclesiastes 1: 18, Holy Bible). The writer argues that this does not mean that Lao Zi wants people to be ignorant; instead, this shows *different ways in which knowledge is created*; As will be discussed in Chapter Seven, the rationality of human beings needs to be returned to Dao, and this returned rationality helps to create knowledge which helps us better know Dao, and then follow Dao. From this point of view, it can be seen that the wisdom in Lao Zi's mind is totally different from the wisdom in the eyes of the mass, with the former following Dao, while the latter leaving Dao. Throughout the book, Lao Zi insists keeping simple, reducing selfishness and desires, more is less, less is more, denying colourful colours, tasty flavours; and even the top of the throne is nothing in comparison to sitting in Dao. In contrast, the mass likes big, more, luxury, colourful colours, tasty flavours, richness and power. Lao Zi calls this delusion: wise men do not value precious and difficult-to-obtain goods which the mass values. The *knowledge* he studies is not the one which is popular among the mass for showing off cleverness (Chapter 64, Dao De Jing). Therefore, Lao Zi proposes abandoning the wisdom which leaves Dao and encourages wisdom which follows Dao. As discussed in Chapter Three, Chan in Buddhism sees 'popular knowledge' as ignorance, which needs to be replaced with enlightenment (bodhi) by 'practice of non-practice'. Lao Zi is clear that the mass is not able to see this – 'Dao is not Dao if she is not laughed at'; in the meantime, he advises that 'the bright Dao looks ambiguous; the moving-forward Dao seems moving backward; the flat Dao looks cragged....' (Chapter 41, Dao De Jing). Under this circumstance, how can the mass embrace the wisdom which follows Dao? Lao Zi suggests '*action of non-action*', i.e., 'everything can be done by doing nothing'. This is his enlightenment by following Dao, and this occurs throughout the book, see, for example, in Chapters Three,

37, 57, 63, 64, 51 and 81. This does not mean that people can lie down, relaxing and watching TV on the sofa all day long, then everything will be done; instead, people need to work hard for doing things, but without selfishness and desires; i.e., doing everything according to its nature without too much human interruption, for example, ‘...(Dao) always let everything grow naturally without forcing them...’ (Chapter 51, Dao De Jing); another example is in his book 《Zhuang Zi. horseshoe》, Zhuang Zi comments that horses used to live in a comfortable and free life; unfortunately, their fate has been totally changed due to the reason that a good judge of talent discovers them; hence, they are forced to be trained in a human way; as a result, many horses die since their nature is deprived. As mentioned in Chapter Three, ‘Action of non-action’ and ‘practice of non-practice’ are very similar, through them, people can gain the wisdom following Dao, and then people can truly see that everything is integrated; even there is no difference between the universe and self.

Throughout 《Dao De Jing》, Lao Zi stresses which true things men should do for living in the world by following Dao – *the knowledge of Dao* and *how to do* – ‘action of non-action’; i.e. let everything grow naturally according to its nature, then there will be a harmonious relationship between everything including both human beings and non-human beings in the world, since people can really see the holism of everything, and this conforms to Dao. In consequence, *‘action of non-action’ based on Dao is another way in which knowledge is created*, which is in contrast to the modern; therefore, Latour’s Actor -Network Theory (ANT) (2005) is used as both of the social theory and the research method to collect data and give result, due to the reason that the spirit of ANT is consistent with ‘action of non-action’.

3.0 Actor-Network Theory (ANT)

3.1 What ANT is

ANT is rooted in science and technology studies. It has been developed by Bruno Latour, Michel Callon and John Law in the 1980s (see, for example, Publicaties Vanaf, 2010; Li et al., 2014, p107). It has now been widely used in social science studies as well; for instance, sociology, cultural geology, organisation and management, marketing and tourism (Li et al, 2014, p107). It can be defined as ‘a research method with a focus on connections between both human and non-human entities. It describes how these connections lead to the creation of new entities that do not necessarily practice the sum of characteristics of constituent entities’ (Publicaties Vanaf, 2010). Moreover, ANT is more than a research method; first and foremost, it is a social theory; in the acknowledgement of his book 《Reassembling the social》 (2005), Latour calls ANT as ‘this alternative theory’, and the purpose of this book is to reassemble the social as the name of this book suggests. Latour (2005) argues that the ‘social’ nowadays has been defined as a domain like other domains such as ‘economics, geography, biology, psychology, law, science and politics’. ‘Once this domain has been defined, no matter how vaguely, it could then be used to shed some light on specific social phenomena – and to provide a certain type of explanation for what the other domains could not account for – an appeal to social factors could explain the ‘social aspects’ of non-social phenomena’. (p3). However, Latour (2005) argues that social cannot be explained by social – ‘...social cannot be construed as a kind of material or domain and to dispute the project of providing a ‘social explanation’ of some other state of affairs’. (p1); instead, Latour wants to ‘redefine the notion of social by going back to its original meaning and making it able to trace connections again’. (p1). It does not say anything about the shape of connections; instead, it traces connections between heterogeneous actants in some given state of affairs; hence, we should say ‘worknet’ instead of ‘network’ (Latour, 2005, p143). Latour (2005) calls the former the sociology of the social and the latter the sociology of the association.

In this thesis, ANT in Latour's book 《Reassembling the social》 (2005) is followed. The writer argues that the spirit of ANT is to follow the actions of actants (both humans and non-humans) without analysts' own explanations, since actants know what they are doing and what analysts need to do is to learn from them, rather than explaining it with the traditional social theories as frameworks (Latour, 2005), in which analysts are dominators interpreting things with their own thoughts which may be filled with desires and selfishness. As a result, the popular knowledge for showing off cleverness is gained at the cost of losing the knowledge of Dao.

3.2 The Key Characteristics of ANT

The key characteristics of ANT are as follows:

- The job of an ANT researcher is not to give social explanations according to the social theories of the social; instead, he/she only *describes* the actions of heterogeneous actants by tracing the connections – ‘Let the actors do the job for us. Don't define for them what makes up the social!’ (Latour, 2005, p35)
- ANT includes both humans¹⁹ and non – humans, which are called actants; they are equally important. Latour (2005) criticises that traditional social explanations attempt to use some certain ‘social stuff’ to substitute objects to be explained, ignoring associations between entities. There does not exist ‘social world’ behind; instead, researchers should trace these connections for understanding what social is.
- For ANT, ‘network is a concept, not a thing out there. It is a tool to help describe something, not what is being described’. Furthermore, ‘a network is not what is represented in the text, but what readies the text to take the relay of actors as *mediators*’ (Latour, 2005, p131); hence, ‘a network is not made of nylon thread, words or any durable substance but is the trace left behind by some *moving agent*. You can hang your fish nets to dry, but you can't hang an actor-network: it has to be *traced anew* by the passage of another vehicle, another circulating entity.’ (Latour,

¹⁹ The name of ‘actors’ is for humans.

2005, p132); i.e., ‘worknet’ instead of ‘network’ (Latour, 2005, p143).

- In comparison with the traditional social theories, ANT produces some different effects or unexpected income, due to the reason that actants are *mediators* with ANT instead of *intermediaries* with the traditional social theories. Latour (2005) describes that ‘*An intermediary*, in vocabulary, is what transports meaning or force without transformation: defining its input is enough to define its outputs. For all practical purposes, an intermediary can be taken not only as a black box, but also a black box counting for one, even if it is internally made of many parts. *Mediators*, on the other hand, cannot be counted as just one; they might count for one, for nothing, for several, or infinity. Their input is never a good predictor of their output, their specificity has to be taken into account every time’. Therefore, for all practical purposes, even a complicated intermediary may ‘count for just one – or even nothing’; in contrast, even an apparently-simple-look mediator may become complex; ‘it may lead in multiple directions which will modify all the contradictory accounts attributed to its role’. (p39).
- For ANT, actants cannot be placeholders, they need to have interaction with each other, flowing from one frame of reference to another; actants without doing things are not actants; instead, they are placeholders. They are not substitutable and irreducible to any other (Latour, 2005, p153). Furthermore, if they do something, they have to make a difference (Latour, 2005, p154); i.e., ‘There is no-information, only trans-formation’ (Latour, 2005, p149).
- No explanations only descriptions – ‘describe, write, describe, write’ (Latour, 2005, p149). Latour (2005) suggests that ‘Don’t try to shift from description to explanation: simply go on with the description’. (p150).
- In Latour’s vocabulary, ‘A good ANT account is a narrative or a description or a proposition where all the actors do something and don’t just sit there. Instead of simply transporting effects without transforming them, each of the points in the text may become a bifurcation, an event, or the origin of a new translation. As soon as actors are treated not as intermediaries but as mediators, they render the movement

of the social visible to the reader.’ (Latour, 2005, p128).

3.3 A Brief Review on ANT Used in Accounting Studies

In the accounting literature, the time when ANT is used may appear in the late 1980s (Justesen & Mouritsen, 2011, p165); for example, Hines (1988) uses ANT through conversations to find out that accounting is not neutral in communicating reality; instead, it has the power to construct reality. Pinch et al. (1989) use ANT through playing dramas to ‘reflect recent concerns in the sociology of scientific knowledge’ by testing a particular budgeting system introduced into the British National Health Service. The writer argues that these two studies have grasped the spirit of ANT as discussed above, although the authors do not explicitly claim that they are using ANT in their studies. They do not look like academic articles, without any social theories and structures from the perspective of the sociology of the social; however, this is the sociology of the association, in which actants are followed and described by tracing connections rather than interpretation with a certain social theoretical framework, in which output is already known by the input (Latour, 2005). Therefore, the knowledge created is probably closer to the truth and this is probably the reason why surprising, different and unexpected conclusions may be obtained by using ANT (Latour, 2005); however, we should bear in mind that the surprising, different and unexpected conclusions may not be equivalent to the truth, and researchers should pursue the latter rather than the former. ANT has started to develop in accounting studies since the 1990s. In 1996, Latour wrote the foreword for the book *«Accounting and Science»* (Power, 1996, as cited in Justesen & Mouritsen, 2011, p165) and this may have inspired accounting researchers to increasingly use ANT and the number of accounting articles using ANT has reached a peak in 2008 (Justesen & Mouritsen, 2011, p165); for example, Briers and Chua (2001) use ANT to carry out a field study of an implementation of activity-based costing, illustrating ‘how an organisation’s accounting system can be changed by a heterogenous actor-network of local and global actors and actants’. They conclude that accounting change is due to the ‘effort of many’ rather than ‘a powerful few’ as previous studies show and change is cyclical. Gendron et

al. (2007) contribute the development of professional expertise in accounting research by 'examining the process by which state auditors may become recognised as possessing expertise relevant to guiding and implementing new public management reforms'. Quattrone (2009) presents an exploratory study on the conditions allowing 'the emergence of accounting as a performable technique that can spread successfully across economies and societies' by studying the relationships of the four interrelated features, showing accounting is both homogeneous enough for being autonomous and heterogeneous enough for diversity and difference. Quattrone and Hopper (2005) carry out an analysis on the effects of Enterprise Resource Planning System (ERP) implementation upon management control through two case studies in two multinational companies, concluding that the effects of management control are dependent upon how 'time-space' is understood and managed to a large extent. Alcouffe et al. (2008) focus on the actor-network and the practice of the actants to 'better understand the nature of accounting change' through analysing two innovations with different fates in France. Justesen & Mouritsen (2011) discuss the three main contributions of ANT to accounting research: a novel perspective on accounting change is given through the use of the concept of translation; the role of accounting is seen differently; and 'ANT-inspired accounting research rejects traditional sociological dichotomies, such as micro/macro, subject/object, structure/agency and technical/social'. (p176 – 177). Baxter and Chua (2003) point out that the alternative management accounting research augments the understanding of the accounting change; e.g., purposeful and predictable change, the mismatch between accounting and change, and it is illustrated that 'there is little or no sense of any technical elegance or excellence propelling management accounting change', but the sense of accounting change shows that 'Accounting change is not linear, controllable, exclusively technical or well-behaved'. (p105 – 107). ANT has also been used in environmental accounting research (see, for example, MacKenzie, 2009; Callon, 2009); these researches see accounting as a performative role to resolve the environmental issue; however, Deegan (2017) argues that they are in line with organizations' self-interest of profit maximizations, treating social and environmental issues as 'new variables (opportunities)

against which to associate share price movements, corporate profits, accounting based bonuses, or other research measures'. (p68).

ANT is a very important and popular method to be used in accounting research, and it is not possible to include all the accounting articles using ANT. The literature reviewed above (except for the two articles in the 1980s) shows that although they obtain a different conclusion and make accounting be seen differently, the writer argues that they have not made a breakthrough about the development of accounting as a whole, since the assumption of profit maximisation is not challenged. Moreover, the writer argues that they purposefully use ANT to purposefully have a different result with purposefully focusing on the ANT conceptions such as translation and 'black box'; this is not in line with the spirit of ANT as discussed above; i.e., follow the actions of actants without researchers' explanations using particular theoretical frameworks. Therefore, ANT is only treated as a tool. However, the two articles in the 1980s mentioned above show good examples of how ANT should be applied; i.e., follow the actions of actants interacted with each other by tracing connections without any purposes and even without realizing that ANT is used, and the conclusion is naturally obtained without interpretations. The writer argues that the knowledge of Dao (Truth) is boundless so that it is not possible to stay within any theoretical frameworks and structures. This is consistent with traditional Chinese cultural thinking, which appears non-theoretical and unstructured, and this brings much confusion to Western philosophical students when they first touch Chinese philosophies; for example, the essence of the Confucianist thinking is in 《Analects of Confucius》, which was written through the conversations between Confucius and his students, and it seems that there are not any connections between chapters. There are only 5000 Chinese characters in 《Dao De Jing》, but the philosophical thinking of Lao Zi can be seen. Moreover, Chinese philosophical thinking is also in the letters, daily life and poems (Feng, 2013, p11). As mentioned above, Zhuang Zi comments that 'Dao is everywhere – Dao is among the ants; Dao is in the barnyard grass; Dao is even in the excrement and urine'; the way to create the knowledge of Dao is 'action of non-action'.

3.4 Critiques of ANT

There are many critiques about ANT, for example, Bloor (1999) argues that Latour's opinion of the current knowledge of social needing to take 'one more turn after the social turn' does not represent 'the way forward' but 'a step forward'. (p82). Bloor (1999) continually argues that 'the schema of subject and object' rejected by Latour need to be retained due to the reason that this does not have to be rejected in every sense and 'There could still be important work for it to do in the context of, say, an anti-individualistic and naturalistic analysis of knowledge'. (p83). In replying to Bloor, Latour (1999) argues that Bloor is not in the right position to evaluate his work since Bloor is sticking to his own point of view from which he evaluates other people's work; in fact, it is very hard to let people agree with each other if we stick to our own point of view and use this to evaluate other people's work. Latour then replies Bloor from the four perspectives, concluding that 'I am thankful to David for having shown me again the way to go: that is beyond the position he so clearly advocates'.

Whittle and Spicer (2008) claim the contribution of ANT to organisation studies is to recognise that 'there is no such a thing as a purely social actor or purely social relation', and this contribution helps to involve the non-human actors back to the social, which is 'an important and timely move' as the authors comment. Meanwhile, they criticise the ability of ANT in developing a critical theory of organisation, due to the reason that 'ANT is underpinned by ontological realism, epistemological positivism and political conservatism'; therefore, they suggest that ANT can be used in a 'pick and mix' fashion, combining with other social theories. The writer argues that if ANT is used in this way, whether this would be ANT still.

The most controversial issue in ANT is perhaps that 'non-humans have agency'; for example, Collins and Yearley (1992) comment that 'social scientists are not particularly good at coming to terms with the competencies of non-humans' so that this is the job for natural scientists and engineers. They even go to the extreme to claim that non-humans have 'no social life worth detailing' (as cited in Sayes, 2014, p135). Khong (2003) takes speed bump which was in Latour's analysis, as an illustration, arguing that although the

speed bump has the properties ‘formerly reserved for human actors’, ‘humans are still the standard measure of agency to which non-humans are elevated’. Amsterdamska (1990) criticises that Latour considers ‘science and technology as a heterogeneous network and to abandon all distinctions between humans and non-humans; between nature, culture and society; between science and technology...’. Moreover, in order to enroll non-human resources to be part of a network, scientists generate new objects in the laboratories and to enroll ‘human allies’ such as ‘government officials who fund research, industrialists who commit resources for a particular project, and scientist colleagues who uses a claim or machine for purposes of further research’ but without considering their differences; ‘as long as these actors – human and non-human – are caught in the network, making it longer and stronger’. (p499). Callon et al. (1986) argue that ANT makes us to analyze the work and labour that might otherwise have been neglected in the analysis (as cited in Sayes, 2014, p145) by furnishing us ‘with the tools to better attend to the minute displacements, translations, practices, riots, processes, protests, arguments, expeditions, struggles and swap-meets-no matter what the actors involved may look like’. This is the key for us to understand ‘the inner-working of our collectives’; therefore, the important thing to trace is the action itself (Sayes, 2014, p145), and Latour (1987) suggests that ‘whether this action is locatable in humans or non-humans is meaningless’ (as cited in Sayes, 2014, p145).

Additionally, Publicaties Vanaf (2010) claims that ANT is well suited for exploratory research. It also suites to study complex issues which cannot be understood through the use of the traditional social theories and methods. Furthermore, due to its boundarylessness, the output will not be known by the input; therefore, unexpected conclusions may be obtained. However, ANT is not a solution to everything; for example, it is expensive and time-consuming; a great commitment is needed for humans and non-humans involved in the research; and it cannot lead to statistical data which can be used to generalise conclusions.

Despite the critiques of ANT, as discussed above, the reason for using it in this study is that its spirit is consistent with traditional Chinese philosophical thinking; in particular,

the way in which the knowledge of Dao is created; i.e., ‘action of non-action’.

4.0 Chapter Summary

Dao – the very origin of traditional Chinese thinking is both of the writer’s ontology and epistemology based on the research question of this thesis. Dao is the metaphysical ontology in the noumenal world without the specific sound, form and substance; she is infinite and not be able to be completely known by human beings; if somebody says that he/she knows Dao, the dao known by him/her is not Dao self; neither can she be proved. Although Dao is not able to be completely known and proved, Dao can be followed through studying everything by heart in the world, since Dao creates everything in the world and hence everything has the characteristics of Dao. Lao Zi is enlightened that the knowledge of Dao is qualitatively different from the one which is popular among the mass for showing off cleverness. Consequently, he proposes ‘discard wisdom’, which means abandoning the knowledge leaving Dao and embracing the knowledge following Dao through ‘action of non-action’; i.e. let everything grow naturally according to its nature; then there will be a harmonious relationship between everything including both human beings and non-human beings in the world.

Accordingly, ANT is used for the writer’s data collection and description. It is both of a social theory and a method. In contrast to the traditional social theories, which see social as a domain, composing of ‘social stuff’ and social can be explained by social, ANT sees social which should be ‘explained by the specific associations provided by economics, linguistics, psychology, law, management, etc.’ (Latour, 2005, p5). In consequence, ANT traces the connections of heterogeneous elements including humans and non-humans without analysts’ explanations with a particular social framework; and the writer argues that this way to create knowledge is consistent with the way to create the knowledge of Dao in traditional Chinese thinking; i.e., ‘action of non-action’.

Chapter Five Research Design

This chapter aims to give details of how the research being designed.

The structure of this chapter is as follows: Section One generally describes the aims of this research. Section Two discusses how the interview has been conducted from the perspectives of interview type selection, human actants selection and the reasons for the involvement of non-human actants respectively. Section Three discusses the design of the interview questions. Section Four explains the way to write down the research findings according to ANT, which is different from the traditional social theories. Section Five discusses the limitation of this research. Section Six gives the summary of this chapter.

1.0 Aims of the Research

According to the research question ‘what a new form of accounting may look like with traditional Chinese cultural thinking for a harmonious society’, the purpose of the field work is to understand the current situation of environmental protection in China, and then an accounting model will be designed accordingly. As discussed above, environmental pollution is only a phenomenon which mirrors moral corruption due to the reason that Dao – the root of traditional Chinese cultural thinking has been lost since Confucius’s time. Therefore, this accounting model is not concentrating on treating this phenomenon, but through it, the ‘sickness’ of the whole society can be reflected, but in the meantime, there is also a turn from this; therefore, this accounting model is to help this turn move further based on Dao for a harmonious society; and then the phenomenon of environmental pollution will probably be disappeared fundamentally.

2.0 Interviews

In order to get to know the current environmental protection situation in China, the interviews are conducted for data collection. In comparison with questionnaires and surveys, I finally choose interviews, due to the reason that it is an exploratory study which

needs deep research. Simons (2012) comments that ‘interviews enable me to get to core issues in the case more quickly and in greater depth, to probe motivations, to ask follow-up questions and to facilitate individuals telling their stories’ (p43), which questionnaires and surveys are not able to.

2.1 Interview Type Selection

From structured to unstructured interview, the one-to-one and face-to-face semi-structured interview is chosen for the following reasons:

- A structured interview is also known as a standardised interview. It is a method for collecting data for a statistical survey. The aim of this method is to ‘ensure that each interview is presented with exactly the same questions in the same order’ so that answers can be ‘reliably aggregated’ and the comparisons can be made (Wikipedia. Structured Interview); therefore, it is not suitable for the aim of this research.
- An unstructured interview is also known as a non-directive interview. It is a qualitative research method in which interview questions are not pre-arranged. The questions asked by the interviewer are developed during the course of the interview, depending on the interviewees’ responses. It allows for in-depth understanding of an issue (Wikipedia. Unstructured Interview); therefore, it requires the interviewers to be very familiar with the interview procedure and have the ability to control the whole procedure, but in the meantime, it also needs to build the trust with the interviewees in order for them to talk about the subject of the research.
- Finally, the writer chose the semi-structured interview, which also allows the writer to do in-depth research within a pre-set scope, since the writer has only carried out interviews twice for research including this one. The writer knows the interview procedure very well but the writer is preserved to say that the writer may not be able to control the whole procedure well. More importantly, according to the university ethics policies, the writer sends the interview questions to the interviewees before the interview day. if the questions are changed on the interview day, the writer may lose the trust of the interviewees so that they may decline the interview or not talk about

the subject very well; however, according to the responses of the interviewees, the questions asked on the interview day may be adjusted slightly. The one -to-one basis helps to build a good rapport with the interviewees, and the focus of one interviewee at a time will make the writer more comfortable to organise and understand the information provided by the interviewees and adjust some questions accordingly; and the face-to-face basis will more easily build up the trust between the interviewees and the writer. Moreover, it will also let the writer read the non-verbal language which complements the verbal language.

2.2 Human Actants

Human actants are the interviewees. There are two standards for the writer to choose them: one is to help understand the current environmental protection situation, which is the purpose of this research; and two is the ability to access. There are 75 interviewees involved in total.

2.2.1 People Working for a State-Owned Company

Bearing them in mind, the writer's first target is people working for a large state-owned company for the following reasons:

- State-owned companies are more likely to follow the footsteps of the Government than others. Nowadays, the Government has been making a great effort on environmental protection as introduced in Chapter Two. In consequence, the attitudes and the measures for protecting the environment of these companies may represent the highest level of Chinese companies contributing to environmental protection; therefore, it can test the degree of the implementation of the governmental policies on environmental protection to some extent;
- The writer studied another state-owned company ten years ago for writing the master dissertation; and the result obtained ten years ago can be compared with the one obtained this time to see if any change happens. This may help readers better understand the current situation.

Therefore, a state-owned company producing aero-engines for the army of China is chosen. In addition to the above two reasons, there are also other two reason for choosing this company:

- A large state-owned company *plus* defence industry enterprise can be more representative;
- This is the company the writer can access due to ‘guanxi’ culture in China, which you cannot ignore if you want to do businesses in China; but the whole procedure is strictly adhered to the ethics policies of the university.

In National Day Military Parade for celebrating the 60th anniversary of the founding of the People’s Republic of China (October 1st, 2009), **60%** of the aero-engines were provided by this company. In 9.3 Military Parade for memorizing 70th anniversary of the victory of Chinese People’s Anti-Japanese war and the victory of World Anti-Fascist War (September 3rd, 2015), **80%** of the aero-engines were provided by this company.

In this company, **30** workers, **17** intermediate managers, including the managers from the Finance Department and the Environmental Protection Department and **two** Senior managers (CEO and CFO) are interviewed.

2.2.2 Accounting Students and Accountancy Firm Partners

As an accounting lecturer in one of the universities in China, the writer also considers how the accounting students see environmental protection and whether they have any thought about how they can help it. As a result, **15** of my accounting students are interviewed: six freshers, four final-year students and five students choosing the environmental accounting module. Moreover, as the title of the thesis suggests, the writer also needs to know whether accounting in practice helps environmental protection and whether there is anything the writer can learn from it; hence, **five** partners from the accountancy firms are interviewed: they are from top of the international, top of the nation and top of the province respectively.

2.2.3 Local Governmental Officials and An Expert

The *two* local governmental officials are chosen: the head of Resource and Environmental Protection Department, National Development and Reform Commission in Guang Zhou City, and the second head of Environmental Protection Bureau in Peng Zhou City respectively, due to the reason that this helps to develop the understanding on the Government's policies and how they personally see environmental protection, which can reflect the level at which environmental protection in China is to a certain extent. *One* professor specialising in environmental engineering is interviewed to see how he views the current environmental protection in China in a professional way.

2.2.4 Three Ladies

Among the three ladies, *two* of them have put traditional Chinese culture into practice through building 'LOHO' project; they are chosen as my interviewees due to the reason that what they have been doing is very consistent with what the writer is doing for this research. *One* lady in charge of 'incredible edible' project in Todmorden in England is also involved in. Although this project is not happening in China, this thesis aims to offer *a* proposal with traditional Chinese wisdom to the world for the environmental issue by taking China as an example. In the meantime, there are many other solutions and 'incredible edible' is one of them. Readers can see the very similar values between these two projects, although they are happened in different countries with different cultures, showing the ultimate Truth and values are same despite the fact that the methods reaching them are varying. Moreover, it also shows that the transition is happening around the world, since this project has been spreading around the world.

2.3 Non-human Actants

Farquhar (2013) argues that the objective of qualitative research is generally to understand; hence, fewer informants are needed in comparison to the quantitative research (p77). The writer argues that 75 human actants are big enough to generally understand the current environmental protection situation in China. However, as a

Chinese, the ‘popular’ Chinese culture in daily practice tells me that ‘saying is one thing, and doing is another thing’; therefore, the situation the writer understands from the actions of the human actants may not be complete. Moreover, social is made of associations between human and non-human actants (Latour, 2005). Latour (2005) argues that if actants do not act, there will be no traces left, ‘thus no information, thus no description, thus no talk’ and ‘don’t fill it in’. (p150). However, Latour (2005) also claims that there are no ‘hidden factors’, the only thing needed is to involve more actants; therefore, the non-human actants such as *online news, documentary films, windows, plants and wastewater* are also involved in.

The writer argues that a more complete picture of the current environmental protection situation in China and the root cause will be rendered visible to the readers through the heterogeneous elements interacting in the actions by tracing their connections (Latour, 2005).

3.0 Interview Questions

The questions designed is based on the purpose of this research; i.e., understanding the current environmental protection situation in China and then an accounting model will be designed accordingly. As discussed in Chapter Two and Chapter Three, environmental pollution is a phenomenon which reflects moral corruption of the whole society. Therefore, the questions designed are not limited to the environmental issue, but from it, the questions about their personal attitudes toward environmental protection are also going to be asked. Moreover, based on Chapter Two in which the Government of China has been taking a variety of measures on the governance of environmental protection from policies, law to the revival of traditional Chinese culture, questions are also designed for the interviewees’ opinions and understanding of traditional Chinese culture, whether it has any relationship with the environment and themselves and their understanding of eco-civilization. However, different questions are designed for the different interviewee groups adjusted to their characteristics; for example, when interviewing the local governmental officials, the environmental policies and the implementation will be

weighted more than other interviewee groups; and when interviewing students, more questions will be related to their study, their interests, and the reason for choosing accounting, from which their thinking and their attitudes toward society can be known. The questions are formulated as open-ended. The order of the questions is from the shallow to the deep, beginning with introducing the writer self and general introduction of this research. Making the interviewees feel easy is of importance so that the writer also talks about some other topics such as weather, food, TV programs with the interviewees before the interviews start. During the interview, the language used is easy for interviewees to understand, avoiding ‘jargons’, but in the meantime, the quality of the questions is not compromised. At the end of each interview, the writer also asks each interviewee whether they have any questions for the writer or any comments, in case that they may overlook something during the interview so that they can use this opportunity to make it up.

4.0 Writing

Writing down the research findings by ANT is different from the usual way. Latour (2005) claims that ‘...everything is data: everything from the first telephone call to a prospective interviewee, the first appointment with the advisor, the first corrections made by a client on a grant proposal, the first launching of a search engine, the first list of boxes to tick in a questionnaire’. (p133 – 134); therefore, when writing down the findings, more details are included such as the surroundings, research site, plants, windows, casual chat; according to ANT, they are actants, and they are data.

In the next chapter of ‘research findings’, the writer only describes the data without interpretations or explanations; as discussed in Chapter Four, the spirit of ANT is to follow the actions of actants (both humans and non-humans) without analysts’ own explanations, since actants know what they are doing and what analysts need to do is to learn from them, rather than explaining it with the traditional social theories as frameworks (Latour, 2005). Latour (2005) argues this further that ‘Too often, social scientists and especially critical sociologists – behave as if they were ‘critical’, ‘reflexive’,

and ‘distanced’ enquirers meeting a ‘naïve’, ‘uncritical’ and ‘un-reflexive’ actor. However, what they too often mean is that they translate the many expressions of their informants into their own vocabulary of social forces. The analysts simply repeat what the social world is already made of.’ (p57). ‘society is the consequence of associations and not their cause’. (p238). Therefore, the Laws and the Prophets of ANT is ‘recording not filtering out, describing not disciplining’ (Latour, 2005, p55); i.e., ‘describe, write, describe, write’ as Latour suggests his students (Latour, 2005, p149).

5.0 Limitation

Farquhar (2013) comments that the interviews are expected to be recorded; however, there may be some informants who do not want to be recorded. If this is the case, the implication of data collection may be questioned. (p76). The majorities of the writer’s interviewees decline to be recorded, due to the reason that they feel uneasy when somebody keeps some evidence about them. These things happened on some governmental officials and celebrities in China. Consequently, their career development was ruined. On the one hand, the writer tries best to write down as many as possible during the course of the interview. This causes less eye contact with the interviewees; however, writing while listening makes the writer more focused and better catch the main ideas of their talking. The writer does transcript as soon as the interviews are finished so that the writer can remember the majority of the talking, in assistance with the writer’s note written down during the course of the interview, the writer is confident that more than 95% of the talking is transcribed. Moreover, the language used during the course of the interview is Chinese, which is the writer’s native language, except for interviewing Estelle who is in charge of ‘incredible edible’, the language used is English, but she allows me to do recording; on the other hand, as mentioned above, the saying and doing of the interviewees are highly likely to be inconsistent; recording may make it even worse than not recording; nevertheless, non-human actants are also involved in as mentioned above, which can do the job of triangulation.

6.0 Chapter Summary

This research aims to understand the current environmental protection situation in China, and then an accounting model is designed accordingly. One-to-one and face-to-face semi-structured interview is carried out, with 75 human actants in different areas ranging from the defence industry, local governments, accountancy firms, academia, university campus to NGOs, and non-human actants such as online news, documentary films, windows, plants and wastewater are involved in, since social is made of associations between human and non-human actants according to ANT (Latour, 2005). The interview questions are formulated as open-ended and designed based on the aim of this research, with different questions being asked to different interviewee groups adjusted to their characteristics. Being different from the traditional social theories, ANT is against analysts' interpretations or explanations, due to the reason that 'they translate the many expressions of their informants into their own vocabulary of social forces. The analysts simply repeat what the social world is already made of.' (Latour, 2005, p57). Therefore, when writing down the research findings, the writer only *describes* the actions of human and non-human actants by tracing their connections; i.e., 'describe, write, describe, write' (Latour, 2005, p149). Although the majorities of the interviewees decline to be recorded, the writer tries to write down as many as possible during the interview and transcripts are carried out as soon as the interviews finish. Moreover, the writer argues that non-recording is better than recording with the 'popular' Chinese culture of 'inconsistency between saying and doing'.

Chapter Six Research Findings²⁰

The departure point is the case company which is state-owned and produces aero-engines for the army of China. Company staff live nearby; it has schools, hospitals, shops and supermarkets. Before entering the company, I need to apply for a temporary pass with the university letter and my identity card. When this was done, I entered the company showing the pass to the soldier standing at the entrance gate. After entering the gate, I can see that the road is wide and clean, with flowers and plants on both sides; I felt pleasant walking here. I was led by a female staff to an office, signing the confidentiality agreement; and then I started my interviews. Not all of the interviews were carried out in the company area, due to the reason that some interviewees were very occupied with their jobs; and some workshops are highly confidential so that I was not permitted to enter; under this circumstance, these interviews were carried out outside of the company area when interviewees got off work.

Every interviewee has realised the importance of environmental protection, since they know that the polluted environment leads to health issues. Several interviewees told me that ‘I have grown up here, when I was a kid, the sky was blue and the water was clear so that I can see the bottom of the river and drank it directly, but now...’ When I walked from the company area to the hotel where I stayed, along the river, it was too disgusting to be seen and smelly when the weather was hot. One of the workers told me that almost every family here had installed water purifier; another worker said to me that ‘have you watched the movie 《2012》? This is unsustainable!’ Both CEO and CFO of this company told me that before the year 2000, they were not willing to take the environmental responsibility; between the years 2000 and 2005, they passively did due to the national requirement; after 2005, they have changed from passive to active. On the one hand, they found out that the number of staff who was checked with cancer has been increasing in

²⁰ As discussed in Chapter Five, the writer only describes the research findings; hence, ‘I’ and ‘my’ are used in this chapter instead of ‘the writer’ and ‘the writer’s’ respectively.

the annual employee physical examination; on the other, the Government has increased the investment to them so that they now have money for protecting the environment. The employees' environmental awareness is strong now; especially, when retired employees find out that any productions pollute the community, they apply a temporary pass for entering the company and ask them to solve; moreover, they hold the opinion that they need to take more social responsibilities as a state-owned company and this is linked to the face. The CFO told me that 'this is also related to the public image; the good public image can bring more profits to the company; therefore, it is worthwhile to do it. When I do it, I will do it better; for instance, I need to install ventilators in workshops, so I install good ones for my workers.' When I finished the interview with him, we had a casual chat, he told me that this building is new and all the materials for building the building are environmental materials. He also pointed at the desk, saying that the furniture in his office is also made of environmental materials and he moved in after several months of the completion of the building for emanating formaldehyde; this is also from the consideration of the environmental protection. Finally, he pointed at the green plant which is tall and healthy behind him, saying that 'the standards for environmental governance needs to be more and more detailed; for instance, how many plants per square meter'. I also asked them about ecological civilisation; they said that 'This idea guides the company's environmental protection job'.

I have recalled the interviews with the CEO of another state-owned company for the master dissertation ten years ago; the CEO claimed that 'the image of a company is like the face of a person'; however, he did not think that the environment damaged by a particular company would influence this company's image by a great deal, since customers did not care about the environmental issues; what they care are products' quality and price; furthermore, he insisted that the only social responsibility of a company is to pay as much tax as possible to the nation (Yu, 2007). Meeting the manager of the environmental protection department dragged me back. This department is under the management of quality safety department. The company set the environmental protection office in 1979; the environmental protection section was set in 1982, and now is the

environmental protection department. This department has been attached more and more importance from about recent ten years ago, according to the department manager; it has eight staff; two of them graduated from B.S.C. in the environmental engineering; while others did not; and their daily jobs are 1. Prevention and control of water pollution; 2. Prevention and control of air pollution; 3. Prevention and control of noise; 4. Safety disposal of solid waste; 5. Prevention and control of harmful radiation; 6. Problem-solving on complaints. It has set the environmental management system, with one handbook and 23 program files, which are implemented by every workshop. This system is set in accordance with ISO14000. There is an environmental protection coordinator in each workshop to help the daily jobs of the department. The treatment of the three wastes²¹ is focused on. Workers can almost do this well. The training starts when they are on board and the follow-on training is carried out frequently. The case study which is directly linked to the benefit of workers is used; e.g., if the wastewater is discharged to the river nearby, the water will be drunk by you and your family. Workers will be financially penalised with 100 yuan or 200 yuan each time when they are discovered of not putting the wastes into the specified places, and circulate a notice of criticism. If a whole workshop is found out of getting out of line, it will also be financially penalised and the person in charge will be warned; most seriously, he/she will be expelled from the company, which is written in the Company Articles of Association in 2010. I asked him that ‘has anyone been expelled from the company due to the environmental issue since 2010?’ He answered with ‘no, not yet.’ Then he told me that in 2013, there was a workshop, in which workers discharge the wastewater to the main drainage channel of the company but not to the river nearby, we give this workshop 5000-yuan financial penalty. I asked him that ‘is it much?’; he said ‘no, certainly not, but this is the best we can do’. I also asked him that ‘are there many penalties like this?’ He said that ‘no, one or two annually in average. We do a good job.’ He sat by the window talking to me; the window was open while the heating in the room was on. When finished interviewing with the manager, I had lunch with one of the staff from this department in staff canteen. We

²¹ wastewater, waste gas and waste residuals.

are about the same age; hence, we have common topics like family and kids. We had care-free chat, and she mentioned that there is the strong atmosphere of ‘human favour’ in state-owned companies – ‘you scratch me, I scratch you back’.

Other department managers interviewed all claim the much importance of environmental protection; moreover, some even claimed that we humans should have a harmonious relationship with nature. They have training about this, but in their daily job, the duties of their own department are put in priority. One department manager told me that ‘We are a large state-owned company producing products for the army. We need to have social responsibilities, and we cannot lose face on this’; she continuously said: ‘senior managers regularly go to Hu Nan University for training; I went there once because I have a good personal relationship with the training department manager. A female professor gave us a lecture; what she said was really good, she talked about social responsibilities and the environmental protection was embedded into it; she said about the bottleneck of economic development and environmental protection; and in which way the economy should be developed, proposing green economy’. Another department manager said that ‘environmental protection is about living a better life; we have money now so that we are considering how to live better’. Two department managers (one of them is finance department manager) talked to me about their experience of one -year training in America; they were very impressed about the blue sky, fresh air and clear river water there and compared them with the bad environmental conditions in China. One of them proudly told me that ‘Zhu Zhou City²² is now aiming for building ‘a city of modern industrial civilization and ecological living’’; he continuously said that ‘we make a great effort on protecting the environment; for example, we have been proposing ‘green travel’, the private cars are not permitted to enter the company, except for senior managers, experts, national model workers and military representatives, who are our clients. There are several private companies nearby, their stealing emission is very serious; if they do not do it in this way, they are not able to survive.’ Finance department manager said to me that ‘the duty of my department for environmental protection is to ensure the funds in

²² In which the company is located.

place when needed. When the new Environmental Protection Law was issued, we were organised for training; if the environmental protection funds are not in place as required, I need to take responsibilities about this'. I asked 'which responsibilities'; he said 'I do not know yet'; moreover, social responsibility report is included in the company's annual financial reporting by following the template which is provided by China Securities Commission; e.g., responsibilities for tax, the environment, the settlement of the disabled, etc. Unlike the tall and healthy plants in the offices of CEO and CFO, I only saw a potted plant in the office of the female department manager I interviewed, and in comparison with the furniture made of the environmental materials in the offices of the former, the furniture in the offices of the latter looks simple and economical.

Regarding the social responsibility report mentioned by the finance department manager, three out of the five partners from the accountancy firms interviewed all claimed that this part is not audited, due to the reason that there are no established auditing standards on this; the remaining two are from the same accountancy firm and one of them said 'mainly ... from the text... to see if clients truly do it... if you say ... to deeply examine it according to the auditing standards ... now...en...not often happening.' 《Evaluation Report on environmental information disclosure of China's Listed Companies》 (2015) shows that although the percentage of the listed companies releasing the information has been continuously increasing since the evaluation report started in 2013, the overall disclosure level belongs to the development stage; some companies even describe the environmental responsibilities with a couple of simple sentences.

Workers interviewed told me that they have training about the safety and environmental protection issues when they are on board; and the line manager in charge of each production line always stresses the safety and environmental protection issues in daily morning meeting before the production starts, with the former accounting for more proportion than the latter. The company also has the month of environmental protection which is in June and the day of environmental protection which is on June 5th; there are activities and events related to the environmental protection during this period; for example, the staff is encouraged to make environmental protection posters, with 100-yuan

prize for each poster. Sometimes, the company staff does cleaning for the community; and “green travel” with banners showing “environmental protection”; moreover, the company regularly organises the staff training on safety and environmental protection. When asked about whether the ecological civilisation being mentioned in training, the answer is very similar that the idea is mentioned without further explanation, since they do not care too much about the theoretical thing. Sometimes, they can see this slogan rolling back and forth on the LED screen in the main entrance of the company. In practice, they put industrial wastes into specified places; if they do not do this, they will be financially penalised with 100 yuan or 200 yuan. some workshops even install CCTV to oversee workers. One of the workers said that ‘one of my colleagues has been caught with pouring over emulsion to the floor recently, and he was fined with 200 yuan and circulated a notice of criticism; paying money is a small thing, losing face is a big thing’; more importantly, they will be direct victims if they do not behave themselves. The staff from the environmental protection department told me that ‘when we give training to workers, we use case study which links directly to themselves; for instance, if you freely discharge wastewater, the water will be flowing to the river nearby; the result is that you and your family will drink it. They do not have patience listening to theories.’

One female worker said that ‘my child in the nursing school has been taught with environmental protection things such as green travel and rubbish classification, and he himself throws away rubbish according to the rubbish classification signs showing on the rubbish bins in public. However, I personally saw that rubbish collectors simply put all the rubbish in one big bucket at night, what is the point of rubbish classification?’ I also saw this once at night. Another male worker said to me that ‘this company is good at environmental protection. I used to work for a private company, its environmental protection is seriously bad; for instance, you can barely enter the dust workshop there.’ Many workers interviewed told me that Western people do better environmental protection than we do, due to the reason that they see blue sky and clear river water in those countries on TV. During the interview, when several workers had heard the word ‘environment’, they started complaining to me that better ventilators need to be installed;

and the coolant liquid has a seriously unpleasant smell so that it needs to be replaced with more environmental one. The research result for my master dissertation ten years ago shows that 87.76% of the respondents (workers) think that environmental protection is within their duties; however, the degree of the implementation is very low, except in the occasion of the inspection (Yu, 2007).

On the final day of my interview, I was led to the wastewater treatment station of the company, which has been running since 2009; the duties include the treatment of industrial waste water, emulsion, water of cleaning industrial mops and wipes and fluorescent wastewater. One of staff working there is a female who is at mid-40s; her duty is to test water quality. She likes flowers and plants; there are several potted flowers and plants at the window in her office room. She said to me that ‘I like growing flowers and plants; when I look at them, I feel that life is too beautiful’. While we were talking, I noticed that outside the window of her office room, there were loads of amounts of water continuously falling from the above to the ground. When she saw me paying attention to the water falling to the ground, she said that ‘the water is from the shower room of the workshop above, it has been like this for some time, I phoned the person in charge, but it has not been solved yet. Such a waste!’ after some time, the supervisor of the station came in; we shook hands with each other. He said that ‘environmental protection has been treated more and more seriously; the local environmental bureau has paid more and more visits to us. The company has attached more and more importance to us; building this station has cost more than 400 million yuan, and we do the job according to the highest national standard.’ When asked about whether to consider going beyond the national standard, he said that ‘we do not have such equipment. Workers here have been switched from other jobs without professional training and are almost at the retirement age, so we have no idea about the function of new equipment; furthermore, the price and cost also need to be considered; anyway, the above pay much attention to us.’

Before I left the company, the CFO invited me for a farewell dinner, accompanied by several department managers. He confidently asked me about how I see their environmental protection job; I smiled without answering. When we finished dinner, there

was much food left on the table; I have no idea why I suddenly recalled a famous sentence in a poem written by Du Fu in the Tang Dynasty – ‘Wine and meat rot behind vermilion gates while dead frozen bodies are at the roadside due to coldness and starvation’.

One day morning, I browsed news online as usual; one news title ‘National TV Channel Journalists Were Detained in a Secret Visit, The Evil Acts of a Company with 4.5 Billion Assets Were Exposed’ caught my eyes; I clicked in. It is about a company directly discharging industrial solid wastes and water to the village nearby without any treatments. This company is a large listed and state-owned chemical industry, owing more than 4.5 billion assets in Shan Xi Province, and it was voted as one of 36 companies with strengths in Shan Xi Province. At the main gate of this company, the two journalists from National TV Channel discovered that there mixed some lorries with dusty appearance among the usual lorries; and then they followed these unusual lorries to a village with two kilometres away from the company. They saw industrial solid wastes pouring down from the back of the lorries into a big pit.

There had no corresponding impervious layer at the bottom of the pit and there was a pungent smell in the air. After the industrial solid wastes were poured down to the pit, it was disguised as a new slag field. The journalists calculated the time – starting from 9:46 a.m., there came a lorry every 15 to 30 minutes; eight-lorry industrial solid wastes were poured down to the pit with only half a day. On the other side of the big pit, there was a village with less than 100 meters from it. The villagers used to complain this to the village cadres, but they got warnings and even beat; hence, they now did not dare to say anything. Moreover, the villagers told the journalists that the company also directly discharge the wastewater to the river here so that the crops here cannot survive; they installed a pipe under the river, and the wastewater was discharged through the pipe. When the journalists were talking to the villagers, two village cadres came to ask the journalists that ‘how did you smell the odour of the river here from Beijing? Did you see the company discharge the wastewater to the river?’ They were going to detain the journalists; however, the journalists called the police to come. When the journalists went to visit the second head of the local environmental protection bureau, telling him about this, he knew about this

and said to the journalists that ‘we cannot manage this. The company and the village committee had an agreement; the village cadres took the company’s money.’ The journalists said that ‘but their behaviour is against the new environmental protection law.’ The second head said that ‘so what? Even the head of the county cannot manage this. They had an agreement, and the village cadres took their money; it serves them right!’ (China Center Television Net News, 2018 April 18th).

In contrast with the local governmental official above, both of the local governmental officials – the head of Resource and Environmental Protection Department, National Development and Reform Commission in Guang Zhou City and the second head of Environmental Protection Bureau in Peng Zhou City respectively, claimed the importance of environmental protection. They agreed that traditional Chinese culture is a great treasure for China protecting the environment. We now need to respect and protect nature; humans should have a harmonious relationship with nature and aim to achieve the oneness between heaven and man. Moreover, the former said that ‘we also need to combine traditional Chinese culture with our local culture, opening up a new road with the local cultural characteristic’. Both of them mentioned ‘Lucid waters and lush mountains are gold and silver mines’, which was said by Chinese leader Xi Jinping in many occasions; the complete sentence is ‘Better to having lucid waters and lush mountains than to having gold and silver mines; Lucid waters and lush mountains are gold and silver mines.’ This idea was first proposed by Xi on a visit to Yu Village in An Ji City, Zhe Jiang Province on August 15th, 2005; when he was the Governor of Zhe Jiang Province (Yao and Jing, CPC²³ News Net, 2017 June 5th). The local official of the former said that ‘So now we are changing the way for the development of the economy and the economic structure. The economic development will more depend on innovations and high technology, aiming to achieve green, circular and low-carbon economic development model with sustainability.’ One of the jobs of her department is energy saving assessment to the enterprises in the city. It is mainly paper assessment by looking at the written materials handed in by the assessed enterprises, but sometimes they carry on field assessment; they

²³ Central Committee of the Communist Party of China

then organise the assessment materials and report the result to the local government. She proudly said to me that ‘It has lasted for ten years; until now, we haven’t found out any assessed enterprises which are not up to the standard’.

The local official of the latter firstly gave me an introduction about the general environmental protection situation in Peng Zhou City. The economy of the city was mainly dependent on the mines, state-owned military and resource-based enterprises. It was good in the 1980s, but changed a lot from 1990s to after the year 2000; particularly, after the severe earthquake in 2008, they realised that they need to leave the resources to the future generations. Therefore, the local government closed many companies with high pollution by force such as small thermal power plants, coal mine, small cement plants, and small sand and stone factories. They started it from 2011 and shut down more than 600 enterprises with pollution within five years. They now develop mountainous area tourism, aiming to build up national level eco-city and continuously improve the quality of the environment. When asked about how to resettle the employees of the closed enterprises, he said that ‘there were no government subsidies to small companies; we encourage workers in those companies to enter other industries such as growing organic vegetables, eco-tourism and farmhouse resorts. They protested at the entrance of the government, but we made the decision. The river water is clearer and the mountains are greener after closure.’ He told me an example that they closed the biggest pharmaceutical company in the city. Its annual turnover was 400 million yuan, and it paid 100 million yuan tax to the local government every year, but it caused serious pollution. The local government granted it 500 million yuan subsidies for the closure; in consequence, we gave its environmental capacity to other companies such as Sichuan Petrochemical. I said that ‘in 2016, there was serious pollution in the city, many people believed that Sichuan Petrochemical contributed this.’ He said that ‘This is not scientific. I can give you some data; in 2013, we had 62 days with serious pollution; in 2016, this was reduced to 12 days. The year 2013 was the most serious year when Sichuan Petrochemical did not start production (in the city), so it’s unfair to say that Sichuan Petrochemical contributed this. Of course, Sichuan Petrochemical must have some influence on the environment; but it

is a large state-owned company, so it has good environmental protection facilities and supervision; it must go beyond the national standard'. He thinks that the core for environmental protection governance is the environmental awareness; large companies are better than small ones; the stealing emission of the latter is very serious; furthermore, people's environmental awareness has been strengthened; they complain to the local environmental protection bureau about water pollution and noise pollution.

On a sunny spring morning (April 15th, 2017), my husband and I invited our old friend – Professor Ye for dim sum, which is the traditional food in Guangzhou, Hongkong and Macau. Ye is an environmental engineering professor at Sun Yat-Sen University which is ranked as top ten in China and No.1 in Guangzhou. When I asked Ye how to govern the environment, he mentioned two points: the first is the government supervision, stopping it from the fountainhead; the second is to use technology. He said that the situation of environmental protection in China now is very serious. The Government has begun to seriously treat it only about two years ago. The minister of Ministry of Environmental Protection of the People's Republic of China²⁴ has been reappointed; the new minister is Chen Jier, who obtained a Ph.D. in environmental engineering from Imperial College in the U.K.. Professor Ye also mentioned that on his way to the university campus, the colour of the river water there is different on the same day every day. It must be stealing emission by some companies during the night time, and now this has become a black industry in which there are specialised companies helping companies do stealing emission. They even sail to the high seas, where the wastes are directly discharged because there are holes at the bottom of the boats. News also reported this; for example, on July 22nd, 2017, a person called Wang living in Tong Ling City, An Hui Province transported 1000-tone industrial wastes from other provinces by boat and lorry, illegally pouring them down to the riverside of Yangtze River embankment in Yi An District, Tong Ling City, for illegal business profits. In December 2017, there caught a large number of ships transporting the industrial wastes from Jiang Su and Zhe Jiang Provinces to pour them down to An Hui Province by the police. The police have now discovered a number of black industry chains

²⁴ Now is reorganized as the Ministry of Ecology and Environment of the People's Republic of China in March 2018, the current minister is Li Ganjie.

for illegally transferring industrial wastes (China Center Television Net News, 2018 July 5th).

Professor Ye commented that environmental protection is not an independent issue; instead, it is a social issue; a slight movement in one part may affect the situation as a whole; moreover, it is also restricted by the vest interest groups. He continually said that ‘environmental protection governance by technology stays on the surface. More deeply, society as a whole has now become profit-driven, seeking nothing but profits. Therefore, the system of ‘harming each other’ has been formed; e.g., farmers who grow grapes never eat grapes because they know how much sodium cyclamate is sprayed to grapes for better taste, but they eat other food such as rice, potatoes and vegetables. Farmers who raise pigs never eat pork because they know that pigs are raised in a fast but unhealthy way, but they eat fruits, chicken, rice and so on. He said to us that we need to protect ourselves living in this society and gave us some suggestions; for example, the water purifier has to be installed; expensive fish cannot be eaten, only eat cheap fish, since fish men would not let cheap fish eat something unhealthy but they let expensive fish eat for making them look fatty and taste more delicious due to cost-benefit principle. He has two children, aged 15 and 17 individually, and he has recently sent them to Canada for studying, due to the reason that he wants them to be simpler. He told us that nowadays kids in schools talk about how to make much money and how to become powerful; they even compare each other’s family that which is richer or whose father is more powerful; his son used to say that ‘I hope that my grandfather could be a general so that I would make much money by using this relationship’.

I read an article, and the title is ‘The Biggest Failure of China’s Education is What Students Learn is Too Useful’. At the beginning of this article, there is a conversation between the author and his nephew who is a seven-year old girl, sitting behind a big desk full of exercise books; the author asked her ‘Where is 《Classical Children’s Literature》 I bought for you?’ This little girl was busy writing and answered the author without raising her head that ‘Our teachers said that those books are not useful and we should make the best use of our time studying something useful’ (Sohu news, 2017 June 28th). The

accounting students I interviewed are pretty same as this little girl. When asked about the reasons of studying accounting; most interviewees answered with 'high salary and high social status'; only one interviewee said that 'I am interested in math; and accounting needs a lot of calculations; in the meantime, accountancy is a profession with high salary and high social status'. They actively join in different social clubs and work very hard to obtain as many certificates as possible, due to the reason that they want to find a good job after graduation. The definition they give for a successful person is 'have money and high social status'. One female student even said that 'I think that people who can cook books are also very successful because they must have very proficient accounting skills for doing this'. Only one female student said that 'a successful person must be a person with righteousness'. There are two final-year students who question the current ethical issue; they just came back from the inter-ship, and they said: 'Rather than placing themselves in clients' positions, auditors need to be independent.' In the meantime, they also indicate that people need to be adaptable to the society, and their moral norm also needs to be continually adjusted.

When asking the question of whom accounting serving, most of them answered with companies and shareholders; besides, some also said the Government, due to the reason of tax payment; and clients, due to the reason that companies' products need to be satisfied by their clients. This attitude is also reflected in the accountancy firms; the five partners interviewed all claimed that they do not have consultancy of social and environmental responsibilities to the clients; one partner from a 'big four' said that 'clients do not ask for; we give what clients ask for'. Another partner said that 'Now, we are amending the auditing standards; significant matters, such as serious pollution, which will be penalised with large amounts of money by the environmental protection agencies, must be examined, then disclosing them as contingencies, reflecting them as provisions for liabilities in the financial statements, or examining their sustainability accordingly. We must have audit opinions.'

When asking the students the reasons for choosing the environmental accounting module, three students were answering with credits collection; The remaining two students

thought that this module sounds cutting-edge and magnificent. When I interviewed the accountancy firm partners, two accountancy firm partners were showing the great interest when they looked at the interview questions I had sent to them before the interview day, since they thought that this is novel and may have a good business opportunity. When I told them what I have been trying to do is to design a simple model through which people's value could be changed. They said to me that 'This is very hard, we are already like this, what you need to do is to adapt yourselves to the current environment'.

When asking the main contents of this module, they all said that they were taught with accounting and economic methods to solve environmental issues; for example, one student said: "The lecturer introduces environmental assets, environmental liabilities... generally speaking, the environmental accounting elements are added with the word 'environmental' before the accounting elements". Another student said 'Today, we were taught with disposal costs and activity-based costing, which we have learned from the accounting modules before. In addition, we also discussed how to solve the problems of the wastewater; if you were a manager in a company, how you would solve this problem *without the compromise of the economic benefits.*'

When asking the question of what they have learned from this module, most students attempted to list as many knowledge points as they can; only one female student pondered for seconds, saying 'I have learned... no matter which professional field is chosen, we all have social responsibilities. Before I have learned this module, I never thought that accountants have the responsibility for the current environmental issue; and I know it now from learning this module'.

When asking the question of which responsibilities accountants have for the current environmental issue, one male student said: 'Responsibilities for the environment...hehe (smiling)...I don't have any feelings for this...the main purpose for me to choose this module is to extend my knowledge scope. Macroeconomics is included; I didn't learn it in the fresher year, and I will catch it up during the summer vacation.' Another male student said: 'I strongly believe that it is not suitable for accountants to have any responsibilities on current environmental governance. When we go out (of the university),

we do bookkeeping; even if we were promoted to a management position, we still could not leave books. Besides, it also depends on the boss, who wants to protect the environment or make money; if he/she wants to make money, this is his/her personal issue, which is not the accounting issue.’ Another male student said: ‘An accountant... he/she should help the company to estimate the current environmentally economic profits, i.e., which measure they take to make them have the most amount of money.’ One female student said: ‘An accountant...en...if he/she was the management in a company, he/she could design some environmental protection ideologies, goals, etc. as a guide, then economising the use of the raw materials in the production, using less amount, recycling... and then disclosing this information in the annual report; this has the effects of supervision and facilitation; meanwhile, the public would also know that the company pays attention to environmental protection.’ Another female student said: ‘Responsibilities... (smiling), (pondering)... en... also can... can give a company suggestions on the environment, then offering a few amounts of suggestions on the projects, considering for the company from the aspect of the environment.’

Students interviewed did not know too much about traditional Chinese culture, and they seemed very surprised to be asked about this question. After freezing for a second, they answered with either ‘Chinese culture has long-history standing’ or ‘Chinese culture is broad and profound’, which are from high-school textbooks; every student should remember them for the examination. They then criticised Chinese culture as a tool for the ruling class controlling people; conservatism and having the element of superstition. However, two students believe that the doctrine of filial piety and being happy to render help to others in Chinese culture are good. One female student commented that her understanding of Chinese culture is the elegant classic poems. She admired people who can give recitations from the classic poems whenever and wherever possible. She thought them self-cultivated. *Comparatively*, they liked occidental culture more; or precisely, the representation form of occidental culture. To their mind, occidental culture is open, vivid and free; more importantly, the West has more advanced scientific techniques than China does. One final-year student said to me ‘Young people nowadays do not understand

Chinese culture at all so that they are not clear about the meaning of her existence.’ Another student said: “Young people nowadays seldom study Chinese literature, they study English only because it will be easier for them to get a job. Ancient people are more moral than us because they have learned Chinese Classics from very little; for example, 《Three-Character Classic》²⁵; however, the Government has now realised this; so, General Xi²⁶ has proposed returning to traditional Chinese culture’. When the interview was finished, we had a care-free chat; I asked this student where he is going to work after graduation, he said Shen Zhen, due to the reason that a fortune teller said that this place is good for his career development. Another female student told me that ‘Young people nowadays only celebrate Christmas, but they do not celebrate Chinese New Year’.

The accountancy firm partners interviewed all claimed that the Government now requires the environmental impact assessment for all listing companies; i.e., passing the assessment is the necessary step for companies to be listed in the security market in China; for this reason, the accountancy firms now cannot provide the listing companies with any services until their clients pass the assessment; additionally, all of the companies’ engineering projects and development projects need environmental impact assessments and the projects cannot be started until the assessments are passed. When asking them²⁷ when this starts, they said: ‘There has always been like this’. One of them straightly said: ‘the assessment has been existed for a long time, but it is not strict until recently’. Another said: ‘previously...a casual report was done; but now...this report is not easily made, because nobody dares to make this report like before; examining and verifying ... has been more and more strict’. Then, she continually said: ‘even though companies pass the assessment, they also need to consider the impact of the residents nearby.’

In February 2015, the former Ministry of Environmental Protection of People’s Republic

²⁵ This is the traditional enlightenment textbook in ancient China; she is one of the easiest classic books to read, including China’s classic literature, history, philosophy, Astro-geography, humanistic ethics, loyalty-piety-chastity-righteousness, etc; and her core ideology includes “benevolence”, “righteousness”, “sincerity”, “respect” and “filial piety”. Children have commonsense knowledge, classic sinology, historical stories and the principles of being a person and doing things in these stories by reciting.

The pattern of this classic book is that every three characters make a sentence.

²⁶ Xi Jinping, the current Chinese leader.

²⁷ Two of the partners have started working in the accountancy firms from the 1990s, and the rest is from the 2000s.

of China²⁸ circulated a notice of 13 cases about the corruption of the officials in charge of environmental protection across six provinces. The *corruption* focuses on *environmental impact assessment*, supervision of law enforcement, solid waste management, environmental monitoring and application and approval of special fund respectively. The amounts involved are enormous – frequently over ten million yuan; and most of them are group corruption (China Center Television Net News, 2018 June 12th). On April 15th, 2017, I had lunch with a female friend whose husband is a businessman; she asked me what I have been doing recently; when I told her that I am doing Ph.D on environmental accounting, her eyes were suddenly shining, saying that ‘Environmental protection has become more and more important. My husband’s friends often come to our house for dinner; they talked about the industry of environmental protection; it has an excellent prospect – environmental impact assessment companies; sewage treatment plants. One of my friends has run a sewage treatment plant, and he makes a lot of money.’ News reported that sewage treatment plants had become environmental pollution source; the issues of over discharge, high energy consumption and low productivity appeared (Environmental Protection Today, 2018 April 26th).

‘In order to carry out the ecological civilization thinking, take weapons of law against the pollution, defend the blue sky with the power of law’; the Government has formed the four inspection groups for conducting the inspection on the situation of air pollution prevention and control across the nation from May to June in 2018. The groups used both of the methods of inspection in public and inspection in secret; the groups saw good examples with the former method; while they saw the issues against the law with the latter. Some local governments have still grown economy at the cost of the environment, and they help the local companies cheat on the inspection; for example, there was a local factory with the main gate closed and nobody in on the inspection day, and the local official said that it was shut down; however, with the secret inspection, the group saw the production in this factory one day before the public inspection. Some companies did not install the environmental equipment according to the law; some have installed the

²⁸ Now is the Ministry of Ecology and Environment of the People's Republic of China since March 2018.

equipment, but it has never been used (Sohu News, 2018 July 10th). Another news reported that some local governments hold the attitudes of ‘pretending rectification’, ‘perfunctory rectification’ and ‘rectification on the surface’ when the inspection groups asked them to rectify; the news used the word ‘horrifying’ (China.com News, 2018 June 30th); therefore, it is believed that a strict legal system should become high voltage cable (see, for example, Sohu News, 2018 July 10th; China.com News, 2018 June 30th).

During the interview, many interviewees mentioned the clean environment in Western countries, and they believed that this is due to the two reasons: first, western people love nature; second, strict environmental protection law; however, as more actants are involved in, we can be closer to the truth. From January 1st, 2018, China has banned importing foreign wastes, including discarded plastic, paper, waste slag and textiles, for environmental protection. The developed countries started to panic; they do not even have the necessary infrastructure for wastes recycling since they have been transferring the wastes to China from the end of the 20th century (Baijiahao News, 2018 January 3rd). Take Western European countries for example, on average, every person produces 100kg plastic wastes every year; while in China, 20kg, accounting for 1/5 of Western Europeans (Baijiahao News, 2018 January 3rd).

On the other side, in China, there has formed a complete black profit chain for illegally buying and selling foreign wastes and transferring Certificate of Approval for Import of Wastes. When these wastes arrived in China, workers needed to sort them out, bags of clothes worth nothing in foreign countries, after sorting, every piece of clothes can be sold at dozens of yuan or even hundreds of yuan in China (Baijiahao News, 2018 January 3rd). The pulp was used to make egg cartons in China, and the plastic wastes were used to make plastic bags for Chinese people’s daily use (Baijiahao News, 2018 June 24th). It is also reported that the river in those affected areas was polluted. There were no waterweeds and fish in there. Local people did not dare to use the surface water to irrigate agriculture. Some people used to irrigate corn land; in consequence, the corn was all dead. From ten years ago, people in those affected areas have bought water for drinking. The air was also severely polluted, due to a massive amount of waste gas from the incineration of waste

plastics. Cancer was very usual in those areas (Sohu News, 2014 December 22nd).

The documentary film 《Plastic China》 reflecting the information above was awarded Jury Special Award of International Documentary Film Award (IDFA)²⁹ in Amsterdam in 2016 (CRI online, 2016 November 25th). It lasted three years of being completed (Li, 2015 January 9th). When the director Wang Jiuliang was interviewed during the production of the documentary, he said that ‘I was often obstructed by the local governments, even was arrested by them, but what really made me feel very despaired is that such a dirty environment brings deep harm to the local people; however, not only did the local governments obstruct me, but also every local people, who made a group for protecting their economic benefits. This ignorance in the bone moves me very much’; therefore, he hoped to influence the countries which transfer their wastes to China, solving the problems from the fountainhead (Sohu News, 2014 December 22nd; Li, 2015 January 9th) by producing this film; the fact is that the fountainhead had kept transferring the wastes to China until the Government of China banned it in January 1st, 2018.

Another British documentary film 《The True Cost》 directed by Andrew Morgan in 2015 disclosed the true cost of ‘fast fashion’ industry in Western countries; i.e. environmental pollution, disease, blood and death of people in developing countries such as China, Bangladesh and Cambodia. In the film, a U.S. commentator said that ‘The global market is some places where we export work to have happened in whatever conditions we want, and the products come back to me, cheap enough to throw away without thinking about it’ on TV. John Hilary, the executive director on War on Want, commented that ‘The globalised production basically means all of the making of goods have been outsourced to low-cost economies; particularly in where wages are very low and capital is low. What does it mean is that those of the top of the value chain they get to choose where the products being made and they get switched ... to another place which is cheaper.’ On the one hand, Western people were crazy about ‘buy, buy, buy’; they were propagated that the happiness is based on the materialism; moreover, these clothes were very cheap from

²⁹ It was founded in 1988, and it is the biggest documentary festival in the world now (Baiké)

squeezing people in developing countries, and they can throw them away at any time without feeling guilty; on the other hand, the bosses of garment factories in developing countries were cutting corners, which caused workers to death; for example, Rana Plaza collapse happened in Dhaka, Bangladesh in 2014 was the worst garment industry disaster in history, with 1,129 workers dead in this disaster. On the same day before the disaster, the workers saw the dangerous crackers in the building and reported their concern to the management; however, they were called to get back to work. The female workers in garment factories in Bangladesh earned less than \$2 a day. The garment factory workers in Cambodia demonstrated on the streets that they wanted to increase their salary from 60\$ a month to \$160 a month; in consequence, some workers were shot by the soldiers, and some were arrested, since the Government of Cambodia were desperate to develop international trade. Some conscious western people said that workers in low-cost economies were treated like *slaves*.

These factories do not even have necessary equipment for discharging wastes; the environment in those countries was severely damaged and people living nearby had cancer and other strange diseases; many of them did not have money for treatment and waiting for death; additionally, in order to meet the needs of 'fast fashion', huge amounts of land was used to grow GMO fibre, on which spraying massive amounts of chemicals. Nowadays, the fashion industry has become the second contributor to environmental pollution, and the first is the oil field industry. Barbara Briggs, the director of Institute for Labour Rights in the U.S.A. said in the film that when you asked these large corporations about their code of conduct, they all replied with things such as having responsibilities on the working conditions and products they make, no force labour, no excessive work time, and not to hire children. However, when this institute planned to submit 《Decent Work Conditions and Competition Act》 to the Congress, they all disagreed; they said that this would impede the fair trade; they cannot have rules, and they want to keep the voluntary code of conduct.

On June 11th, 1992, in United Nations Conference on the Earth Environment of the West, a 12-year old girl Severn Suzuki from Canada gave a six-minute speech, calling on adults

to protect the environment for children like her and future generations. This is one paragraph she said – ‘In my anger, I am not blind, and in my fear, I am not afraid of telling the world how I feel. In my country **we make so much waste, we buy and throw away, buy and throw away, buy and throw away** and yet Northern countries will not share with the needy. Even when we have more than enough we are afraid to share, we are afraid to let go of some of our wealth. In Canada, we live the privileged life. We’ve plenty of food, water and shelter. We have watches, bicycles, computers and television sets. The list could go on for 2 days. Two days ago here in Brazil, we were shocked when we spent time with some children living on the streets. This is what one child told us, ‘I wish I was rich and if I were, I would give all the street children food, clothes, medicines, shelter and love and affection’. If a child on the street who has nothing is willing to share, why are we who have everything still so **greedy?.....**’ (Sohu Culture, 2017 September 25th).

Finally, what the three ladies interviewed have been doing may show us a **turning point**. Let me start with the British lady Estelle who is in charge of the project called ‘incredible edible’ in Todmorden, which is a market town in Northern England with 15,000 people, between Leeds and Manchester. In an early Friday morning on August 4th, 2017, I took a train from Sheffield to Leeds from where I transferred another train to Todmorden. I arrived there at 9.10 a.m. It was very quiet, and all the shops along the streets were not open yet. I walked aimlessly to the local market; the outside market traders were putting goods onto the tables; I walked in, where the several cafés were open and the staff there were busy making breakfast, coffee and tea. I sat in front of a café, ordered an omelette with tea; eating while looking around; people having breakfast there were all old people. After breakfast, I looked around, asking people whether they know about ‘incredible credible’; local people all know about it, there was a lady who was from another town not far away from here, she told me that every week she drove here to buy local food, which she felt safe to eat. On the wall of a butcher shop, I saw the logo ‘incredible edible’. I asked the owner about it, he said to me that he was in partnership with this project, and since he joined in this project, his sales revenue has increased, and now his goods have been sold overseas such as Italy and Germany; in his shop, there was a photo of Prince

Charles shaking hands with him. Later on, when I talked with Estelle, she told me that about six years ago, Prince Charles visited the town for this project. I asked the owner's permission to take photos, please look at them below:



Photograph 1 A local butcher shop

At almost 10:00 a.m., I left the market for information centre which was open at 10:00 a.m., the staff was a young lady, without me asking her, she asked me whether I came here for 'incredible edible', I nodded. She printed out a guide map for me; I took the opportunity to ask her something about the project. She told me that this project got people together and attracted people from all over the world; and finally, it boosted the local economy.

After going out of the information centre, I walked to Kava Café, where I met with Estelle at 11:30 a.m. as we had agreed through the email. When we met, we exchanged greetings; Estelle bought a cup of coffee and I bought a cup of tea; then we started the conversation. The idea of 'incredible edible' was started in Mary's kitchen in 2008. Many young people in the town went to big cities for work, and the town looked grey and not vivid; therefore, several people sitting around Mary's kitchen table thought that they needed doing something to change this, getting people together, letting people hold their own responsibilities for the future and making young people get back to the town. The idea was to find a unified language across age, culture and income, which will help people themselves find *a new way of living*, seeing spaces around them differently, thinking

about the resources they use differently and interacting differently; then they agreed that this language would appear to be *food* and they have a motto: if you eat, you are in. They truly believe that small actions can make a revolution; in consequence, they decided to organise local people to grow food in somewhere which did not look very nice in the town and people can pick them when they are grown mature. They made a simple poster to let local people know about this and unexpectedly, more than 50 people came to the first meeting, and the meeting room was exploded when people had heard about this idea. They did not consult; neither did they report to the local government for permission. They just started; growing fruits, vegetables and herbs in the corner of the railway, station, car park, in front of the health centre, gardens and even in front of the police station. Food now is spread all over the place in the town, and people are free to pick it. When they started, they did not have any business models; after some time, they had a very simple business model; i.e., focusing on three plates as below:

- Community Plate: where local people live every day in their lives; through the language of food, people are reconnected and everyone ‘shares responsibility for the future wellbeing of our planet and ourselves’ as stated in their website (Incredible Edible Todmorden Home).
- Learning Plate: they have a partnership with local schools, teaching kids grow food, let them touch the soil; Estelle told me that nowadays in the U.K., many kids do not know where the food comes from; they think that it is from Tesco since their parents buy the daily food there. The local gardening centre donated some land to them, and they turned it to a market garden training centre. In the meantime, the local academics also designed some agriculture courses for the local people, so that they can share the new skills among themselves.
- Business Plate: how they can support local businesses. Estelle told me that they have no building, no office and no paid staff; i.e., they are volunteers led. Unexpectedly, they are well-known around the world. People from all over the world came to visit the town and learned from them, bringing the experience of ‘incredible edible’ back to their hometown. Until the interview day, there were 100 ‘incredible edible’ projects

in the U.K. and more than 700 of them around the world. Consequently, they designed vegetable tourism, taking people throughout the town, passing cafes and small shops, through the inside and outside of the markets. Through doing this, they want to change people's behavior. Furthermore, this has also boosted the local economy; some small shops which were shut down are open again; local producers were encouraged to sell local food which is very popular among tourists; e.g., free-ranged eggs, chicken, local pork, beef, cheese, sausages, etc. Estelle proudly told me that they have done all of these without a formal business strategy plan; as she usually said: 'We just did it'.

Estelle honestly told me that they have had much money and they did not know how to spend it. Their income is from tour talk for tourists around the world, and they are also frequently invited to give lectures to people who also want to start 'incredible edible' adjusted to their own flavour in their own hometowns across the world. Since they have boosted the local economy and let Todmorden become well-known around the world, they are supported by the local government now, and the local government also awarded her, but she does not care about this. What she really cares about is that through this project, people around the world are reconnected, she told me that one African boy even calls her mom now; people hold responsibilities for themselves, society and future generations and people's behaviour has been changed with a new way of living. She said that she used to like buying designer things but now she has realised that materials are not able to fill in the heart. A simple way of living can make people feel bountiful. People love to be volunteers and they never know how many people would come so that it is hard for chef to prepare food; phone calls are received with something like 'we have another two'; later, 'another five'; 'another three'; but everyone can fill in the tummy in the end. These volunteers also changed through this project; for example, one volunteer living with his mom and care. When he first came, he cannot speak at all due to the mental health problem; now he regularly comes to help and becomes more positive; he likes watering very much.

As mentioned above, they have too many donations so that they have to set up a company

for legal reasons, and Estelle is the director of this company. However, they run the business as usual – no building, no office and no paid staff and everything is done by volunteers led. Pam Warhurst (one of the founders) gave a speech on Ted that *‘Through an organic process, through the increasing recognition of the power of small actions, we are starting at last to believe in ourselves again, and to believe, in our compacity, each every one of us can build a different and kinder future; and in my book, this is called ‘incredible’* (Warhurst, 2012). Please look at some pictures I took below:



Photograph 2 Edible Fruits



Photograph 3 ‘Incredible Edible’ Posters

When ‘incredible edible’ had been started in 2008, just several months later in China, a project called **‘LOHO’** based on traditional Chinese cultural thinking was also started in Da Ping Village, Tong Ji Town, Peng Zhou City, Si Chuan Province. ‘LOHO’ is the

abbreviation of '*Life Of HarmOny*'. The founder of this project Liao Xiaoyi explained to me that in traditional Chinese culture, the ancient people believe in '*harmony*'; i.e., harmony between body and heart, harmony between individuals and collectives, harmony between self and materials, harmony between benefits and righteousness, and harmony between heart and brain. LO (Happiness) is the expression of HO (Harmony), and HO is the mood of LO; this is different from Western thinking of fragment. Liao is a well-known environmentalist in China; she was awarded many prizes; for example, 'Sophie Prize' in 2000, which is equivalent to Nobel prize in the environmental field; 'Clinton Global Citizen Award' in 2008. She dressed very simple like one of the villagers. She studied philosophy in the university, and she used to be a very loyal follower of Western philosophy. When she worked for Chinese Academy of Social Sciences, she had been studying Western industrialisation and how China can develop the economy by learning from the West. When one of her friends had written a thesis about the ecological disaster, it was the first time when she realised the seriousness of this issue. However, she was very positive that Western philosophy can solve this like a piece of cake, since they had a great achievement on the economy, they must also have a solution to solve the environmental issue.

In 1993, she went to North Carolina State University as a visiting scholar in America; during this period, she touched NGOs on environmental protection in America; and she was a good student of them. In 1996, she gave up the opportunity of applying for the permanent resident card in America and came back to China for environmental protection, in the same year, she established the first NGO on environmental protection in China – Beijing Global Village Environmental Education Center, abbreviated as Beijing Global Village. During the periods of 1996 to 2008 before the earthquake in Si Chuan province, Beijing Global Village focused on encouraging green life, cultivating green community and promoting green media. Liao and her colleagues drew on the lessons from NGOs in the West, such as garbage classification, green shopping, pollution monitoring and enforcement supervision; meanwhile, Liao, as an independent film producer, produced 'Global Environmental Tour', introducing the environmental protection experiences of

developed countries such as America, Germany, Australia, Norway, Holland, Korea and Japan. These films were broadcasted on National TV channel and some local TV channels. Additionally, Liao also participated in variety kinds of international events, discussing the environmental issue with Western people, from prime ministers and presidents to housewives. She drew on many valuable experiences from the Western way to environmental protection; in particular, the enforcement system and the participation of NGOs.

Liao also discovered their problems while learning from the West, and these problems brought her many confusions; particularly, the high-energy-consumption lifestyle; for example, in America, people live in a life with ‘Winter is like Summer, and Summer is like Winter’. in the winter time, the air conditioners in the shopping malls are turned up with very high degrees; people entering there need taking off winter clothes, wearing only T-shirts; in opposition, in the summer time, people entering shopping malls need to put on sweaters; this causes energy wastes. Moreover, this is also against the way of nature, making the skin slowly lose the natural regulating function. American people also like using very big blow driers to clean up leaves in the gardens, rather than doing it by hands with brooms. Liao also remembered that once, she and her daughter went to a garbage recycling centre for filming in a European country, and a lady dressed very fashionable; she was in a queue for a very long time, waiting for her garbage treatment. She said that she is an environmentalist; however, when she opened her garbage bag, they saw full of fashionable clothes and other items almost entirely new, which are enough to open a boutique. Liao commented that the lifestyle of this fashionable girl is to work hard, to consume desperately and then to try best to recycle; almost all the contents of her life are materials; therefore, Liao was thinking that whether she had spared some time for spiritual cultivation and taking care of her body, and whether she had thought about how many natural resources consumed for producing and recycling these items.

Under these circumstances, she turned to traditional Chinese culture, in which she found out ecological wisdom, and she had been thinking about how to turn it into an *ecological civilisation model* in practice. On May 12th 2008, there happened severe earthquake in Si

Chuan Province. Beijing Global Village went to Si Chuan, participating in emergency rescue and post-disaster reconstruction. Liao and her colleagues saw an opportunity for turning the traditional Chinese culture into a practical eco-civilisation model. Through the forum on discussing how to make post-disaster reconstruction walk towards the track of ecological civilisation, the project site selections, and fund application; finally, in August 2008, ‘LOHO’ project was established in Da Ping Village, Tong Ji Town, Peng Zhou City, Si Chuan Province.

Liao’s assistant Lu Zulan told me about this project in more details. ‘LOHO’ was established with traditional Chinese culture, which can be shown as a picture below:

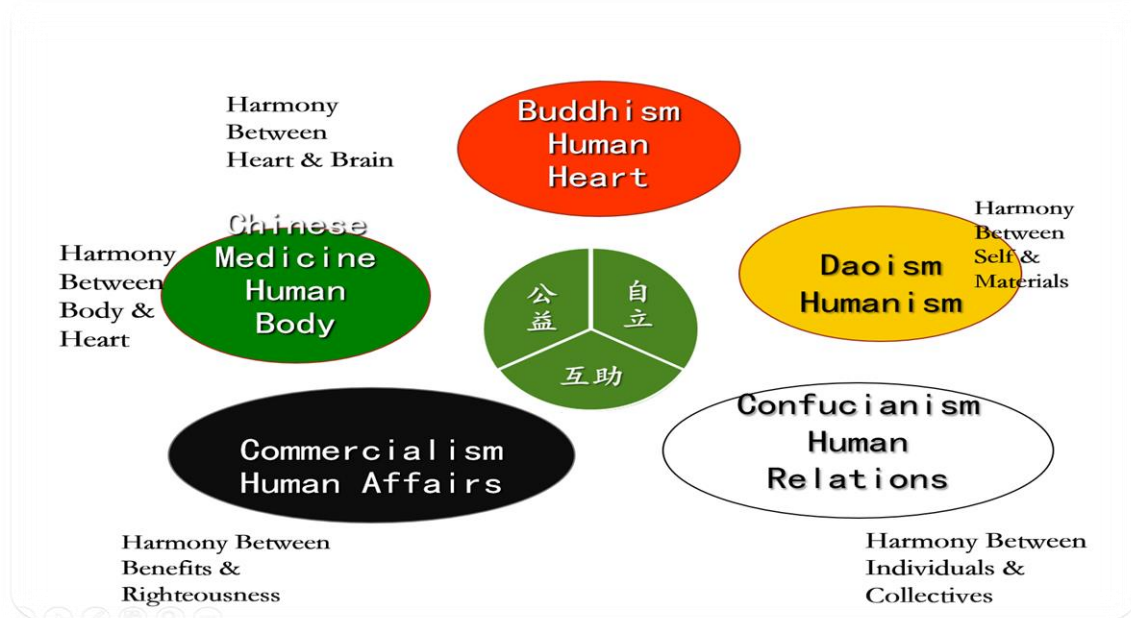


Figure 5 Five Harmonies, provided by LOHO in Da Ping Village

Lu explained to me that traditional Chinese culture focuses on ‘harmony’; they believe that these five harmonies will lead to harmony between heaven and men; moreover, modern people’s problem is to completely depend on materials; therefore, people leave their original position which was above the materials; rather, materials now are above people. Environmental protection in the West is mainly dependent on advanced techniques, but their high-consumption lifestyle has never been changed; environmental protection, to their mind, is not related to people’s spirituality. The eco-wisdom in traditional Chinese culture is people’s spiritual cultivation, from which people can truly

respect nature, love nature and embrace nature; nature and us can become oneness; rather than seeing nature as our servants; therefore, they believe that the root cause of environmental pollution is the pollution in people's heart.

Lu continuously said to me that they had made a great effort on turning the eco-wisdom in traditional Chinese culture into a practical eco-civilisation model; Da Ping Village was their first experimental site, this model is shown as a picture below:



Figure 6 Five LOHOs, Provided by LOHO in Da Ping Village

Lu patiently explained to me about each of these five LOHOs:

- **LOHO Dwellings.** LOHO aims for a low-carbon life, and this was started from ecological and low-carbon buildings. The energy consumption of buildings is mainly from three parts: the energy consumption of building materials, the energy consumption during the construction process and the energy consumption during the process of building usage. The energy consumption of the building is usually accounted for 40% of carbon emission. After the earthquake, the houses of Da Ping villagers needed to be rebuilt; LOHO invited Mr Liu Jiaping and his designer group to help villagers design new ecological buildings, which have the characteristics of the classical buildings, seismic resistance and energy saving. Liu is the chief ecological dwelling expert in the Ministry of Construction of China.

The eco-buildings made the best use of the local materials which were the woods lodged by the snow disaster in the villagers' forest farm and the recycled materials from collapsed houses in the earthquake. They've tried best to decrease the use of energy from the materials used, therefore, decreasing the amount of carbon emission; meanwhile, this also decreased the consumption of energy from transportation. This new kind of eco-building further improved villagers' lighting and ventilation conditions, decreasing the amount of electricity consumption during the day time. Moreover, the design of light body walls with energy saving and heat preservation has the characteristic of 'warm in the winter and cool in the summer'. Before the earthquake, the villagers used charcoal for heating in the winter; after using the light body walls, the heating period in the winter has been decreased by 1/3, directly decreasing the amount of energy consumption and carbon emission.

LOHO eco-buildings aim at simplicity and functionality. Before the earthquake, the per capita housing area of each villager was 70 to 100 square meters; in the reconstruction of their houses, they encouraged the villagers to decrease the per capita housing area to 35 square meters for each villager. Consequently, this not only significantly decreased the construction cost, but also it decreased the energy consumption of the buildings and daily consumption by a great deal. The saved land was used to build a rural ecological inn for rural eco-tourism. Through these methods, LOHO eco-houses in Da Ping Village saved at least 50% of energy consumption and carbon emission in comparison with the houses before the earthquake.

They also set up a garbage sorting centre with cleaners, on the basis of each household; more than 70% of garbage are recycled; the kitchen wastes become either poultry feedings or compost; petroleum products (e.g., waste plastics) and forest products (e.g., soft packaging based on pulp), after the treatment of garbage packer, are stacked together, clearing and transporting for recycle and regeneration. Biogas construction in household and management system converted human and livestock manure into clean energy, replacing the fuel methods based on firewood and coal burning before the earthquake.

- LOHO Ritual Propriety. The deep cause of climate change and energy crisis is that the majority of people are over-dependent on material energy consumption and see this as the standard of high-quality life. This causes material energy crisis, life energy decline; more importantly, it brings more profound energy crisis; i.e., spiritual energy crisis. We have now lost the friendship, kinship and love; thus, we have lost the source of happiness and the ability to be happy. LOHO ritual propriety education goes beyond the material level, directly runs towards the home of spirituality. They carried out a variety of forms of education around the theme of ‘respect heaven and cherished materials’; for example, playing videos and movies, lectures, dissemination of the relevant knowledge, trainings, enlightening and guiding villagers through the actions of low-carbon dwellings, low-carbon livelihood and low-carbon health care, making villagers feel proud of low-carbon life. During the summer time, LOHO volunteers also train the children in the village, making children understand the meaning of low-carbon life; low-carbon is not low quality; it follows nature; therefore, it is the true high-quality life; and they give a different interpretation of high-quality life – ***cherish material energy, increase body energy and store spiritual energy***. Additionally, they also hold many events for the purpose of the revival of traditional Chinese virtues such as ‘filial piety is in priority to any other virtues’, ‘neighbourhood harmony’, ‘labour is honourable’ and ‘good relationship between mother-in-law and daughter-in-law’; for example, they held birthday parties for old people aged over 70; villagers performed in the small theater in the village about neighbourhood relationship and the relationship between mother-in-law and daughter-in-law; farm implements shows, etc.
- LOHO Health Care. When the Western world discusses the issue of climate change and the corresponding solutions, its basic logical thinking is the thinking of Western medicine; i.e., to deal with problems on an ad hoc basis; therefore, the issue of energy and the development of renewable energy are focused. They did not see that there is another crisis along with today’s energy crisis; i.e., the ***decline and crisis of life energy*** caused by over depending on and over consuming material energy, neither

did they see that over depending on chemical medicines and treatments causes misunderstanding for health and the ecological footprint produced by energy consumption and environmental pollution during the production of chemical medicines. LOHO goes beyond the narrow energy and material concept, entering *the level of life*. The spirit of LOHO health care is to have a lifestyle conforming to nature. It aims at preventative treatment rather than treatment when diseases really happen; this can decrease the energy consumption and environmental pollution during the production of chemical medicines, and it also can reduce the pain of the patients. First, the eco-dwellings, Chinese herbal garden, organic agronomy garden and fresh air can offer a good environment for people's health; second, one member from each household, as the responsible person for family health management and the reporter for family health file, took training on medical care.

- LOHO Livelihood. Modern agriculture has had an enormous influence on climate change. It is also called petroleum agriculture, which is different from traditional farming; the former has formed a production system from the use of machines, chemical fertiliser and pesticide to long-distance transportation and anti-season crops; and this system is supported by non-renewable energy such as petroleum and coal. Lu told me that according to the estimate from the experts of FAO³⁰, if petroleum agriculture could be transferred to ecological agriculture, energy consumption and carbon emission would be reduced by 80%.

The fundamental task of LOHO livelihood is to complete this transfer. After completing the construction of the eco-buildings, they started training local agronomists which were chosen from each household, aiming at transferring modern industry based on calcareous mining and chemical fertiliser agriculture to ecological industry based on ecological agriculture, ecological tourism and hand embroidery. They established four small organic farms, using farmyard manure and compost instead of chemical fertiliser; this can decrease the energy consumption during the production of chemical fertiliser; moreover, it can also maintain soil and restore the

³⁰ Food and Agriculture Organisation of the United Nations.

ground force, guaranteeing the food safety. The first batch of vegetables from the organic farms were sold with a price more than 50% to one time higher than the market price; this encouraged more villagers to enter into the plan of transferring from petroleum agriculture to ecological agriculture; meanwhile, they used a variety of methods promoting low-carbon livelihood and low-carbon lifestyle; e.g. conforming to heavenly Time, seasonal food tonics, conforming to ground vein, local consumption, and avoiding anti-season vegetables.

- LOHO Management. When people discuss climate change and energy crisis, few people talk about the conflicts and wars caused by the lifestyle over depending on the material energy; neither do they notice the energy consumption due to the reason that a large number of troops, police, prisons, legal courts and weapons are needed to solve the conflicts and wars; therefore, LOHO believes that establishing a harmonious society with reciprocal symbiosis is the foundation of decreasing the conflicts and wars and the energy consumption due to them; moreover, it is also the safeguard of the above four LOHOs.

With the support of the local government, they helped the villagers establish the ecological association of Da Ping Village, and then they formed a three-party joint governance mechanism with the ecological association of Da Ping Village, the two committees of the village and Beijing Global Village. Lu told me that this kind of partner mechanism not only improved the harmony of the village, but also it strengthened the community and harmony between villages and urban communities.

Please look at some pictures below, provided by LOHO in Da Ping Village:



Photograph 4 Da Ping Village



Photograph 5 Villagers and their eco-houses



Photograph 6 A group of tourists



Photograph 7 Local people making local food



Photograph 8 Liao (Second from the right hand), my parents and me

Due to the construction of eco-civilisation and revival of traditional Chinese culture from the Central Government, more local governments have now bought the LOHO service. LOHO has now been developed to other places such as a town in Chong Qing City, the villages in Hu Nan Province, Shan Dong Province and Hai Nan Province.

Chapter Seven Discussion and Design

This chapter aims to discuss the research findings described in Chapter Six; and then to answer the research question ‘What a new form of accounting may look like with traditional Chinese cultural thinking for a harmonious society’ based on the discussion.

The structure of this chapter is as follows: Section One discusses the research findings described in Chapter Six, in comparison with the Western literature and the writer’s research carried out ten years ago on the corresponding issues. Section Two gives an exploratory of what a new form of accounting may look like with traditional Chinese cultural thinking in order to help resolve the issues discussed in Section One. The chapter summary is given in Section Three.

1.0 Discussion

1.1 Case Company

In comparison to the writer’s research carried out ten years ago, there has been a great improvement for companies; in particular, state-owned companies, to realise the importance of environmental protection. Ten years ago, the writer interviewed the CEO of another state-owned company on this issue; this gentleman told the writer that ‘the responsibility of a state-owned company is to pay as much tax as we can to the government. Environmental protection is our burden because this needs great investment but a slow effect.’ Although he claimed that ‘the image of a company is like the face of a person’, he did not think that the environment damaged by a particular company would influence this company’s image by a great deal, since customers did not care about the environmental issue; what they care are products’ quality and price (Yu, 2007). In contrast, both the CEO and CFO of the case company in this research claimed the importance of environmental protection. From the perspective of the national requirement which is much more stricter than before as discussed in Chapter Two, the company needs to

achieve the status quo; from the company's perspective, they said that this is linked to the face of the company; i.e., the company's image, which can bring more profits to the company, demonstrating a significant improvement on the environmental awareness of the public; from the personal perspective, this is closely related to the body health. The first two perspectives are *apparently* consistent with the legitimacy theory as discussed in Chapter Two, which is frequently utilised by researchers to explain the reasons why corporate management takes certain actions. Suchman (1995) defines legitimacy as 'a generalised perception or assumption that the actions of an entity are desirable, proper, or appropriate within some socially constructed system of norms, values, beliefs, and definitions' (as cited in Deegan, 2014, p248). The writer argues that this definition of 'legitimacy' is positive; however, in practice, it usually becomes a tool for companies to manipulate the public; for example, Deegan (2014) argues that for organisations to be legitimate, it is not the 'actual conduct' of the organisation counting; rather, society's 'perception' about the organisation is taken into account. The world-famous philosopher Groucho Marx used to say that 'The secrets of success in business are honesty and transparency. If you can fake that, you've got it made.' (as cited in Banerjee and Bobby, 2008, p64).

Regarding the Chinese companies particularly, Zeng et al. (2012) use data collected from publicly listed manufacturing companies from 2006 to 2008 in China for empirically testing the factors which drive Chinese companies to disclose environmental information, and they conclude that 'Only the variable of organizational image and reputation is demonstrated to have a significant impact on both the act and the content of environmental information disclosure'. (p309). On the one side, this appears to be consistent with the legitimacy theory; both the CEO and CFO of the case company claimed that the good company image would bring more profits; on the other side, in China, the word 'image' is closely linked to the 'face', which is 'low' Chinese ethical traditions as Jenkins (2001) calls (Jenkins, 2001, p40). In the case company, from the senior to the middle-level management, the interviewees proudly said that they are a large state-owned company so that they cannot afford losing face; meanwhile, the workers

interviewed also cared about their own 'face'. One of the workers said that 'one of my colleagues has been caught with pouring over emulsion to the floor recently, and he was fined with 200 yuan and circulated a notice of criticism; paying money is a small thing, losing *face* is a big thing'. Webber (2010) comments that Confucianists carefully control themselves, due to the reason that they want to keep the dignity of the external posture and style for keeping 'face'; (p321). Moreover, Webber (2010) criticises that Confucianists see wealth as keeping face in a funeral rite, good fame and material enjoyment. (p322). The origin of this may go back to Confucius's time when Confucius proposes fostering people's morality by strict 'Ritual Propriety and Music', as discussed in Chapter Three; for example, there are different ways calling 'death' corresponding to different classes; even in the upper class, nobles with different ranks call 'death' differently. Different music should also be used in correspondence to different persons with identity and class and on different occasions. Consequently, a strict feudal social hierarchy is constructed strongly, with relationships such as monarch and minister, father and son and husband and wife being regularised into the concrete moral virtual values 'loyalty, faith, filial piety, righteousness, benevolence...'. in 'A Dream of Red Mansions'³¹, when the imperial concubine Yuan Chun visited her parents, '...The next moment up panted ten or more eunuchs, clapping their hands as they ran. At this signal the other eunuchs said, 'Her Highness is coming!'... then two eunuchs wearing scarlet uniforms rode slowly up to the entrance of the west street... after some time another pair appeared, then another, until there were ten pairs lined up and soft music could be heard in the distance.' It can be seen that 'Ritual Propriety and Music' without Dao guiding has lost the original meaning and become a way to keep face, showing off the differences between people and the superiority of the minorities.

Webber (2010) sees the 'face' culture in China as negative in essence (p321); and unlike the Puritans, the rational lifestyle of Confucianists is not from endogenous power; rather, it is externally constrained. (p325). This can also be reflected from how the case company

³¹ It was written 200 years ago by Cao Xueqing in the Qing Dynasty; It is one of the four great classical novels in China; it is a mirror reflecting the true face of China's feudal society.

treats environmental protection; it appears that the company has done a very good job; nevertheless, the implementation is superficial, which can be seen as follows:

- The majority of staff working on environmental protection is not qualified; i.e., only two of eight people working for the environmental protection department graduate from B.S.C. in environmental engineering. The supervisor of the sewage treatment station told me that “Workers here have been switched from other jobs without professional training and are almost at the retirement age”.
- When the writer was talking to the female staff in the water treatment station, the writer saw loads of amounts of water continuously falling from the above to the ground outside the window of her office room;
- The financial punishment for the environmental accident is not severe, with individuals 200 to 300yuan and departments 5000yuan each time; although administrative punishments such as dismissal were written in the Company Articles of Association in 2010, this has never been happened since;
- The private cars are not permitted to enter the company due to the environmental reason, except for senior managers, experts, national model workers and military representatives, who are the clients of the case company.
- When the CFO invited the writer for farewell dinner, with several departmental managers, the amount of food ordered was more than our appetites.

Moreover, during the course of the interview, other ‘low’ Chinese ethic traditions can also be seen; e.g., ‘guanxi’ and ‘human favour’ – you scratch me and I scratch you back. In fact, these ‘low’ Chinese ethical traditions are practiced in Chinese people’s daily life; on the other side, traditional Chinese culture stays on the interviewees’ lips; particularly, senior and middle-level managers; e.g., oneness between heaven and man; a harmonious relationship with nature. As mentioned in Chapter Three, one of the philosophers Li in the Song Dynasty comments that: ‘the words of Confucius is everywhere under heaven, but none is put into practice’ (as cited in Yin, 2015 November 19th). Jean-Jacques Rousseau used to criticise that there is a great gap between ideal China and real China, when Catholic priests took Chinese culture back to Europe in the 17th and 18th centuries

(Xu, 2017). Jenkins (2001) differentiates Chinese culture with 'high' Chinese philosophical traditions and 'low' Chinese ethical traditions. The former is reviewed to 'extract the essence of Chinese elitist thought', and the latter is considered for providing 'an insight into popular practice', explaining the reasons why China has failed to halt the environmental degradation while China has great ecological wisdom in the traditional Chinese culture. (p40).

Regarding the role in which the company accountants play in environmental protection, the finance department manager said to the writer that 'the duty of my department for environmental protection is to ensure the funds in place when needed'. Additionally, they need to prepare the social responsibility report which is included in the company's annual financial reporting by following the template which is provided by China Securities Commission; e.g., responsibilities for tax, the environment, the settlement of the disabled, etc. Gray et al. (1995) discover that accountants have low involvement with environmental issues, bean-counting the associated costs. (p227); similarly, Gonzalez and Bebbington (2001) conduct a case study with a Spanish electricity company, concluding the accountants' low involvement with the environmental agenda, due to the reason that accountants do not see themselves as the right agent being responsible for the environmental issues.

Generally speaking, the case company shows a significant improvement on the environmental awareness from the company level to the personal level in comparison to my research carried out ten years ago, and it appears that the company has done a good job on achieving the status-quo. Nevertheless, the writer argues that this implementation is superficial from the perspective of 'low' Chinese ethical traditions; particularly, the 'face' culture in China, which is criticised by Webber (2010) as negative in essence.

1.2 Accountancy Firm Partners

Through the interviews of the partners, it can be seen that their clients have been attaching increasing importance to the environment, owing to the reason that the Government now requires the environmental impact assessment for all listing companies; i.e., passing the

assessment is the necessary step for companies to be listed in the security market in China. For this reason, the accountancy firms now cannot provide the listing companies with any services until their clients pass the assessment. Additionally, all of the companies' engineering projects and development projects need environmental impact assessments and the projects cannot be started until the assessments are passed. When asking them³² when this starts, they said: "There has always been like this". One of them straightly said: "the assessment has existed for a long time, but it is not strict until recently". Another said: "previously...a casual report was done; but now...this report is not easily made, because nobody dares to make this report like before; examining and verifying ... has been more and more strict".

Regarding the consultancy service on social and environmental responsibilities, they do not have any due to the reason that their clients do not ask for; one of the partners from "top of the nation" said: 'if our clients ask us to help them improve their relevant policies, we will help them do; otherwise, we will not actively do this. Currently, the majority number of accountancy firms are taking the passive way to serve clients.' Meanwhile, the partners interviewed all mentioned the environmental information disclosure. They point out that many listed companies now disclose the environmental information³³ in the annual reports, but the environmental information has never been audited, due to the reason that there are no auditing standards on this, but they audit the provisions for the serious environmental accident penalty since there is corresponding auditing standard on this. Two of the partners interviewed show interests on offering the services on social and environmental responsibilities, and they see this as an excellent business opportunity. when the writer told them that what the writer has been trying to do is to design a simple

³² Two of the partners have started working in the accountancy firms from the 1990s, and the rest is from the 2000s.

³³ 《Environmental Information Disclosure Guidelines for Listed Companies (exposure draft)》 was firstly published on September 15th, 2010 by Ministry of Environmental Protection of the People's Republic of China for public opinions; and citizens, legal persons and other organisations can give feedback to the ministry via fax or emails before September 25th, 2010; However, I cannot search any online information about the date on which 《Environmental Information Disclosure Guidelines for Listed Companies》 is introduced; I also called with the telephone number provided online for public opinions on the guidelines, and this number belongs to another organisation now; therefore, it is presumed that the guidelines are still on the exposure draft stage.

model through which people's value could be changed. They said to the writer that 'This is very hard, we are already like this, what you need to do is to adapt yourselves to the current environment'.

Generally speaking, the accountancy partners interviewed are consistent with Gray et al. (1995) and Gonzalez and Bebbington (2001) as mentioned above that accountants do not see themselves as the right agent being responsible for the environmental issues so that the degree of their involvement with the environmental agenda is low. Moreover, it also demonstrates the level of Chinese companies disclosing the environmental information, since none of them has consulted the accountancy firms on this issue. 《Evaluation Report on environmental information disclosure of China's Listed Companies》 (2015) shows that although the percentage of the listed companies releasing the information has been continuously increasing since the evaluation report started in 2013, the overall disclosure level belongs to the development stage; some companies even describe the environmental responsibilities with a couple of simple sentences.

1.3 Accounting Students

The accounting students interviewed show a failure in accounting education. Students work very hard on obtaining different kinds of accounting certificates before graduation, aiming to become professional accountants shortly, due to the reason that professional accountants have a high salary and high social status. The majority number of students interviewed define 'success' as 'money and social status'. one female student even said that 'I think that people who can cook books are also very successful because they must have very proficient accounting skills for doing this.' The writer argues that their accounting equation is 'accounting = skills + money + social status'. This is consistent with the accounting education situation in the West; for example, Gray et al. (1994) argue that the current accounting education is in failure from the intellectual and ethical perspective. McPhail (1999) argues that accounting students discipline themselves in a way to serve the interests of capitalism without realising their *unethical* identity and

accounting education is simply reduced to the technical issue, and ethics is ignored in the process of decision making. Moreover, 'hidden curriculum'³⁴ is used to make people believe the goodness of capitalism; hence, serving its interests and being unconscious of its *moral atrophy* (Thomson & Bebbington, 2004; Bebbington & Thomson, 2001; Bebbington, 1999). Furthermore, Bebbington et al. (1997) carried out a questionnaire survey of accounting students studying at the two Scottish universities, regarding their attitudes towards accounting and their expectations from studying accounting, and they conclude that the accountancy profession and the subject of accounting is masculinely gendered, making accounting ignore feelings and emotions, due to the reason that they are subjective, 'soft' and unmeasurable; thus, accountancy does not consider externalities such as pollution, starvation, poverty and exploitation of Third World countries. The research of Bebbington et al. (1997) is consistent with Hines (1992)'s argument that 'Absolute Masculine' dominates the accountancy profession, regardless of the biological gender.

60% of accounting students interviewed choosing environmental accounting module is due to the credits issue; the reason for the remaining students choosing this module is that it sounds cutting-edge and magnificent. During the interview, the writer can see that the environmental accounting knowledge they learned is about how to use the traditional accounting tools such as activity-based costing to solve the environmental issues without the compromise of the economic development, and how environmental accounting can help the sustainability of the economic development. Deegan (2017) argues that social and environmental issues are treated as 'new variables' by mainstream accounting 'against which to associate share price movements, corporate profits, accounting based bonuses, or other research measures'. (p68); as a result, 'Absolute Masculine' still dominates accounting education and accountancy profession; students learning this

³⁴ 'hidden curriculum' which Illich considers to be 'a ritual that can be considered the official initiation into modern society; institutionally established through the school. The purpose of this ritual is to hide from its participants the contradiction between the myth of an egalitarian society and the class-conscious reality it certifies'. Further, he proposes that the hidden curriculum is pervasive and everyone 'initiates the citizen to the myth that bureaucracies guided by scientific knowledge as efficient and benevolent. Everywhere this same curriculum instils in the pupil the myth that increased production will produce a better life'.

module do not think that accountants need to take social and environmental responsibilities except for one female student, who said that ‘I have learned... no matter which professional field is chosen, we all have social responsibilities. Before I have learned this module, I never thought that accountants have the responsibility for the current environmental issue; and I know it now from learning this module’. ‘Absolute Masculine’ can also probably explain why the case company accountants and accountancy firms as discussed above have low involvement with the environmental agenda to a certain degree.

McPhail (2001) comments that accounting education alone does not attribute to the situation above; instead, it works out with the operation of a suite of ideological state apparatuses including the family and organised religion. (p478); therefore, the whole society contributes to this. The writer argues that education as a whole is in failure. As mentioned in Chapter Six, there is an article commenting that ‘the biggest failure of China’s education is what students learn is too useful’. Professor Qian Liqun from Beiking³⁵ University contends that ‘Some of our universities, including Beiking University, have been cultivating some sophisticated egoists; they have high IQ, they are secular, sophisticated, good at acting ... if they have power one day, they would be more harmful than ordinary corrupt officials’ (Bai Du. Sophisticated Egoists). The Government of China is aiming to reverse it; in Article 42, 《Decisions of the Central Committee of the Communist Party of China on Some Major Issues Concerning Comprehensively Deepening the Reform》³⁶, it claims that ‘...strengthen the core socialist value system³⁷ education; improve the outstanding traditional Chinese culture education...enhance the social responsibilities of the students...’

³⁵ Beiking University and Tsinghua University are two best universities in China; their position in China is equivalent to the University of Cambridge and University of Oxford in the U.K.

³⁶ It is abbreviated as 《Decisions》. It was adopted at the Third Plenary Session of the 18th Central Committee of the Communist Party of China on November 12th, 2013. It is an important basis for estimating the administrative policies and the focus points of work of the new leadership team, which starts from the year 2013.

³⁷ It has been building up around “Prosperity”, “Democracy”, “Civilization”, “Harmony”, “Freedom”, “Equality”, “Justice”, “Rule of Law”, “Patriotism”, “Dedication”, “Integrity” and “Friendship”. These words are easily seen in public places, e.g. underground stations and bus stops.

Students interviewed do not value traditional Chinese culture and see her as conservative and superstitious. In contrast, they adore Western culture, seeing her as modern, free and open minded. Nevertheless, the writer argues that they do not truly understand the essence of these two cultures, and what makes them think in this way is that nowadays, the world is defined by the West, which set up the rules for the world. If you want to have money and social status, you need to follow their rules; as discussed above, to their mind, accounting = skills + money + social status.

Generally speaking, education as a whole is in failure, sophisticated egoists have been cultivated. Most accounting students do not think that accountants should take social and environmental responsibilities; to their mind, accounting = skills + money + social status. This is consistent with the accounting education situation in the West discussed in Western scholars' papers regarding accounting education. 'Absolute Masculine' dominates the accounting education and accountancy profession regardless of the biological gender (see, for example, Hines, 1992; Bebbington et al., 1997), making accounting students and professional accountants ignore feelings and emotions which are subjective, 'soft' and unmeasurable (Bebbington et al., 1997). This can probably explain why the case company accountants and accountancy firms as discussed above have low involvement with the environmental agenda to a certain degree.

1.4 Local Governmental Officials

Both of the local officials in charge of the local environmental protection (Guang Zhou and Peng Zhou respectively) claimed the importance of environmental protection and the governance of it through transferring economic development mode depending on innovations and high technology, aiming to achieve green, circular and low-carbon economic development model with sustainability. The local official from Peng Zhou City told the writer that the local government closed many companies with high pollution by force such as small thermal power plants, coal mine, small cement plants, and small sand and stone factories. They started this from 2011 and shut down more than 600 enterprises with high pollution during the period of five years. They now develop mountainous area

tourism, aiming to build up national level eco-city and continuously improve the quality of the environment. Their understanding of the eco-civilisation is that this civilization is higher than the industrial civilisation, which depends on high energy consumption; instead, the eco-civilisation is the civilisation which aims to achieve oneness between heaven and man and pursue a harmonious relationship with nature; this is also their understanding of the ecological wisdom in traditional Chinese culture. Both of them mentioned ‘Lucid waters and lush mountains are gold and silver mines’, which was said by Chinese leader Xi Jinping in many occasions; the complete sentence is ‘Better to having lucid waters and lush mountains than to having gold and silver mines; Lucid waters and lush mountains are gold and silver mines.’ This idea was first proposed by Xi on a visit to Yu Village in An Ji City, Zhe Jiang Province on August 15th, 2005, when he was the Governor of Zhe Jiang Province (Yao and Jing, CPC News Net, 2017 June 5th). Regarding the overall plan for the reform of eco-civilisation system as introduced in Chapter Two, both of the local officials claimed that they have been doing this step by step, but it is still at the early stage, they are doing while learning. The local official from Peng Zhou City told the writer that they now have environmental auditing, revenue auditing and corruption auditing to the local officials, but they have not started producing natural resource balance sheet. when the writer wants to ask more details, both of them answered me with changing the topic, demonstrating that this is at the very early stage as they claimed above. Meanwhile, this information is also reported by online news; for example, Du (2016 December 26th) reports that the local government of Guang Zhou have decided to carry out natural resource asset auditing to the departing cadres from December 2017; nevertheless, it only gives some plans without details, showing the consistency with what the two local officials said. Moreover, it also shows the difficulty in the implementation of the central governmental policies.

During the interview, the local official of Guang Zhou told the writer that one of the jobs of her department is energy saving assessment to the enterprises in the city. It is mainly a paper assessment by looking at the written materials handed in by the assessed enterprises; sometimes, they carry on field assessment; they then organise the assessment materials

and report the result to the local government. She proudly said to the writer that ‘It has lasted for ten years; until now, we haven’t found out any assessed enterprises which are not up to the standard’. There are two issues from this: the first is ‘mainly paper assessment’; the second is that no single company has been against the standard for ten years. The reliability and validity of the second issue are questioned by a great deal due to the first issue; additionally, the actions of the non-human actants described in Chapter Six also illustrate the unreliability and invalidity of the second issue. The writer argues that the local governments do not always follow the Central Government, and the former is sometimes short-eyed, focusing on pursuing short-term economic benefits as shown in the actions of the non-human actants described in Chapter Six. The local official of Peng Zhou said to the writer that they closed the biggest pharmaceutical company in the city. Its annual turnover was 400 million yuan, and it paid 100 million yuan tax to the local government every year, but it caused serious pollution; as a result, the government granted it 500 million yuan subsidies for the closure, and then they gave its environmental capacity to other companies such as Sichuan Petrochemical. The consideration of ‘environmental capacity’ shows that the local government considers the environmental issue from the market economy perspective, and the true reason for closing the pharmaceutical company can be investigated further.

Generally speaking, the local governments are working towards the environmental protection; however, the economy-focused thinking makes their understanding of the ecological wisdom in traditional Chinese culture and the eco-civilisation limited to ‘a harmonious relationship with nature’, rather than deeper thinking of moral corruption due to leaving Dao as discussed in Chapter Three. In practice, they mainly treat the environmental issue as a technique issue, aiming to achieve it by advanced techniques, transferring economic development mode and other market instruments such as carbon emissions trading and environmental capacity trading.

1.5 Professor Ye

Professor Ye is an expert in environmental engineering from Sun Yat-Sen University

which is one of the top ten universities in China. His opinion of the environmental issue is not an independent issue relying on techniques only; rather, it is a social issue reflecting the 'sickness' of the whole society, which is now profit-driven, seeking nothing but money. Therefore, the system of 'harming each other' has been formed; e.g., farmers who grow grapes never eat grapes because they know how much sodium cyclamate is sprayed to grapes for better taste, but they eat other food such as rice, potatoes and vegetables; farmers who raise pigs never eat pork because they know that pigs are raised in a fast but unhealthy way, but they eat fruits, chicken, rice and so on, showing that moral corruption makes people see everything independent instead of integrated as discussed in Chapter Three. Ye also mentioned the current education situation that nowadays kids in schools talk about how to make much money and how to become powerful. They even compare each other's family that which is richer or whose father is more powerful. His son used to say that 'I hope that my grandfather could be a general so that I would make much money by using this relationship'. This shows a failure in education as a whole as discussed above and 'low' Chinese ethical traditions have even been penetrated children. Moreover, Ye told the writer that there is a full black industry in which there are specialised companies helping companies do stealing emission; they even sail to the high seas, where the wastes are directly discharged because there are holes at the bottom of the boats. This shows that people make money at the cost of everything, even health and life; there is a Chinese saying goes 'Birds die for food, people die for money'. This is one of the 'low' Chinese ethical values being practiced in Chinese people's daily life as always, and it makes a significant contrast with 'high' Chinese philosophical traditions, which are traditional Chinese cultural thinking as discussed in this thesis.

Generally speaking, Professor Ye's opinion of environmental protection is that the environmental issue cannot be simply down to the technique issue relying on advanced techniques only; rather, it is a social issue mirroring the 'sickness' of the society as a whole.

1.6 Summarisation of the Actions of the Human Actants

The actions of the human actants demonstrate that the environmental awareness up from the Government down to the ordinary people has been improved significantly in comparison to my research carried out ten years ago, since the serious health issue has risen to the surface which everyone in China can see and more and more people have been personally suffering from it. The Government of China has been making a great effort on the governance of the environment. As discussed in Chapter Two, the eco-civilisation has been proposed in the 17th National Congress Report in 2007 (17th National Congress Report), aiming to lead Chinese people to live in a low-carbon lifestyle which stresses the interdependent and harmonious relationship between human beings and nature, instead of exploiting nature. The eco-civilisation in China is not equivalent to ecological protection, although it is originally due to the issue of the ecological environment (Zhang, 2014, p96). It is not simply the transformation of the production mode transferring from industrial civilisation to eco-civilisation; rather, this is the systematic transformation of the economy, society, culture, education and the world view. It will redefine the social relationship, the relationship between human beings and nature and the relationship between people. The objective is to achieve the development and happiness of human beings; rather than focusing on materials as the *ends*. People's body and mind will never become split; instead, they will become congruent (Xiao, 2018 April 17th). In practice, the Government of China has integrated the eco-civilisation into all the aspects and the whole process of economic construction, political construction, cultural construction and social construction; i.e., five-in-one; for example, the environmental protection law is revised in 2014, on the basis of 1989 《Environmental Protection Law of People's Republic of China》. It is considered to be the most severe environmental law in the history of China. In 2015, the central Government of China issues more detailed plans for the construction of eco-civilisation in 《Overall Plan for the Reform of Eco-civilisation System》. The revival of traditional Chinese culture has also been included

into the construction of the eco-civilization, due to the reason that the view of nature which the new era of eco-civilisation needs and the harmonisation value are highly consistent with 5000-year traditional Chinese culture (Zhang, in Zhao, 2013).

The writer argues that despite the fact that the central Government has made a great effort towards the construction of the eco-civilisation, the implementation by the local governments and companies stays on the surface, due to the reason that their mind is still within ‘what we can do for economy’ rather than ‘what economy can do for us’ (Birkin and Polesie, 2012). The situation is the same in the West demonstrated in the literature regarding the companies towards the environmental issues; for example, Lamberton (2000) designs an accounting model by using environmental performance indicators and life cycle analysis and test it in a farm, and he finds out that although the organisations have environmental awareness, and there are some consistencies between their industrial design and their ecological goals of sustainable development, the model designed provides the evidence of ecological unsustainability, due to the reason that ‘most businesses are operating within an industrial system that prioritises economic wealth over ecological preservation, and are forced to be competitive with organisations that do not consistently pursue ecological and social goals’. (p603). Gray (1992) introduces ‘sustainable cost calculation’, aiming to explore what additional costs organizations need to bear ‘if organizational activity were not to leave the planet worse off’; and argues that ‘The probability is that no western company has made a ‘sustainable profit’ for a very long time, if ever’. (p419 – 420). Bebbington and Gray (2001) attempted to put the idea of ‘sustainable cost calculation’ into practice through testing it in a company in New Zealand, but it fails. They argue that the key reason for this failure is ‘an implicit attachment to a ‘business as usual’ scenario within the case organisation’, and they contend that ‘if business and society want to undertake an SD (Sustainable Development) path it will not be business as usual’. (p583). Gray et al. (2014) comment that ‘...Under capitalism, it is almost certain that the whole corporations cannot be responsible’ and conclude that it is both ‘ridiculous’ and ‘improper’ to expect corporations to be responsible. (p49).

On the one side, a number of Western scholars reach an agreement that the current economic system under capitalism focusing on the economy only is the root cause so that it cannot be taken as given (see, for example, Kallio et al., 2007, p49; Birkin, 1996, 2000; Hines, 1992; Bebbington, 2001, p137; Bebbington & Gray, 2001; Lamberton, 2000, p603; Bebbington, 1997, p376; Gray et al., 2014, p12, 25, 49); on the other side, Webber (2010) argues that there are no other civilised countries like China which has ever lifted the material wealth as the ultimate goal (p314); Webber (2010) continually says that according to the travelers' descriptions, the daily conversations between local Chinese people are money and money affairs, which no other countries can compare with (p319). Webber (2010) calls this as endless, strong economic calculation and very exclamationarily extreme materialism. (p319); from this perspective, the writer argues that pursuing wealth is not unique to capitalism. Webber (2010) points out that the difference of pursuing wealth between Chinese people and Puritans is that the former treats it as the ultimate goal; they focus on this worldly life, and pursuing and accumulating wealth are keeping face and material enjoyment; while the latter does not focus on this worldly life, since they see themselves as pilgrims living in this world and their permanent home is in heaven; pursuing and accumulating wealth are to honor God. Therefore, the writer argues that the former treats wealth as the *ends*, while the latter treats it as the *means*, and the position of the former is under the materials, while that of the latter is above the materials. Webber (2010) argues that the former is constrained by the values from outside, while the latter is 'from within'; from this perspective, the writer argues that the origin of capitalism is positive, vivid and the profit-driven is seen as the *means* rather than the *ends*. However, through the development of capitalism, wealth is accumulated more and more, people start leaving God, focusing on this worldly life, and profit-driven is seen as the *ends* and becomes an essential characteristic of capital (Webber, 2005); people come down from their original position of being above the materials to under the materials. Therefore, the writer argues that the current economic system under capitalism is not the root cause; rather, human beings selves are the root cause, as discussed in Chapter Three from the perspective of traditional Chinese culture. This will be discussed more in Section Two in

which a new form of accounting is proposed.

This research also shows that Chinese people nowadays do not truly understand the spirit and essence of traditional Chinese culture; instead, they follow the *image* of Western culture outside with ‘low’ Chinese ethical traditions inside in daily practice. ‘Oneness between heaven and man’ and ‘a harmonious relationship with nature’ can now be seen and heard in many places and occasions in China, but they only stay on people’s lips. During the interview, the writer can see that interviewees talk about them without deep understanding; even the local officials interviewed only understand them literally, limiting the deep meaning as discussed in Chapter Three to nature self. As mentioned above, one of the philosophers Li in the Song Dynasty comments that ‘the words of Confucius is everywhere under heaven, but none is put into practice’ (as cited in Yin, 2015 November 19th). Jean-Jacques Rousseau used to criticise that there is a great gap between ideal China and real China when Catholic priests took the Chinese culture back to Europe in the 17th and 18th centuries (Xu, 2017). Jenkins (2001) differentiates Chinese culture with ‘high’ Chinese philosophical traditions and ‘low’ Chinese ethical traditions. The former is reviewed to ‘extract the essence of Chinese elitist thought’, and the latter is considered for providing ‘an insight into popular practice’, explaining the reasons why China has failed to halt the environmental degradation while China has great ecological wisdom in traditional Chinese culture. (p40).

As Professor Ye commented, the environmental issue is not an independent issue; rather, it is a social issue reflecting the ‘sickness’ of the whole society focusing on money only. As a result, education as a whole is also influenced by this ‘sickness’ significantly; gaining knowledge is to have money and social status and ‘low’ Chinese ethical traditions have even been penetrated the school children; particularly, in accounting education, accounting students’ equation for accounting is that accounting = skills + money + social status. The same situation is found out by the Western accounting scholars in the West, and it is argued that the reason for this is that ‘hidden curriculum’ is used to make people believe the goodness of capitalism; hence, serving its interests and being unconscious of its *moral atrophy* (Thomson & Bebbington, 2004; Bebbington & Thomson, 2001;

Bebbington, 1999). As a result, accounting comes down to the technique issue only and 'Absolute Masculine' dominates the accountancy profession and accounting education regardless of the biological gender (see, for example, Hines, 1992; Bebbington et al., 1997), making accounting students and professional accountants ignore feelings and emotions which are subjective, 'soft' and unmeasurable (Bebbington et al., 1997). This can probably explain why the case company accountants and accountancy firms have low involvement with the environmental agenda to a certain degree. Additionally, Bebbington et al. (1994) point out that accountants are not likely to take new initiatives without the former guidance (in Gray, et al., 1996, p71). This can be reflected in the accountancy firm partners interviewed. On the one side, they explain that they do not take clients' social and responsibility reports seriously due to the reason that there are not corresponding auditing standards, and they do not have consultancy service on the social and responsibility report of the clients because no clients ask for; on the other side, this mirrors the level of Chinese companies disclosing the environmental information which is at the development stage, evaluated by 《Evaluation Report on environmental information disclosure of China's Listed Companies》 (2015) as mentioned above.

Many of the writer's research findings are consistent with the West although they are in different contexts. The writer argues that this is probably due to the reason that profit-driven has become the ultimate goal around the world. without Dao (Truth) guiding, money has made people leave the original position of being above the materials, which causes moral corruption, which can also be reflected in the Western literature; for example, Gray et al. (1994) argue that there is an intellectual and *ethical* failure in the current accounting education. McPhail (1999) claims that accounting students are taught to serve the interests of capitalism without realizing their *unethical* identity, and 'hidden curriculum' is used to make people believe the goodness of capitalism; hence, serving its interests and being unconscious of its *moral atrophy* (Thomson & Bebbington, 2004; Bebbington & Thomson, 2001; Bebbington, 1999). As discussed in Chapter three, from the perspective of traditional Chinese culture, moral corruption due to leaving Dao (Truth) makes people unable to see the integration of everything; therefore, the environmental

issue and other social issues such as poverty and exploitation of the Third World countries occur. The writer argues that these issues are not independent, and this will be discussed more in Section Two.

1.7 The Involvement of the Actions of the Non-human Actants

The actions of the human actants show that the whole society focuses on money. Environmental protection is seen as ‘win-win’ situation with economic development as the priority. When the actions of the non-human actants are involved, the interactions between heterogeneous actants make more ‘hidden things’ rise to the surface; as Latour (2005) comments, there is no ‘something behind’, just add more actants.

The research findings show that environmental protection has now become a new industry in which business people want to ‘have a finger on the pie’ due to the reason that it can bring them huge amounts of profits by doing businesses such as environmental impact assessment and sewage treatment plants. However, news reported that sewage treatment plants had become environmental pollution source; e.g., the issues of over discharge, high energy consumption and low productivity appeared (Environmental Protection Today, 2018 April 26th). Meanwhile, a number of black industries have been illegally formed along with more and more serious treatments on environmental protection from the Central Government; for example, a black industry helping companies do stealing emissions has now been formed. There discovered a number of black industry chains for illegally transferring industrial wastes (China Center Television Net News, 2018 July 5th), and a full black profit chain for illegally buying and selling foreign wastes and transferring Certificate of Approval for Import of Wastes (Baijiahao News, 2018 January 3rd). The director of the documentary film 《Plastic China》 as demonstrated in Chapter Six Wang Jiuliang comments that the areas where the foreign wastes are treated are seriously polluted – the crops cannot be grown; people need to buy water for daily use, and cancer is very usual in those areas. Nevertheless, local people are still willing to do this for the economic gain even at the cost of their lives Wang said that ‘This ignorance in the bone moves me very much’ (Sohu News, 2014 December 22nd).

The research findings also show that some local governments have still grown economy at the cost of the environment, and they even help the local companies cheat on the inspection from the Central Government (Sohu News, 2018 July 10th). Moreover, the attitudes of ‘pretending rectification’, ‘perfunctory rectification’ and ‘rectification on the surface’ are held by some local governments when the inspection groups ask them to rectify; the news uses the word ‘horrifying’ (China.com News, 2018 June 30th). Corruption also occurs within the governmental bodies in charge of the environmental protection, focusing on environmental impact assessment, supervision of law enforcement, solid waste management, environmental monitoring and application and approval of special fund respectively, along with the stricter treatments from the Central Government in those areas. The amounts involved are enormous – frequently over ten million yuan; and most of them are group corruption (China Center Television Net News, 2018 June 12th).

In comparison to my research carried out ten years ago, from being unaware of the importance of environmental protection to realising the importance of it, and from casual treatment on environmental protection by the Central Government to the serious treatment on it, China has made a significant improvement on this issue. However, the writer argues that the economy-focused thinking has not been changed at all. Ten years ago, people do not care about the environmental issue because this will block the economic development, and ten years later, environmental protection has become a new way to make money legally and illegally. Chinese media also mislead the public by commenting that environmental protection is down to the transfer of the economic development mode and the economic structure and a strict legal system should become high voltage cable (see, for example, Xin Hua Net news, 2015 December 10th; People Daily, 2018 July 9th; Xin Hua Net News, 2018 June 5th; People Net News, 2018 June 6th; Sohu News, 2018 July 10th; China.com News, 2018 June 30th). The meaning of eco-civilisation as discussed in Chapter Two and mentioned above as well has been misunderstood. Traditional Chinese culture is not practiced in daily life; instead, ‘low’ Chinese ethical traditions are very popular. In fact, it has been popular for thousands of

years throughout the history of China as discussed in Chapter Three.

The writer argues that the economy-focused thinking of Chinese people has never been changed for thousands of years. As mentioned above, Webber (2010) comments that there are no other civilised countries like China which has ever lifted the material wealth as the ultimate goal (p314); and according to the travelers' descriptions, the daily conversations between local Chinese people are money and money affairs, which no other countries can compare with (p319). Consequently, the writer does not agree with many scholars' opinion that the current environmental issue is due to China blindly following the Western industrial civilisation (see, for example, Zhang, 2013, as cited in Zhao, 2013; Xiao, 2018 April 17th; Liao, 2010); instead, the writer argues that Chinese people just follow the *rules* set up by Western countries for making money. As in today's world, Western countries set up the rules for the world, if you want to do business and make money, you have to follow these rules, regardless of your wills. Moreover, we also learned the techniques from the West, but the profit-driven and economy-centered thinking have been into Chinese people's bones for thousands of years, and they are not learned from the West, although the West has the same thinking.

Many of the interviewees admire Western countries' lifestyle and *clean-look* environment, and students blindly adore the image of Western culture. However, the writer's research findings show that the Western lifestyle is associated with high energy consumption and their happiness is based on materialism. Outrageously, their high-energy-consumption lifestyle is at the cost of environmental pollution, disease, blood and death of people in developing countries, and their clean-look environment is due to transferring wastes to developing countries like China as demonstrated in the chapter of research findings. As shown in the research findings, a twelve-year old Canadian girl Severn Suzuki said in the United Nations Conference on the Earth Environment of the West in 1992, that '... In my country ***we make so much waste, we buy and throw away, buy and throw away, buy and throw away*** and yet Northern countries will not share with the needy. Even when we have more than enough we are afraid to share, we are afraid to let go of some of our wealth ... why are we who have everything still so ***greedy?***.....' (Sohu Culture, 2017 September

25th). McPhail (1999) contends that power makes people discipline themselves in such a way allowing the hegemony of capitalism, along with its concomitant injustice, e.g. the exploitation of children, the environment, the third world economies, to continue unchallenged (p838). McPhail (1999) continually argues that Western people serve the interests of capitalism, which is rational and instrumental as described by Foucault (p844) so that people believe that their unethical behaviours are proper and ethical (McPhail, 1999). As mentioned in Chapter Three, The last Confucianist Liang Shuming (1893 – 1988) used to predict that the future culture of the world is the revival of Chinese culture (Alitto, 2013, p101; Liang, 2013), since Liang argues that Western modernism emphasises ‘rationality’ and the result of this is that they only see nature as an object of use and conquest to achieve material satisfaction. This attitude also forms the way how they treat other people in the world (Alitto, 2013, p86)

From the perspective of traditional Chinese cultural thinking as discussed in Chapter Three, since Dao (Truth) – the first layer of heaven was lost, people have started pursuing beautiful things and difficult-to-obtain objects for materialistic and flesh pleasure, and the popular knowledge for showing off the cleverness is aimed for this, which is completely different from the knowledge of Dao, as illustrated in 《Dao De Jing》 as discussed in Chapter Four. Beautiful things and difficult-to-obtain objects need money so that it causes moral virtue – the second layer of heaven corrupted to a great extent; moral virtue has become a manipulative tool for rulers to legitimate their rulings as discussed in Chapter Three; and it makes people unable to see the integration of everything as discussed in Chapter Three. As a result, human beings lose the harmonious relationship with the natural world – the third layer of heaven, including the harmonious relationship between ourselves and with nature; and thereby lots of issues occur; e.g., environmental issue, the exploitation of the third world; health and safety; child abuse; traffic in persons. The writer argues that moral corruption is not due to any system or -ism; rather, this is due to human beings leaving the original position of being under Dao and above the materials. This will be discussed more in Section Two.

1.8 Turning Point

The final two projects in this research show that we are moving towards the *primal episteme* as discussed in Chapter Two; ‘incredible edible’ started in Todmorden, U.K. helps people themselves find a new way of living with the purpose of building a different and kinder future through *an organic process and the increasing recognition of the power of small actions*. People participating in this project have changed; for example, Estelle used to buy designer things, but now she has realised that materials are not able to fill in the heart. A simple way of living can make people feel bountiful; she even feels guilty to buy new things which she does not need. In comparison with high-energy consumption lifestyle in the West, this simple way of living is much needed now. People are also reconnected with each other through this project.

‘LOHO’ project in China is a project which put the eco-wisdom in traditional Chinese culture into a practical eco-civilisation model. With harmonies between body and heart, heart and brain, benefit and righteousness, individuals and collectives and self and materialism, the model aims for a low-carbon life through five LOHOs of dwellings, ritual propriety, health care, livelihood and management. Liao, the founder of this project used to comment that *conscience and moral virtue* are the universal law of environmental protection (Liao, 2010, p296). Consequently, LOHO goes beyond the narrow energy and material concept, entering *the level of life – cherish material energy, increase body energy and store spiritual energy* through living a low-carbon life.

The two projects are in different countries, the former is even spread to more than 700 countries around the world now, showing that a change has been happening around the world. Although people from different countries use different methods, we are aiming towards the same goal; i.e., less depending on materials, leaving space to spirituality and then restoring the harmonious relationship with nature and between people. The next section is discussing how accounting can help to achieve this goal with traditional Chinese cultural thinking.

2.0 A new Form of Accounting – Spiritual and Organic

The Vanity of Life

The words of the Preacher, the son of David, king in Jerusalem

“Vanity of vanities’, says the Preacher;

“Vanity of vanities, all is vanity”.

What profit has a man from all his labour

In which he toils under the sun?

.....

That which has been is what will be,

That which is done is what will be done,

And there is *nothing new* under the Sun.

Is there anything of which it may be said,

“See, this is new”?

It has already been in ancient times before us.

(Ecclesiastes 1: 1 – 10, Holy Bible)

This section is to answer the research question ‘What a new form of accounting may look like with traditional Chinese cultural thinking for a harmonious society?’ based on the research findings discussed in Section One. Section One discusses the general situation of environmental protection in China in comparison with the Western literature, and the writer’s research carried out ten years ago on the corresponding issues. Overall, the Central Government of China has made a great effort on the governance of the environmental degradation; e.g., the environmental protection law revision, techniques, economic development mode transfer and economic structure restructure, issue of 《Overall Plan for the Reform of Eco-civilisation System》 and the revival of traditional Chinese culture. The purpose of these measures is to construct the eco-civilisation with traditional Chinese cultural thinking guiding, going beyond the industrial civilisation which is high-energy consumption, high environmental pollution and low welfare (Zhang, 2013, as cited in Zhao, 2013). The eco-civilisation in China is not equivalent to ecological

protection, although it is originally due to the issue of the ecological environment (Zhang, 2014, p96). It is not simply the transformation of the production mode transferring from industrial civilisation to eco-civilisation; rather, this is the systematic transformation of the economy, society, culture, education and the world view. It will redefine the social relationship, the relationship between human beings and nature and the relationship between people. The objective is to achieve the development and happiness of human beings; rather than focusing on materials as the *ends*. People's body and mind will never become split; instead, they will become congruent (Xiao, 2018 April 17th). In practice, the Government of China has integrated the eco-civilisation into all the aspects and the whole process of economic construction, political construction, cultural construction and social construction; i.e., five-in-one.

Meanwhile, the public awareness of environmental protection has been improved significantly in comparison to my research carried out ten years ago. The local governments and companies also work towards environmental protection. However, the writer argues that the implementation is superficial, with some local governments still growing economy at the cost of the environment and the attitudes of 'pretending rectification', 'perfunctory rectification' and 'rectification on the surface' being held by some local governments when the inspection groups from the Central Government ask them to rectify (China.com News, 2018 June 30th). More shockingly, environmental protection has become a new way to make money legally and illegally, owing to the reason that the economic-focused thinking has not been changed at all. As discussed in Section One, this has been into Chinese people's bones for thousands of years. Consequently, the understanding of the eco-civilisation by the local governments, companies and Chinese media is limited to the economic development mode transfer, and the economic structure restructure based on 'win-win' situation with the priority in the economic development. Traditional Chinese culture only remains on the interviewees' lips without the deep understanding and practice; instead, 'low' Chinese ethical traditions such as 'guan xi', 'face' and 'money' are popular in daily practice. Under these circumstances, education as a whole in China is in failure, with students learning

knowledge for money and social status. Accounting education does not escape from this. Accounting students' equation to accounting is that accounting = skills + money + social status. This reflects their negative attitudes towards the social and environmental responsibilities, which also mirrors that the accountants have low involvement with the environmental agenda in practice.

In comparison, the Western countries' immoral behaviour demonstrated in the research findings, and the Western literature on the corresponding issues show that the Western countries have a very similar situation with China. From traditional Chinese cultural thinking perspective, the writer argues that this is due to the reason that human beings leave Dao (Truth) (the first layer of heaven) so that we pursue the popular knowledge for materialistic and flesh pleasure instead of the knowledge of Dao as discussed in Chapter Four. Consequently, the economic-focused thinking for earning more and more money causes moral virtue (the second layer of heaven) corruption which makes human beings unable to see the integration of everything so that we lose the harmonious relationship with the natural world (the third layer of heaven) including the relationship with nature and the relationship between ourselves. Fortunately, there are people around the world realising this so that they are desperate to change, as shown in the final two projects in Research Findings. Although people from different countries use different methods, we are aiming towards the same goal; i.e., less depending on materials, leaving space to spirituality and then restoring the harmonious relationship with nature and between people.

2.1 A Brief History of Accounting

The word 'account' means to record and report. Accounting history shows that accounting always has a close relationship with materials, including money. It records and reports the giving and receiving of materials in pictures and words in primitive and ancient time individually and numbers later. Accounting has been using its own way to represent this material world for serving different purposes over different historical periods. In ancient time, she serves governments for planning, budgeting, collecting tax and distribution of

materials, and this is in the macroeconomy sphere. In China, this is called official accounting (see, for example, Wen, 2012; Yan, 2017). Chatfield (2017) contends that the development of official accounting in China is peaked up in the Zhou Dynasty (1044 B.C. – 256 B.C.), and accounting is mainly used to evaluate governmental plans and the working efficiency of governmental officials in this agricultural country. In the first stage of budgeting, the different governmental departments with different functions provide a large number of materials about the population, harvest and production procedure individually. Bookkeeping and overseeing department provide income and expenditure report, maps, statement of the population with different vocations, the numbers and types of production tools and budgetary statement of natural resources. Food management department is mainly responsible for the report regarding the harvest forecast. The central government then makes decisions about national finance such as physical tax rate and shrink or expansion of governmental plans, according to these materials. Besides, 15-day report, monthly report and annual report should be made with auditing by sampling. This auditing emphasises the performance of governmental officials, and it is the basis for their rewards or punishments. Chatfield (2017) comments that the internal control, budgeting and auditing in the Zhou Dynasty is very advanced in the ancient world; however, this accounting system has not been made any improvements until the introduction of double-entry bookkeeping technique in the 19th century (p7 – 8). In the meantime, there are also advanced accounting system with budgeting, reporting, auditing and internal control in other civilised countries in ancient time such as Egypt, Babylon, Greece and Rome; for example, in Egypt, the cross-checking system is established; the record by an official must be consistent with that of others. The accounting books recorded by bookkeepers must be checked by the warehouse supervisor, and people with serious offence inflict amputation or death penalties (Chatfield, 2017, p6). Greece is a country with democracy, and there occurs the important concept of financial openness for the first time in human history. Some accounts are engraved on stones for the opening to citizens; the record of every government official must be audited by governmental auditors when they retire; nevertheless, corruption is still often happened (Chatfield, 2017, p9). In Rome,

accounting books are kept by every family. There are two types of family books: one is the daybook recording daily income and expenditure; another one is the cashbook transferring out monthly. Family books are important due to the reason that taxpayers need to produce account statements about their property and finance according to Law; additionally, the civil rights of citizens depend on the amount of declared property to some extent (Chatfield, 2017, p11 – 12).

It can be seen from above that modern accounting system with budgeting, financial reporting, internal control and auditing has nothing new, and the ancient accounting system is even stricter than the modern one. When it comes to the modern accounting system, the method and purpose of recording have been changed. This change starts in Italy, where is the birthland of double-entry, which is the common bookkeeping method around the world now. The birth of double-entry is due to the Crusades and the prosperity of the Mediterranean trade. In addition to the warships and food, the Crusaders also bring other Eastern products like silk and spices. This stimulates the needs of Western Europeans to these products; therefore, they produce more of European products in an exchange with these Eastern products and this trade brings about 300-year commercial revolution, which is the preparation for the industrial revolution in the 18th century (Chatfield, 2017, p35). Genova and Venice become the places for linking the trade between Europa and the Near East. Italians care for accounting very much; they always standardise and legalise good accounting methods (Chatfield, 2017, p36). Accounting now is not only for macroeconomy but also for microeconomy. Under this circumstance, double-entry bookkeeping was born. In his mathematical treatise《Summa de Arithmetica, Geometria, Proportioni et Proportionalita》, Luca. Pacioli, who is an Italian mathematician describe double-entry bookkeeping; double-entry is then spread to other European countries such as Holland, Germany and Britain; and Pacioli is called ‘Father of Accounting’ (see, for example, Wen, 2012; Chatfield, 2017; Yan, 2017). Through the development of business, double-entry is turning mature gradually. In the meantime, accounting standards, auditing and accounting profession have been established and developed due to a number of reasons such as business scandals, cooking books, and the

inconsistency of accounting methods among businesses (see, for example, Wen, 2012; Chatfield, 2017; Yan, 2017). Nowadays, accounting is not just seen as a technique for recording, overseeing and disclosing financial information of businesses, but more, she is used to playing a part in creating reality (Hines, 1988), due to the reason that accounting creates a ‘facticity that appears objective, beyond the fray of politics or mere opinion’ by giving visibility to management, objects and organizational activities (Miller and Power, 2013, as cited in Quattrone, 2015, p4). However, Quattrone (2015) argues that ‘the commensurate numerical and scientific representations, such as accounting and economic calculations, are never a priori, complete and objective’. (p3). ‘They are always subject to continuous power struggles and translations (Canrniawska and Sevon, 2015, as cited in Quattrone, 2015, p3) that result from epistemological impossibility of fully grounding their existence, beliefs and assumptions in complete scientific representations and objective calculations’ (Knorr Cetina, 1997, as cited in Quattrone, 2015, p3).

2.2 Returning to the Origin of Accounting – Being More Instead of Having More

As discussed in Chapter Two, scholars propose having a new form of accounting for solving the serious environmental issue, and this new form of accounting may have the potential to create a fairer and more just society (see, for example, Bebbington, 1997; Gray, forthcoming; Latour, 2013; Birkin and Polesie, 2012; Cho and Gioradano, 2015), since they criticise that modern accounting focuses on the economy only while ignoring other aspirations of civil society. Consequently, accounting starts looking at not only economic issue; but also any other issues; e.g., health and safety, sustainability, unemployment, ecology, biodiversity, famine; sex discrimination. On the one side, these research makes accounting scholars restart knowing accounting and seriously thinking what accounting is and what more accounting can do for the society instead of profit maximisation; on the other side, under the atmosphere of ‘we can do more, more and even more’, it is now common to hear that ‘accounting should include this, accounting should include that...’. However, the ambition of ‘taking the world as the duty’ does not bring

too much development; take SEA research as an example, Deegan (2017) comments that SEA research over the last 25 years has not improved organisations' accountability at a greater level. Gray et al. (2014) hold the same opinion that the accountability of organizations is no better or even getting worse. (p2). Gray and Laughlin (2012) claim that social accounting literature has not been significantly presented in mainstream literature. The reasons for this can be complex. Most SEA researchers believe that an important reason is the current economic system within which businesses pursue short-term economic interests only while driving out non-economic values (see, for example, Birkin & Polesie, 2011; Birkin & Polesie, 2012; Bebbington, 1999; Gray, 1992); therefore, the current economic system needs to be abandoned in order to fundamentally solve the issues (see, for example, Gray et al., 2014, p217; Gray, forthcoming; Bebbington, 1999). In the meantime, they criticise that what mainstream accounting researchers are doing for social and environmental issues is 'business as usual' (see, for example, Bebbington and Gray, 2001); 'cosmetic change' (see, for example, Milne and Gray, 2013) and treating social and environmental issues as 'new variables (opportunities) against which to associate share price movements, corporate profits, accounting-based bonuses, or other research measures' (Deegan, 2017, p68).

Moreover, academic researchers including SEA researchers nowadays only pursue the short-term gains such as promotions, paper publications and personal fame. Deegan (2017) states that academics in many countries throughout the world are expected with work plans, which 'identify expected research outputs and outlet targets (ranked journals)'; but 'Thoughtful, innovative research takes time'. (Deegan, 2017, p69). Deegan (2017) points out that SEA researchers have tended to 'rely upon secondary data and without active engagement'. (p69). Gray (2002) argues that SEA researches are largely passive and even conservative; they neither advance those accountings nor 'is it obvious that the primary motivation behind such research is to do so'. (p698). Gray (2002) comments that it seems that projects which SEA researchers study are subject to 'trends' and even 'fashion'; such as environmental accounting, which follows the cycle as 'environment – not-environment – environment'. (p697). Deegan (2017) points out, from reporters' side, that in the early

1990s, reporters focus on reporting environmental issues; in the mid-1990s, social issues, which was the focus of some reporters in the 1970s, are reintroduced, and reporters nowadays have embraced such notions such as TBL reporting, CSR reporting and more recently, sustainability reporting. (p66). Gray (2002) points out that the inconsistency of authors' presence in the field; they enter a project and then depart and leave the issues raised from this project never be resolved. (697). Gray et al. (2014) point out that:

'so rather than increasing cohort of informed intelligent and able people with a desire for change, we fear that society is encouraging the formation of an increasingly informed cohort of intelligent people who see little further than the next grade mark, the next job or the next journal article'. (p2).

The writer argues that we need to stop doing *addition*; instead, it is the time for SEA research to do *subtraction*. We should look at accounting as a whole instead of accounting for everything separately; e.g. social and environmental accounting, biodiversity accounting, carbon accounting, health and safety accounting, ecological accounting, sustainability accounting. In fact, in the early literature regarding SEA, accounting scholars see SEA as a media to develop a new form of accounting for a better society (see, for example, Gray, 1992; Bebbington, 1999, 1997; Bebbington and Gray, 2001); Bebbington (1997) claims that 'EA (Environmental Accounting) has been concerned with exploring and developing new forms of accounting which are more socially and environmentally benign and which have the potential to create a fairer and more just society'; however, through the failures in putting traditional accounting techniques into EA; for instance, Sustainable Cost Calculation as discussed in Chapter Two (Gray, 1992; Bebbington and Gray, 2001), scholars start changing the direction to develop SEA with the criticism of the traditional accounting based on the neo-classical economics within which businesses pursue short-term profits maximization while driving out non-economic values (see, for example, Birkin & Polesie, 2011; Birkin & Polesie, 2012; Bebbington and Gray, 2001; Gray, 1992; Bebbington, 1999), attempting to develop SEA going beyond traditional accounting (see, for example, Gray, 1992; Birkin, 1996) and encourage 'a different conceptual base' (Bebbington, 1999, p150) and 'a redrafting of our mental maps'

(Gray & Laughlin, 2012). This has become a seemingly unending quarrel between the traditional accounting or mainstream accounting researchers and SEA researchers, with the former criticising the latter as ‘not accounting’, ‘anthropocentric’, ‘under-theorised’, and ‘threatening profitability’ (Gray, 2002, p688), while the latter criticising the former as the cause of the social and environmental issues. Moreover, SEA researchers tend to take many issues into account with the ambition of ‘Accounting should include this, accounting should include that’ and with the method of setting up many accountings as mentioned above; e.g., social and environmental accounting, biodiversity accounting, carbon accounting, health and safety accounting, ecological accounting, sustainability accounting.

On the one side, it is good to see that SEA researchers are willing to take many social responsibilities and aim to have a better society through the development of accounting; on the other side, these developments have gone far away from the origin of accounting as demonstrated in 2.1; and have not improved accountability at a greater level (Deegan, 2017) or even getting worse (Gray et al., 2014, p2). Consequently, the writer is calling that it is the time for these accountings to return to the origin of accounting, from where accounting prospers. The writer argues that there is a common root cause behind all of these issues, and we need to go back to the origin of accounting and think what accounting is and what accounting can do for society. We need to turn the eyes from outside to the inside of ourselves. The writer does not agree that the current economic system is the primary source of these issues so that it needs to be abandoned, and a new form of accounting needs to take over modern accounting which is the product of this economic system, since both the modern economic system and modern accounting are created by human beings, who is the root cause. If following the ‘abandon’ and ‘replace’ logic, does this mean that we human beings have to be abandoned and then replaced? Certainly not. We need to change but not in the ‘abandon’ and ‘replace’ way; rather, we need to change ‘from within’ (see, for example, Birkin and Polesie, 2012). Johnson (2017) states that ‘... *human beings* have long acted as destroyers, not stewards, of Earth and its inhabitants. (p168). Zhuang (2009) holds the opinion that the issue of environmental protection seems

about materials and the environment on the surface; actually, this is due to the depravity of the heart. (p362). Liao, a well-known environmentalist in China, comments that the environmental protection is not only limited on nature self; rather, the environmental issue is caused by heart pollution and spiritual desert; therefore, solving the issue is heart healing (Liao, 2015 May 26th). Liao (2010) claims that conscience and moral virtue are the universal law of environmental protection. (p296). Xiao (2018 April 17th) proposes that the beautiful vision of eco-civilisation depends on **self-moral and spiritual cultivation** and the ecological environment is the natural result. Furthermore, the core of the revival of traditional Chinese culture in China's eco-civilisation construction is to improve the morality of Chinese people.

It can be seen from above that the Chinese way of morality improvement is different from the Western way of 'abandon' and 'replace'. The former sees that the ecological issue and any other issues are not independent, and the root cause is moral corruption of human beings; therefore, morality improvement is the ends and fundamentally solving these issues are the result of this. The former sees that changes need to be 'from within'; in contrast, the Western way of 'abandon' and 'replace' deals with these issues independently and look for reasons 'from outside', and then 'abandon' the 'old' and replace with a 'new'. The question here is whether a 'new' will be better than the 'old'; nobody really knows. The writer argues that we should not focus on creating a 'new' and abandoning the 'old'; instead, we should ask the question "is 'new' true" before we start the journey, due to the reason that Truth will never change across time and space, and 'new' does not mean 'true' so that it will probably create 'new' problems and maybe even worse than the 'old'; if that happened, would we continue 'abandon' and 'replace'? as mentioned above, no matter what kind of system or -ism, they are all created by human beings; therefore, we should turn the eyes from outside to the inside and repent and mend ourselves.

As far as accounting is concerned, the writer argues that we need to go back to the origin of accounting and think what accounting really is and what accounting can really do for society. Accounting history shows that accounting begins with recoding. The role of

accounting is a helper, helping macroeconomy first and then both macroeconomy and microeconomy. The development of accounting is due to the development of the economy; in particular, microeconomy; and the former helps the latter move further. The relationship between economy and accounting is like husband and wife, with husband leading and wife helping and overseeing. However, accounting scholars; in particular, SEA scholars believe that accounting is more than this and accounting creates reality (see, for example, Hines, 1988) so that accounting has become feminism and bravely criticised all sorts of bad deeds of her husband; e.g. quantitative representation, economic value only, driving out non-economic values, primary source of many issues in the society, and even worse, she wants to abandon her husband with whom she has married for thousands of years. She really believes that she can do more and more, and can account for everything under heaven, and creates a better society as long as she changes her form. The question here is that form can be changed easily but form without root has no life and will not last long and then changing form will become normality but will not bring any goods. As discussed above and in Chapter Three, the writer argues that the primary source of these issues in society is morality corruption of human beings; and any kind of system or -ism, modern accounting and quantitative representation, etc. are all scapegoats. When Jesus came to the world, the people of Israel expected him to lead them to overthrow the rule of Rome and rebuild the glory of the past; but the purpose of Jesus coming is to help them find Truth and save their hearts; i.e., 'from within' rather than outside. When people asked John the Baptist the question of what they shall do for bearing good fruits. He answered and said to them, 'He who has two tunics, let him give to him who has none; and he who has food, let him do likewise.' Then tax collectors also came to be baptised, and said to him, 'Teacher, what shall we do?' And he said to them, 'Collect no more than what is appointed for you.' Likewise the soldiers asked him, saying, 'And what shall we do?' So he said to them, 'Do not intimidate anyone or accuse falsely, and be content with your wages' (Luk 3: 10 – 14, Holy Bible). John the Baptist did not ask them to replace the old job with a new one or overthrow the current regime; instead, he asked them to change themselves, fulfilling their very basic duties which appear small but will bring

dramatic change to the society ‘from within’.

The writer argues that the fundamental duty of accounting is to honestly keep books with proficiency. This duty has probably been forgotten for a very long time, as we are used to ‘big’ and ‘more’ and not willing to spare a glance for this very small and basic thing. The picture below taken by myself for my daughter in Chinese New Year, 2017 shows what beautiful visual effect a ribbon can bring. However, no matter how beautiful it is and how many different forms it can have, the origin of them is from a simple ribbon, but people often focus on the beautiful visual effect and ever-changing forms, totally ignoring the simple ribbon which produces all of these.



Photograph 9 A little girl playing a ribbon

The founder of Confucianism Confucius used to be an accountant for some time. He comments that the duty of accounting is to keep books with clarity and integrity (Meng Zi). This is the ribbon of accounting from which accounting prospers. The duty reflects the morality an accountant needs to have. It is easy to say but hard to do. In fact, accounting scandals throughout the accounting history show that this has never been achieved. Auditing was born for overseeing; however, it always fails this job, and the continuous development of auditing reflects the uninterrupted failure of fulfilling the accounting duty; i.e., the ribbon of accounting; this reflects morality failure of accountants.

The writer argues that this is due to the reason that accounting discipline never aims to seek *Dao or Truth*; for example, in the preface of his treatise, Flori (1636) claimed that accounting was a pragmatic science, the aim of which was ‘not to establish truth but to solve problems that were always changing...’ (as cited in Quattrone, 2015, p23). There are two points here the writer cannot agree:

First, Truth (Dao) is not established; rather, Truth is sought. The established truth is not Truth self, and anyone could establish so-called truths;

Second, solving problems without Truth (Dao) guiding will create more problems; consequently, accounting enters the circle of problem-solving, problem creating, problem- solving...; this is probably the reason why Flori comments that problems were always changing.

The writer argues that accounting discipline needs Dao guiding. Dao is the root. The continuous failure of fulfilling the basic accounting duty – the ribbon of accounting is due to the reason that accounting discipline does not seek Dao. As discussed in Chapter Three, Dao is the root of everything under heaven and rootless thing does not last long, and moral corruption of human beings is due to the reason that the first layer of heaven of Dao is not followed; so is morality failure of accountants. The writer firmly believes that it is not the time to do addition any longer; instead, we need to do subtraction, going back to the ribbon of accounting and to fulfil this fundamental duty by seeking Dao, and then rebuilding up a relationship with Dao rather than focusing on solving problems ‘that were always changing’, and then *fundamentally* solving problems is the result – ‘being more rather than having more’ (Birkin and Polesie, 2012).

2.3 Repositioning Accounting – Seeking Dao

As discussed in Chapter Two, the construction of China’s eco-civilisation is moving towards primal episteme; however, both of them concentrate on the horizontal relationship in this natural world, but solving the issue of nature by nature self is in a closed system so that it will not be fundamentally solved and more issues will probably be brought up. Therefore, we need to rebuild up a vertical relationship with the first layer

of heaven of Dao, with Dao leading. This is the root of traditional Chinese culture as discussed in Chapter Three. However, since Confucius's time, Dao has been removed from Chinese culture, concentrating on moral improvement and moral virtue has been seen as the order of the universe; however, moral virtue without root Dao is becoming moral corruption. The history of China introduced shows a history of moral corruption and moral virtue has become a tool for rulers legitimating their ruling. In the construction of China's eco-civilisation, some Chinese scholars see the root cause of ecological disaster; i.e., moral corruption, and they propose heart healing (see, for example, Zhuang, 2009; Liao, 2015 May 26th). Consequently, the beautiful vision of eco-civilization depends on **self-moral and spiritual cultivation** and the ecological environment is the natural result after (Xiao, 2018 April 17th).

Regarding accounting discipline, many accounting scholars; in particular, SEA researchers, are used to 'big' and 'more'; and ambitiously want to take everything under heaven into account: 'accounting should include this; accounting should be accountable for that...', replacing the current economic system and modern accounting with a new form of accounting. The writer argues that these are all scapegoats, the root cause of all the issues in society is due to the moral corruption of human beings. If we do not repent and mend ourselves, any system or -ism or a new form of anything will not help, as they are created by human beings who should be renewed in the first place. 'Keep your heart with all diligence, for out of it spring the issue of life' (Proverbs 4:23, Holy Bible).

The writer argues that this new form of accounting should not be down to the technique or knowledge issue; rather, it is the issue of life. Form without root has no life and will not last long; moreover, 'new' does not mean 'true' so that it may go wrong. A new form of accounting needs the root – Dao (Truth) but accounting history shows that we have been burying ourselves in solving endless and 'always-changing' problems without looking up for Dao – the first layer of heaven. Moreover, this new form of accounting should not be limited by time and space; in another word, it is not for solving the current environmental issue only; rather, the current environmental issue is an opportunity for SEA scholars seriously consider what accounting is and what accounting can do for

society. The writer suggests that we need to go back to the fundamental duty of accounting – the ribbon of accounting, from which accounting prospers. This duty is not just simply a function and technique issue as it appears; rather, it reflects the soul of accounting – morality. However, this has never been achieved throughout the accounting history. The development of auditing and professional ethics fails this job. The more they develop, the more failure this shows. The writer argues that this is due to the reason that accounting discipline never considers self as a discipline seeking Dao (Truth) – the root of everything under heaven as discussed in Chapter Three. The rationality of human beings leaving Dao is fallen and the fallen rationality creates ‘popular knowledge’ as discussed in Chapter Four, pursuing ‘more’ and ‘big’. It looks responsible, but nothing has been truly improved; instead, the rationality needs returning to Dao, and Dao leads morality recovery and finally the recovered morality causes knowledge creation with the knowledge of Dao as discussed in Chapter Four. Moreover, the values of this new form of accounting should not be in accordance with the current issues which need to be solved at the current time, such as economic, social and environmental values (see, for example, Elkington, 1997) or economic, social and ecological values; instead, the values should be superior to the current issues and never be changed across time and space. The reason for this is that as mentioned above, this new form of accounting should not be technique or knowledge issue but the issue of life; it is not for solving ‘always-changing’ issues including the current environmental issue but solving these issues is the natural result. Issues are always changing, but the root and the values from the root never change so that they can always give guidance when solving different issues. From this point of view, the writer believes that the values of this new form of accounting are spiritual and organic – the issue of life springs from the heart, which needs spiritual cultivation for seeking Dao and then following Dao. Moreover, as mentioned in Chapter Three, the difference between the Chinese word ‘文化’ and the English word ‘Culture’ is that the former emphasises moral virtual cultivation and the promotion of spirituality, which the latter lacks; this is a vertical relationship with Dao; when we rebuild up a vertical relationship, it will lead us to value nature, value life and then building up a horizontal relationship with holistic thinking in

the world; i.e., primal episteme, through the morality recovery. The idea of this framework is shown as a picture drawn by myself below:

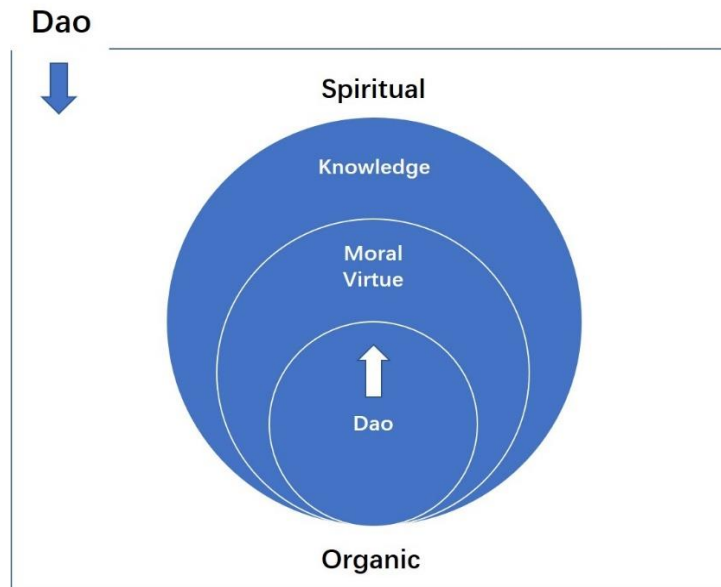


Figure 7 The relationship between Dao, Moral Virtue and Knowledge

It can be seen from the picture above that this world cannot be a closed system; instead, it needs Dao coming in. When Dao comes in, Dao will lead us to recover moral virtue so that our rationality can be returned to Dao; finally, this returned rationality helps to create knowledge with the knowledge of Dao; and then primal episteme is the result of moral virtue by Dao.

The summarisation of the writer’s overall thinking of this new form of accounting is as follows:

1. This new form of accounting has nothing new – ‘there is nothing new under the Sun’ (Ecclesiastes 1: 9, Holy Bible); instead, it is *renewed* ‘from within’ – the issue of life (Proverbs 4:23, Holy Bible). If we do not repent and mend ourselves, any system or –ism or a new form of anything will not help, as they are created by human beings who should be renewed in the first place.
2. Form without root has no life and does not last long; consequently, accounting needs to seek Dao (Truth) – the first layer of heaven in traditional Chinese culture thinking. ‘New’ does not mean ‘True’ and a new form of accounting without Dao (Truth) guiding will probably create more problems; therefore, this new form of accounting

needs to have the root – Dao (Truth).

3. It is the time for SEA researchers to do subtraction rather than addition anymore; we need to go back to the ribbon of accounting from which accounting prospers; i.e., the fundamental duty of accounting – to keep books with clarity and integrity. This reflects morality – the soul of accounting. However, the continuous development of auditing and professional ethics shows that this fundamental duty has never been achieved, due to the reason that accounting discipline has been focusing on ‘always-changing’ issues without seeking Dao – the root; just like moral virtue in traditional Chinese culture has never been achieved throughout the history of China because Dao – the first layer of heaven, has been lost since Confucius’s time.
4. Since the writer argues that accounting should not focus on solving ‘always-changing’ problems but needs to look up seeking Dao, the values of this new form of accounting should not be in accordance with the current issues, such as economic, social and environmental values (see, for example, Elkington, 1997) or economic, social and ecological values; instead, the values should be superior to the current issues and never be changed across time and space. The writer believes that the values of this new form of accounting are spiritual and organic – we need spiritual cultivation for seeking Dao, recovering the vertical relationship; then we can have a harmoniously horizontal relationship with holistic thinking, valuing nature and life.
5. Based on traditional Chinese cultural thinking of the three layers of heaven – Dao, moral virtue and the natural world, this new form of accounting needs Dao to recover moral virtue so that our rationality can be returned to Dao, and this returned rationality helps to create knowledge with holistic thinking in the natural world – primal episteme is the result of moral virtue by Dao.

This new form of accounting makes accounting seen differently. This renewed and repositioned accounting is not narrowed for solving the environmental issue although it is originally from it; rather, it makes us reconsider the direction of the development of accounting – it should not let ‘always-changing’ issues direct where it goes; instead, it needs to look up seeking Dao – the root, from which we are becoming ‘more’ and ‘big’,

which are not aimed at but the natural result of seeking Dao. The practical model of this new form of accounting will be given next.

2.4 A Practical Model

As discussed above, the values of this new form of accounting are spiritual and organic which should go beyond the current issues. The writer has been thinking that how accounting can help the whole society value these two values; instead of doing additions with ‘accounting for more and more’. The writer suggests doing subtraction for accounting, going back to the ‘accounting ribbon’; i.e., the fundamental duty of accounting – to keep books with clarity and integrity. Although the quantitative figures have limitations, they are practical; due to this reason, this new form of accounting is still represented in a quantitative way, and this quantitative representation can make people value the spiritual and organic values.

‘...I have three treasures which should be kept forever: the first is kindness, the second is thrift, the third is not to dare to have the supremacy in everything...’ (Chapter 67, Dao De Jing). Accounting with quantitative representation is not able to account for the first and third treasure, but the second treasure can be accounted for by accounting. In traditional Chinese culture, practicing thrift can preserve essence and cultivate morality. Liao, the founder of LOHO project also believes that ‘Thrift is the greatest environmental protection; and thrift is to reduce the unnecessary consumption (Sohu News, 2017 December 5th), which is consistent with her idea of *‘cherish material energy, increase body energy and store spiritual energy’*. Furthermore, conserving resources and protecting the environment are two basic State policies as stated in the 17th, 18th and 19th National Congress Reports (17th National Congress Report, 18th National Congress Report and 19th National Congress Report), and they are linked closely. Therefore, the writer argues that people may value the spiritual and organic values through practicing thrift; in consequence, people’s morality including the morality of accountants is highly likely to be recovered.

To design this new form of accounting, there are three things the writer bears in mind: first, ‘the great Dao is ultimately simple’; accounting for thrift appears simple, but it reflects people’s heart, from which the spiritual and organic values may be valued and morality recovered; second, Ying-Yang in Chinese culture teaches the writer that everything has two sides, and each side gains meaning only by being the opposite to the other (Becker, 1999, p90) – thrift represents ‘less’ side; and the other side must be ‘more’ – less is more, more is less, according to the knowledge of Dao; third, the ‘incredible edible’ project shows to me that the power of small actions is awesome. The model of this new form of accounting is as follows:



Figure 8 Accounting for Thrift

Instead of keeping books by professional accountants in companies, accounting for thrift is carried out in each family from which one family member is chosen to do recordings. The reasons for this are as follows:

- The spiritual and organic values need to be valued by the whole society;
- As mentioned above, it is both ‘ridiculous’ and ‘improper’ to expect corporations to be responsible (Gray et al., 2014, p49). When the whole society values these two values, companies will have to value them and change their behaviour accordingly;
- People working for companies are also family members in different families so that

they may bring the two values to their workplaces.

The Government needs to support this and let it become a national practice. Each community can take responsibility for this; for example, they can set up standards and decide which ‘mores’ and ‘lesses’ are accounted for; e.g., more walking and bicycle time and less car-driving time; more reading time and less TV, mobile and computer game time; more spending on good books and less spending on clothes, shoes, electronic products and holidays; they are not limited to monetary terms. Each community can design the format of account books and distribute them to families living in the community. Each community can regularly hold some events such as thrift experience sharing, family book show and the model family for thrift competition. There can be communications between communities as well. As a result, people’s high-energy-consumption lifestyle will probably be transferred to low-carbon lifestyle from the heart (*spiritual*) out of which spring the issue of life (*organic*). People’s happiness will not be dependent on materials; instead, people’s spirituality is becoming bountiful. They may start thinking the meaning of life, seeking Dao (Truth), and then rebuilding up a vertical relationship with Dao – *spiritual value*; consequently, people can truly value life and nature and build up a horizontal relationship with holistic thinking in the world – *organic value*.

Accounting for thrift by each household is nothing new – ‘There is nothing new under the Sun’ (Ecclesiastes 1: 9, Holy Bible); for example, as mentioned above, in Rome, accounting books are kept by every family, and family books are important due to the reason that taxpayers need to produce account statements about their property and finance according to Law; additionally, the civil rights of citizens depend on the amount of declared property to some extent (Chatfield, 2017, p11 – 12). Komori (2007) comments that accounting by each household has played a very important social role throughout the history of Japan, and it has made a great contribution in the success of the national ‘savings promotion movement’ with women involved in during the post-war period. Accounting for thrift by household in this thesis is renewed, aiming to change people’s values and then recover morality – the order of the universe in traditional Chinese culture

based on Dao. In terms of the accounting discipline, this accounting model aims to call accountants and accounting researchers who are also family members to return to the fundamental accounting duty – to keep books with integrity and clarity and treat this very seriously; hence, recovering the morality of accountants. Moreover, this renewed accounting will probably help reposition accounting; i.e., it needs to look up seeking Dao rather than focusing on solving ‘always-changing’ issues as discussed above. Therefore, accounting will be revalued with spiritual and organic values instead of economic, social and environmental values or economic, social and ecological values which will be the result of valuing the spiritual and organic values; additionally, it may enrich the literature regarding accounting by household (see, for example, Komori, 2007; Komori, 2012; Carnegie and Walker, 2007).

3.0 Chapter Summary

This chapter discusses the research findings described in Chapter Six, in comparison to the Western literature and the writer’s research carried out ten years ago on the corresponding issues. The writer argues that although the public environmental awareness has been greatly improved in comparison to the writer’s research carried out ten years ago, the implementation of environmental protection by companies or even some local governments stays on the surface. The reason for this is that the economy-focused thinking due to leaving Dao has never been changed throughout the history of China. Environmental protection has now even become a new way to earn money legally and illegally. Traditional Chinese cultural stays on the interviewees’ lips without deep understanding. In practice, ‘low’ Chinese ethical traditions such as ‘face’, ‘guan xi’ and ‘money’ with ‘money’ in the center are very popular. Under these circumstances, education as a whole is in failure; students pursue knowledge for money and social status. In accounting education, the writer argues that the accounting equation for accounting students is that accounting = skills + money + social status. This also mirrors that professional accountants in both companies and accountancy firms have low involvement with the environmental agenda and are less likely to take other social responsibilities as

well. There is a great gap in the understanding of eco-civilisation between the Central Government and others such as companies, some local governments, and the media; with the former seeing it as the systematic transformation of economy, society, culture, education and the world view, and not equivalent to ecological protection although it is originally from this issue; while the latter seeing it down to the economic development mode transfer and the economic structure restructure.

Meanwhile, the Western countries' immoral behaviour demonstrated in the research findings, and the Western literature on the corresponding issues show that the Western countries have a very similar situation with China. From traditional Chinese cultural thinking perspective, the writer argues that this is due to the reason that human beings leave Dao (Truth) (the first layer of heaven) so that we pursue the popular knowledge for materialistic and flesh pleasure instead of the knowledge of Dao as discussed in Chapter Four. Consequently, the economy-focused thinking for earning more and more money causes moral virtue (the second layer of heaven) corruption which makes human beings unable to see the integration of everything so that we lose the harmonious relationship with the natural world (the third layer of heaven) including the relationship with nature and the relationship between ourselves. Fortunately, there are people around the world realising this so that they are desperate to change, as shown in the final two projects in the research findings. Although people from different countries use different methods, we are aiming towards the same goal; i.e., less depending on materials, leaving space to spirituality and then restoring the harmonious relationship with nature and between people; i.e., primal episteme.

Based on the discussions of the research findings, a thought of a new form of accounting with traditional Chinese cultural thinking is explored and a practical model is designed accordingly. In the writer's opinion, this new form of accounting should not be focused on solving the environmental issue only; instead, the environmental issue is a starting point for SEA researchers deeply think how accounting should be positioned and the development of accounting as a whole. As mentioned and discussed many times throughout this thesis, the root cause of the environmental issue and any other social

issues is moral virtue (the second layer of heaven) corruption of human beings due to leaving Dao (the first layer of heaven) so that we are not able to see the integration of everything and then we lose the harmonious relationship with nature and between ourselves in this natural world (the third layer of heaven). Consequently, this new form of accounting should not be down to the technique or knowledge issue; rather, it is the issue of life. It should not aim at solving ‘always-changing’ issues and let these issues direct its development; e.g. social and environmental accounting, biodiversity accounting, carbon accounting, health and safety accounting, ecological accounting, sustainability accounting, with the ambition of many SEA researchers ‘accounting should include this, accounting should be accountable for that...’, it is hard to imagine what more accountings we will have in the future.

The writer argues that accounting should be looked at as a whole. Instead of focusing on solving ‘always-changing’ issues, accounting should be *repositioned* to look up seeking Dao (Truth) to lead us to recover moral virtue so that our rationality can be returned to Dao, and then this returned rationality helps to create knowledge with the knowledge of Dao as discussed in Chapter Five. This repositioned accounting calls the accounting researchers; in particular, SEA researchers to start doing subtraction instead of doing addition by returning to the fundamental duty of accounting; i.e., keeping books with clarity and integrity, which reflects the morality an accountant needs to have in the first place but has never been achieved. In the meantime, the values of this accounting are **spiritual** – rebuilding a vertical relationship with Dao and *organic* – valuing life and building up a harmonious relationship with nature and between people with the holistic thinking. The writer argues that this accounting has nothing new; in fact, ‘There is nothing new under the Sun’ (Ecclesiastes 1: 9, Holy Bible); rather, this accounting is *renewed* ‘from within’ with the root Dao rather than just form; and fundamentally solving the issues including the environmental issue and other issues is the natural result.

Accordingly, a practical model ‘Accounting for Thrift’ is designed based on the treasure of ‘thrift’ in Chapter 67, 《Dao De Jing》, which is also consistent with the basic State policy in China. This model aims to make people less depend on materials, transferring

people's high-energy consumption lifestyle to low-carbon lifestyle, leaving space to spirituality, recovering moral virtue, valuing spiritual and organic values; and finally, rebuilding up a vertical relationship with Dao and then building up a harmoniously horizontal relationship with nature and between people. Moreover, this model may enrich the literature on accounting by household (see, for example, Komori, 2007; Komori, 2012; Carnegie and Walker, 2007).

Chapter Eight Conclusion

This chapter is to conclude this thesis. The structure of this chapter is as follows: Section One gives the overall summary of this thesis. Section Two discusses the contributions. Section Three discusses the limitations. Section Four reflects on further researches which can be carried out in the future. Section Five gives the summary of this chapter.

1.0 Overall Summary

This thesis explores a new form of accounting with traditional Chinese cultural thinking and designs a practical accounting model; i.e., Accounting for Thrift, based on Dao – the root of traditional Chinese cultural thinking. The writer argues that the spirit of traditional Chinese cultural thinking is oneness between heaven and man, and there are three layers of the meanings of heaven: Dao, Moral Virtue and the Natural World, with Dao the first layer of meaning, Moral Virtue the second and the Natural World the third. These three layers are in order, beginning with ‘oneness between *Dao* and man’, then we can have ‘oneness between *moral virtue* and man’, and finally, human beings can live in this natural world with concord, harmony, light, joy and life – oneness between the natural world and man (Zhuang, 2009, p404 – 405). There is no direct relationship between traditional Chinese cultural thinking and the environmental issue. The root cause of this is moral corruption of human beings due to leaving Dao from traditional Chinese cultural thinking perspective. Therefore, this thesis is not focusing on solving the environmental issue but is treating it as a starting point from which to rebuild up a vertical relationship with Dao, recovering the morality which makes people see the integration of everything, then we can restore the harmoniously horizontal relationship with nature and between ourselves; i.e. primal episteme.

In terms of the exploratory of a new form of accounting with traditional Chinese cultural thinking, the writer argues that accounting should be looked at as a whole rather than dividing it into many forms corresponding to different issues. We should focus on ‘true’

instead of 'new'. Moreover, a form without the root has no life so that it does not last long; therefore, we need to do subtraction instead of doing addition by returning to the fundamental duty of accounting; i.e., to keep books with clarity and integrity, which reflects the morality of accountants that has never been achieved throughout the accounting history. The continuous development of auditing and professional ethics show the continuous failure in the morality of accountants, due to the reason that accounting discipline has been focusing on 'always-changing' issues without seeking Dao – the root, just like moral virtue in traditional Chinese culture has never been achieved throughout Chinese history, since Dao – the first layer of heaven, has been lost since Confucius's time.

The writer argues that there is not any new form of accounting – 'there is nothing new under the Sun' (Ecclesiastes 1: 9, Holy Bible); rather, this new form of accounting is *renewed* 'from within' – the issue of life (Proverbs 4:23, Holy Bible) *through* recovering the morality of accountants *by* seeking Dao. Rather than letting 'always-changing' issues direct where it goes, accounting needs to be *repositioned* by seeking Dao (Truth) from which we are becoming 'more' and 'big', which are not aimed at but the natural result of seeking Dao. Accordingly, the values of accounting should not be in accordance with the current issues, such as economic, social and environmental values (see, for example, Elkington, 1997) or economic, social and ecological values; instead, the values should be superior to the current issues and never be changed across time and space. The writer believes that the values of this new form of accounting are *spiritual* and *organic* – we need spiritual cultivation for seeking Dao, recovering the vertical relationship; then we can have a harmoniously horizontal relationship with holistic thinking, valuing nature and life.

Consequently, a practical accounting model 'Accounting for Thrift' based on Dao is designed; this is also consistent with the basic State policy in China. The aim of this model is to make people less dependent on materials, transferring people's high-energy consumption lifestyle to low-carbon lifestyle, leaving space to spirituality, recovering moral virtue of the whole society including accountants, valuing spiritual and organic

values; and finally, rebuilding up a vertical relationship with Dao and then restoring the harmoniously horizontal relationship with nature and between people.

In practice, China's eco-civilisation with the revival of traditional Chinese cultural thinking shows that we are moving towards the primal episteme in which everything is interconnected in a complex relationship (Birkin & Polesie, 2011, 2012). Both of them support the knowledge of the integration thinking and do not focus on the environmental issue but from which to build up a harmonious relationship with nature and between people; i.e., intrinsic sustainability will be achieved in all aspects. The difference is that the former attempts to achieve this *through* the integration thinking *by* moral virtue which is the second layer of heaven and seen as the order of the universe in traditional Chinese cultural thinking; while the latter thinks that the knowledge of the integration thinking alone can achieve this. The writer argues that both of them only focus on building up a harmoniously horizontal relationship in this natural world without a vertical relationship with Dao – the first layer of heaven and the root in traditional Chinese cultural thinking. As a result, moral virtue has become moral corruption throughout the history of China, and people can simply ignore the knowledge of the integration thinking. Gray et al. (2014) point out that evidence shows that people are very difficult overcoming 'habit, self-interest and inertia' even when they know what is 'good' action. (p32).

This can be reflected in the research findings that traditional Chinese cultural thinking only stays on the interviewees' lips without deep understanding; and in daily practice, 'low' Chinese ethical traditions such as 'face', 'guan xi' and 'money' with 'money' in the center are very popular. Although the public environmental awareness has been greatly improved in comparison to my research carried out ten years ago, the implementation of environmental protection by companies or even some local governments stays on the surface. The reason for this is that the economy-focused thinking due to leaving Dao has never been changed throughout the history of China. Environmental protection has now even become a new way to earn money legally and illegally. Meanwhile, the Western countries' immoral behaviour demonstrated in the research findings and the Western literature on the corresponding issues show that the Western countries have very similar

situation with China. From traditional Chinese cultural thinking perspective, the writer argues that this is due to the reason that human beings leave Dao (Truth) (the first layer of heaven) so that we pursue the popular knowledge for materialistic and flesh pleasure instead of *the knowledge of Dao* as discussed in Chapter Four. Consequently, the economy-focused thinking for earning more and more money causes moral virtue (the second layer of heaven) corruption which makes human beings unable to see the integration of everything so that we lose the harmonious relationship with nature and the relationship between ourselves in this natural world (the third layer of heaven). Fortunately, there are people around the world realising this so that they are desperate to change; ‘incredible edible’ in England and ‘LOHO’ in China demonstrated in the research findings show this change. Although people from different countries use different methods, we are aiming towards the same goal; i.e., less depending on materials, leaving space to spirituality and then restoring the harmonious relationship with nature and between people.

2.0 Contributions

Traditional Chinese cultural thinking has been employed by many scholars for solving the current serious environmental degradation; however, their understanding of traditional Chinese cultural thinking stays on nature only (see, for example, Miller, 2003; Yao, 2000; Swearer, 1998; Margerison, 2015; Yu, 2007; Tu, 2001). The writer argues that trying to solve the issue of nature by nature self is in a closed system and is doomed in failure. Moreover, more issues will probably be brought up. There is no direct relationship between the environmental issue and traditional Chinese cultural thinking; therefore, focusing on the harmoniously horizontal relationship with nature has misled the direction for solving the environmental issue. This thesis gives a more comprehensive understanding of traditional Chinese cultural thinking from ontology to epistemology rather than treating her as values based on nature only. The writer believes that this more comprehensive understanding of traditional Chinese cultural thinking redirects the way in which we solve the environmental issue, which is not treated as an independent issue,

solving it by prioritising it (see, for example, Gray & Laughlin, 2012, p240); or even ‘abandoning’, ‘eradicating’ or ‘removing’ the current economic system under capitalism (see, for example, Gray et al., 2014, Gray, forthcoming, Bebbington, 1999; Thomson & Bebbington, 2005; Cho and Gioradano 2015; Elgin, 2014); instead, this is seen as a starting point to build up a harmonious society by rebuilding up a vertical relationship with Dao, then the morality can be recovered, and finally we can restore the harmoniously horizontal relationship with nature and between ourselves; fundamentally solving the environmental issue and many other issues such as human traffic, famine and the exploitation of the Third World countries is the natural result. Intrinsic sustainability will be achieved in all aspects (Birkin & Polesie, 2011, 2012).

As mentioned above, many scholars only treat traditional Chinese cultural thinking as values; and employs her from Western philosophical thinking perspective; in result, traditional Chinese cultural thinking is treated as a tool to solve the environmental issue without any spirit in; and is misunderstood at the level of nature only. This thesis attempts to understand traditional Chinese cultural thinking as a whole by introducing and discussing her development in the context of a brief history of China and dig out her ontology and epistemology as discussed in Chapter Four.

This more comprehensive understanding of traditional Chinese cultural thinking also redirects the development of accounting as a whole. Accounting should not be divided into many forms for solving different issues individually, letting ‘always-changing’ issues direct where it goes. Moreover, the writer argues that we need to pursue ‘true’ instead of ‘new’ and a form without the root has no life and does not last long. Consequently, this thesis *repositions* accounting by seeking Dao – the root of traditional Chinese cultural thinking, from which to recover the morality of accountants through returning to the accounting ribbon – the fundamental duty of accounting; i.e. to keep books with clarity and integrity, which has been forgotten for a long time and has never been achieved throughout the accounting history. The writer argues that this return will make accounting *renewed* ‘from within’ – the issue of life (Proverbs 4:23, Holy Bible); rather than simply technique or knowledge issue; and then we are ‘being more instead of having more’

(Birkin & Polesie, 2012). Moreover, this thesis proposes the values of accounting as *spiritual and organic* based on Dao – we need spiritual cultivation for seeking Dao, recovering the vertical relationship; then we can have a harmoniously horizontal relationship with holistic thinking, valuing nature and life. The writer argues that the current accounting values of economic, social and environmental (see, for example, Elkington, 1997) or economic, social and ecological values are in correspondence to the issues selves; and hence have jumped into the trap of ‘solving the issues by focusing on the issues selves’; in result, accounting will be highly likely to be divided into many forms for solving the different issues which mislead its development.

The practical model ‘Accounting for Thrift’ based on Dao is designed accordingly. The most SEA literature attempts to improve companies’ accountability at the corporation level but it has not been improved at a greater level over the last 25 years (Deegan, 2017) or even getting worse (Gray et al., 2014, p2); Gray et al. (2014) comment that it is both ‘ridiculous’ and ‘improper’ to expect corporations to be responsible. (p49). Consequently, this model is designed to run at each household through practicing ‘thrift’ – one of the three treasures in Chapter 67, 《Dao De Jing》 by keeping the book of ‘more’ and ‘less’ which is in quantitative terms but not limited to the monetary term, hoping to transfer people’s high-energy consumption lifestyle to low-carbon lifestyle from heart (*spiritual*) out of which spring the issue of life (*organic*) at the society level. If this model can be run successfully, The writer believes that people will return to our original position to a certain extent; i.e., under the heaven and above the materials; the morality of the whole society including the morality of accountants will be recovered, and we can achieve the oneness between heaven and man both vertically and horizontally to a certain degree; a harmonious society will be the natural result. In result, the writer also believes that this accounting model will help to renew and reposition accounting; additionally, it may enrich the literatures regarding accounting by household (see, for example, Komori, 2007; Komori, 2012; Carnegie and Walker, 2007).

Finally, the research data is collected in a Chinese context. China has been fast developing the economy at the cost of environmental degradation by following the West with

‘abandoning’ her own culture. The Government of China has now realised this and has been made a great effort on the governance of environmental degradation. China’s eco-civilisation has been proposed in the 17th National Congress Report in 2007 (17th National Congress Report) for solving environmental degradation but it is not simply equivalent to ecological protection (Zhang, 2014), with the revival of traditional Chinese cultural thinking valued by the world. As one of the largest countries in both size and economy in the world striving for environmental degradation which is also faced by the world today, China is providing a solution to the world. As a result, the environmental protection situation mirroring the practical social, cultural, political and economic situation in China appears very valuable; and the writer believes that this research has collected more up-to-date data and displayed a more complete picture of China’s environmental situation at different levels.

3.0 Limitations

Firstly, this thesis takes the analysis and designs the model with traditional Chinese cultural thinking which is only one of the philosophical thinkings. Different thinkings will make the analysis different and look at the issues from different angles and thus providing different solutions; therefore, this thesis only attempts to provide *one* solution as always mentioned throughout this thesis. Meanwhile, the writer argues that different people have different understandings of traditional Chinese cultural thinking, which can also lead to different solutions; however, it is absolutely incomplete to understand traditional Chinese cultural thinking as nature only, which will mislead the direction to solve the environmental issue.

Secondly, the majorities of the writer’s interviewees decline to be recorded, due to the reason that they feel uneasy when somebody keeps some evidence about them; these things happened on some governmental officials and celebrities in China; consequently, their career development was ruined. Farquhar (2013) comments that the interviews are expected to be recorded; however, there may be some informants who do not want to be recorded; if this is the case, the implication of data collection may be questioned. On the

one hand, the writer tries best to write down as many as possible during the course of the interview. This causes less eye contact with the interviewees; however, writing while listening makes the writer more focused and better catch the main ideas of their talking. The writer does transcript as soon as the interviews are finished so that the writer can remember the majority of the talking, in assistance with the writer's note written down during the course of the interview. The writer is confident that more than 95% of the talking is transcribed. Moreover, the language used during the course of the interview is Chinese, which is the writer's native language, except for interviewing Estelle who is in charge of 'incredible edible', the language used is English, but she allows the writer to do recording; on the other hand, according to the 'low' Chinese ethical traditions, the saying and doing are highly likely to be inconsistent; recording may make it even worse than not recording; nevertheless, non-human actants are also involved in, this can do the job of triangulation.

Thirdly, although the final two projects of 'incredible edible' and 'LOHO' as shown in the research findings demonstrate a turning point from the current lifestyle over depending on materials to the lifestyle with more spirituality; however, this research result is found from the research data collected by interviewing the project leaders only, without collecting further research data, due to the time issue; for example, more research data can be collected by talking to the local people about whether their life has been changed through the projects and how; and observations on their daily life.

Fourthly, the practical accounting model designed is not tested in practice. Although as claimed in Chapter Seven, it is better to be supported by the Government and let it become a national practice, it is easy to say but hard to do. Even if the Central Government was determined to do it, as the research findings show, the local governments would probably not cooperate due to the economy-focused thinking. As a result, this model will be highly likely to be miscarried or become a manipulation tool for some local governments. Moreover, there may also be many issues relating to the model self as it has not been tested in practice; therefore, this model can be started with a community as a testing site to see its effect and discover the problems in practice, amending them and then put it into

practice again – amending while learning; or the writer can seek the cooperation with ‘LOHO’ project, adding this model in. This model is like a little seed which needs good soil, then it will probably grow into a tree.

4.0 Further Research

Firstly, through the development of China’s eco-civilisation, this research can continuously look at whether any changes made in society through interviewing the same interviewees in this research; particularly, to see any changes in their understanding of traditional Chinese cultural thinking, and how they relate this with their daily life.

Secondly, based on the third limitation above, further research can be carried out by talking to the local people and living with them for some time to observe whether their lifestyle has really been changed. The detail of this is that the writer will be living in the houses of three local people for three months, with living in each household for one month, observing their daily life such as daily talking and behavior to see whether these are consistent with traditional Chinese cultural values. In the meantime, the writer will also be talking with other local people randomly to see their attitudes towards materials; in particular, what their decision is when material gains are in conflict with morality.

Thirdly, based on the fourth limitation above, this practical model can be started with a community as a testing site to observe how people in this community change through running of this model, this will not be a one-off research project; instead, it will be a continuous and long-time project in order to compare how people’s life change within different time periods. Moreover, this model can be improved continuously through daily practice. If this model can be run successfully and spread across the nation, research can be carried out to see how the economic development mode transfers and how accounting is developed in both academic fields and in practice; if it fails in practice, this would be a valuable experience which can be shared with.

Last but not least, if this model can be run successfully and spread across the nation, research can be carried out to see whether corporations have the social and environmental responsibilities; in particular, when their economic benefits are in conflict with the social

and environmental benefits by choosing one or two companies as case companies. As mentioned above, it is both ‘ridiculous’ and ‘improper’ to expect corporations to be responsible (Gray et al., 2014, p49). This is the reason why accounting for thrift is carried out by each family instead of by corporations; moreover, if each family member can truly value the spiritual and organic values, corporations as a whole should also value these two values, since family members also work for companies.

5.0 Chapter Summary

This chapter is the concluding chapter of this thesis. Firstly, it gives the overall summary of this thesis, from the understanding of traditional Chinese cultural thinking to a general thought of this new form of accounting, and the practical accounting model designed with this understanding of traditional Chinese cultural thinking; secondly, the contributions of this thesis are discussed based on the more comprehensive understanding of traditional Chinese cultural thinking; renewing and repositioning accounting as a whole and the research data collected; thirdly, the limitations are discussed; the writer argues that the first limitation is unavoidable; the second limitation can be adjusted and even can become an advantage in the context of China; the final two limitations can be adjusted by carrying out further research in the future; finally, further research is reflected based on the development of China’s eco-civilisation, the third and fourth limitations of this thesis, and whether companies can truly have social and environmental responsibilities through ‘accounting for thrift’ kept by each family.

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³⁹ 475 B.C. – 221 B.C.