

# Pastoral Power, Confession and CSR reporting

## 1 Introduction

The concept and practice of Corporate Social Responsibility (CSR) reporting originated and developed in countries that have a more liberalised market economy. CSR reporting aims to “provide a balanced and reasonable representation of an organisation’s positive and negative contributions towards the goal of sustainable development” (GRI 2018, p3). It discloses companies’ social responsibility practices, such as human rights, employee rights, environmental protection and sustainability development (Wang and Juslin 2009). Nowadays, CSR reporting has become a widespread practice among companies, with 96% of G250<sup>1</sup> companies reporting on sustainability or ESG matters (KPMG 2022). Economic growth and decent work, climate action, and responsible consumption are the most popular topics for companies (KPMG 2022).

Different from highly regulated financial reports, CSR reports are mainly voluntary. Therefore, a large amount of literature has been devoted to understanding the motivations behind CSR reporting. In the early stages, researchers suggested accountability should be the reason companies report voluntary environmental information (Hasnas 1998), while others argued companies choose to disclose to reduce the threat of further development of regulations (Deegan and Blomquist 2006, e.g.; Luque-Vílchez and Larrinaga 2016). Later on, an increasing number of researchers argued reasons for the voluntary CSR reporting include being a response to the increasing pressure from stakeholders (e.g. Qian et al. 2023; Baden et al. 2009; Perez-Batres et al. 2012), being motivated by a desire to conform to society’s expectations / social contract (Bebbington et al. 2008; Hogl et al. 2012; Crossley et al. 2021; Deegan 2019), or by financial benefits (e.g. Tang et al., 2012; Franco et al., 2020; Torugsa et al., 2011; Cavaco and Crifo, 2014). Most of these studies are done on countries where there is less government intervention in the economy.

Along with the globalisation, CSR reporting was introduced to China under the previous president Hu Jintao’s (Hu) leadership, and it has been further developed under the current present Xi Jinping’s (Xi) leadership. Chinese companies have been increasingly practicing CSR reporting, rising from just 582 reports in 2009 to 1926 in 2021 (WBCSD 2017). The central government uses various financial means, such as financial subsidies (Lee et al. 2017), green credit (Zhang et al., 2011), and green security (Lin, 2010) to motivate Chinese companies’ CSR initiatives. In order to secure financial resources from the government authorities, companies are obligated to demonstrate their CSR performance following the central government requirements (Luo, 2017). However, Chen et al. (2018) argued that despite extensive financial benefits offered by the state government, social and political considerations are the key drivers for Chinese companies to prepare CSR reports rather than financial benefit. Frequently, companies use CSR and its reporting as an organisational

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<sup>1</sup> The G250 refers to the world's 250 largest companies by revenue based on the Fortune 500 ranking.

strategy to legitimise the interaction between the state and companies (Prasa et al., 2021; Zhao 2012). On the other hand, companies, in particular multinational companies, are required by international CSR associations and western business partners to adopt CSR practice (Li and Belal, 2018, Parsa et al., 2018). Islman and Deegan (2010) noted large multinational corporations with supply chains in China tend to give more pressure to Chinese suppliers to improve their workplace practices related to labour and working conditions, and this is considered as a practice to respond to potential negative media attention (Islam and Deegan, 2008). Hence, these companies are more likely to align CSR reporting with international requirements.

Interestingly, when Zhao and Patten (2016) investigated pressures on managers in Chinese SOEs for CSR reporting, they found the greatest pressure is from government agencies and industry associations, and the government itself is playing a facilitating instead of coercive role in CSR reporting. In addition to identifying the direct influence of the state government on CSR and reporting, some studies build the link between political connection and business CSR initiatives. For instance, Gu (2013) found companies' political connection is a crucial factor in influencing the implementation of CSR. The more political connection the business has built, the more it will adopt CSR policies. Gao et al. (2013) believe the traditional Chinese culture, *Guanxi*, plays an important role in enforcing desired national goals, such as economic reform and anti-corruption. Similarly, Qian and Chen (2020) noted the positive connection between political connection of corporate chairman and environmental disclosure under Xi's leadership, and this result suggests corporate disclosure is becoming more politically sensitive under Xi compared with Hu. It is clear that the Chinese central government has a significant influence on the business sector. However, the underlying motivation behind CSR reporting might differ in different situations, which would affect how companies choose to report/prioritise different aspects of CSR (Tilt 2018). The inferences that can be made are limited when discussing CSR reporting in China without considering the contextual factors. It is in this light that this study attempts to extend the current understanding of CSR reporting and its link to political leadership.

This paper uses Foucault's (2009) the concept of governmentality, including the spiritual direction, pastoral power and confession, as a theoretical framework to understand how Chinese political leaders direct and guide company's CSR reporting. In China, the political leader and their ideas are highly recognised by the public, and the state government plays an essential role to "inspire" and "direct" people in social and economic development (Yee 2009, p.79, Situ et al., 2020). Different from their western counterparts, Chinese media is closely controlled by the authorities, and companies do not face pressure to publish CSR reports if the issues are not urged by the authorities (Cao, 2009, CSR Asia, 2015). The extant studies have documented how the state has influenced accounting regulations and the accounting profession from a historical perspective (see, e.g. Ezzamel et al. 2007; Yee, 2009, Xu et al., 2014, 2018), but the influence of the state leader on contemporary society, especially in CSR reporting, is significantly overlooked. As Tilt (2016) stressed, it is essential to investigate "how the ideology, and competing forces that may mitigate its influence,

manifest ... in Chinese reporting” (p.1). This study responds to the call for more research in this area..

Situ et al. (2020) examined how the Chinese government uses its power to promote the development of corporate environmental reporting. In Situ et al.’s (2020) study, they found the Chinese government uses its authority to build consensus so that the government’s political ideology is gradually incorporated into companies’ environmental practice. Likewise, Cao (2009) found SOEs in China are politically sensitive, and have been actively following the State ideological instruction. Both studies examine the political direction, ‘Harmonious Society’, proposed by Hu as the shared belief of the state government. The recent development of the new political direction from Xi has been neglected in the extant literature. We argue that the change of political leader with a different spiritual direction may affect the development of CSR reporting. Specifically, when Xi became the new leader of CCP after Hu, new spiritual directions, such as Anti-corruption, Belt and Road Initiative, were proposed to meet the needs of society. As such, the CSR reporting practices have been altered by companies as well to reflect the change.

The current study attempts to enrich the present CSR literature in China to broaden understanding of the factors influencing CSR reporting in China. The primary aim of this study is to examine how, when a different spiritual direction is proposed by political leaders, various types of Chinese listed companies (i.e. SOEs and non SOEs) from different industrial backgrounds draft their CSR reports to respond to the proposed change; that is, how listed companies have responded to Hu and Xi’s ideology, respectively.

The remainder of the paper is structured as follows. First, the theoretical framework—governmentality and key concepts, along with literature are introduced. The research design and methods used in the study is presented in section three. Then the results and analysis of this research are reported in section four, followed by the discussion and conclusion.

## **2 Theoretical framework: governmentality**

### **2.1 The concept of governmentality**

Foucault (1982, 2009) proposes the term ‘governmentality’ to describe how the government manages the population in modern society, which differs from sovereign power. Sovereign power is based on capturing things such as territories, bodies, and modes of life. Foucault (2009) stresses that managing the population means not only governing the masses on the surface or administering them solely to achieve outstanding overall results, but also mean taking care of them in depth, in all its subtle aspects (p.107). Governmentality is an ensemble formed by “institutions, procedures, analyses and reflections, calculations, and tactics” that enable government to exercise its power specifically, albeit with complexity (Foucault, 2009, p.108):

*When I say “govern someone”, it is simply in the sense that one can determine one’s behaviour in terms of a strategy by resorting to a number of tactics. Therefore, if you like, it is governmentality in the wide sense of the term, as the group of relations*

*of power and techniques that allow these relations of power to be exercised (Foucault, 1997, p. 135).*

Therefore, in this form of power, government does not have to focus on the population, but exercises power through various technologies, strategies, and tactics that form governmentality. Following this direction, scholars keen to understand how accounting functions as a tool for governmentality, influencing and regulating behavior and decision-making within organizations and society under different social and environmental regimes. The concept of governmentality has frequently been used in various organisational backgrounds, such as religious setting (Quattrone, 2004, Servalli, 2013, Silva et al.2017, Bigoni and Funnell,2015), department store (Jeaclea and Walsh, 2002) hospital (Lzaani and Nicolliello, 2020), or even personal life (Bujaki et al., 2017) to understand how accounting facilitates to organise discrete areas of actions in Western context.

The concept of governmentality is more widely used in the government setting. As Dean (2010, p211) describes governmentality as a “systematic way of thinking about government”. Foucault (1982) depicts the state as a mythical abstraction, instead of a verifiable existence, and therefore calls for scholars to pay attention to how the government is managed and obtain an understanding of how non-political ideas and activities are embedded in the operation of government. Following this call, Rose and Miller (1992, p175) describes government technologies as “the complex of mundane programmes, calculations, techniques, apparatuses, documents and procedures through which authorities seek to embody and give effect to governance ambitions”. The state may introduce a new technique or system to achieve its governance (Maran et al., 2016; Parisi and Bekier, 2002). Hence, numerous call have been placed to understand the relationship between the technologies or tactics used in the State to maintain its operation (Maran et al, 2016). The colonization context provides a space to understand the state control at the distance, which reflects the idea that accounting system and practice has historically plays a role in reinforcing state power and control (Neu, 2000). Maran et al. (2016), for instance, revealed the accounting technologies used to implement Napoleonic programs during the early occupation of the Commune of Ferrara in Northern Italy, and building the new relationship between the State and its citizen, where the State became the primary source of power. Likewise, Gomes et al. (2014) and Di Cimbrini et al. (2020) demonstrated the use of accounting as a tactics by Portugues Empire and French respectively to exercises their control in their remote colonizations. Accounting practice in different forms, indeed, imposes the power to the State government (Nikidehaghani et al., 2021). These studies suggest that accounting practices in different forms, indeed, imposes power to the State government in the context of colonization. In other words, accounting is a mechanism through which the state can exercise control and governance from a distance, reinforcing its dominance over the colonized territory. Despite the wide use of governmentality in colonization, the use of accounting as a mechanism could occur within a nation as well. Neu (2000) documented the government’s approach to indigenous communities between 1930 and 1860 in Canada, when the government included various accounting techniques to alter the lifestyles,

traditions, and behaviors of indigenous people. Following the same historical background, Neu and Graham (2006) further found the Canada government introduced and established a series of regulations measures to regulate the lives of indigenous people, but supported by a variety of accounting techniques within and outside the government department to ensure the implementation of regulations. Likewise, Greer and McNicholas (2017) also highlighted the role of accounting in the oppression of aboriginal people in Australia by using a collection of financial records and budgetary regulations to influence and limit the present and future actions of these people. Collectively, these studies underscore the interaction of accounting practices with power dynamics, revealing how accounting was strategically employed to exercise control over marginalized populations.

In the diverse social and historical contexts examined in the studies above, there is a notable commonality – these studies set on traditional accounting techniques, such as policies, budget, financial values rooted in Western contexts. These studies covered different regions, such as Italy, France, Canada, and Australia, collectively highlight the pervasive role of accounting practices as tools of governmentality, shaping and controlling various aspects of social life.

In modern society, the concept of governmentality gained its popularity, in particular during the Covid-19 crisis. By adopting new calculative practices to support the strategies of the crisis (Ahrens et al., 2021; Parisi and Bekier, 2022), accounting becomes a new statistical and economic normalisation to achievement the control of society (Ahrens et al., 2021). Different forms of accounting technologies was used. For instance, KPIs was used during the COVID-19 period to address the tension between central and local programmes in different European cities (Parisi and Bekier, 2002), a social list was developed to deal with the emergency food allocation by the City of Turin in Italy (Sargiacomo et al. 2021). In daily life, accounting as a technique used by the state government to tackle the issue of obesity through labelling calorie information to govern the body with the goal of enhancing population's health (Jeacle and Carter, 2023). In this aspect, accounting technologies have reformed from traditional policies, budgets, and monetary terms towards the realm of accountability. This reform encourages a profound change from traditional accounting norms, which creates a new dimension to understanding the impact of accounting.

The interest of governmentality has been extended to analyse contemporary Chinese social studies, including Chinese culture, politics, and population management (Jeffreys and Sigley, 2009). This concept has yet been used by scholars to understand the change in accounting or accountability perspective in China. Scholars might concern that China is a state-dominant society, and coercive power plays the most important role. However, the numbers of studies in recent few years have evident the use of “soft power” by the Chinese state government to mobilise accounting changes (e.g. Ezzamel et al. 2007; Ezzamel and Xiao, 2015; Yee, 2009. Xu et al., 2019). This aligns with Di Ciminini et al. (2020) that the different accounting techniques used in different contexts even in a political dominant society to ensure domination is achieved efficiently, and minimising the need to the political cost of using violence. The adaptability of accounting to different cultural contexts and power structures

allows Chinese State to use it as a tool to overcome the urgent social and environmental issues in contemporary society. This seemingly neutral and innocuous practice of accounting became an important means for the dominant power to ensure the social stability.

Although studies built on western contexts might provide some inspiration to the Chinese studies, Jeffreys and Singley (2009, p7) stressed differences between the Chinese way of governmentality and its Western counterparts. In their view, Western governmentality is about fully understanding what it governs, so it uses indirect methods to influence people's behavior. On the other hand, Chinese government practices indicate that in addition to understand what it governs, it also predict the exact result of any action taken. Jeffreys and Sigley (2009) explained the governmentality in China as:

*... In the context of present-day China where on-party rule increasingly is achieved through recourse to rule of law and associated conceptions of citizenship, as well as through governmental interventions that seek to govern certain subjects from a distance, by relying on their individual choices, aspirations or capacities (Jeffreys and Sigley, 2009, p.6).*

Chinese CSR reports can provide insights into the notion of governmentality in China. Despite the Chinese government's urgency to address social and environmental issues, it typically avoids direct intervention and instead attempts to exert control over CSR matters from a distance. State leaders often initiate discussions on CSR concerns at different intervals, allowing some flexibility for individuals to interpret the urgency and meaning behind these initiatives. As a result, companies are expected to navigate and overcome the challenges associated with implementing CSR practices in China. Chinese CSR serves as an example to show the control of government at a distance within the nation. Specifically, China has a different governmentality pattern comparing to other countries. In most countries, the policies have been implemented or accounting itself is a policies (Gomes et al., 2014; Neu and Graham, 2006), that is the regulations in a central place to reinforce the governmentality. However, in the case of China, governmentality oriented from political leaders, associated regulations play a supporting role. Accounting is a practice that support political leader and also provides calculative practice for them to check the progress.

Unlike the decentralized Western governance structure, China's State centralized governance structure presents a different dynamic. The present study aims to offer an alternative view by presenting the social and environmental disclosure within the context of China. By focusing on the non-traditional accounting dimension – i.e. CSR, this study aims to unveil the concept of governmentality in a different political and institutional context, contributing to our understanding of multifaceted role of accounting in shaping governance structure beyond the Western contexts.

### **2.1.1 Governmentality and CSR reporting**

As noted above, the concept of accounting has been expanded from traditional bookkeeping and narrow professional definition of accounting to encompass various calculative practices, Vollmer (2003) named this expansion as "sociological suspense of calculation" (p373), which

has created a significant area for sociological research to explore, including CSR research. Scholars recognise social accounting as a mechanism of governmentality in the global fight against corruption (Everett et al., 2007), and the role of sustainability accounting serves as a governmentality mechanism governing social, economic and environmental issues (Spence and Rinaldi, 2014). The new developed accounting dimensions would reflect diverse perspectives on concepts such as nature and society, and the success of business would be in line with their sustainable governance (Russell and Thomson, 2009).

While CSR predominately focuses on business behavior and impact (Collier and Whitehead, 2023; Morsing and Spence, 2019), the role of governments is pivotal. Government could be described as a major regulator of CSR, setting up the rules and defining what falls within or outside CSR scope. While CSR and government has a close relationship, they are usually seen as separate parts (Vallentin and Murillo, 2011). Recent studies attempt to understand CSR in a governmentality dimension in different time, location and political context (Russell and Thomson, 2009). For instance, when the sustainable indicator used in Scotland do not align with the state policies, the State could distort the sustainable development governing process. Hence, it might be reasonable to suggest to use sustainable accounting as a tool for governing to complement state plans and political ideas due to its usefulness in visualizing and managing the sustainable programs (Russell and Thomson, 2009). Moreover, Rana et al. (2023) noted that the state could be considered as “the dominant and most powerful actors” that shape the ways people think and manage corporate social responsibility (p.7) and also actively shift the burden of responsibility to business and individuals. Rana et al. (2023) used the green accountability and found government’s policy intervention encouraged people to promote the right response and positively contribute to the climate change. Likewise, Vallentin (2015) illustrates how the Danish government made CSR manageable through policies where different actors, including the government, rule, and business took part in contributing CSR. These studies together challenge the *status quo* that the state is frequently plays a more persuasive role to regulate in terms of CSR, and the regulations can be used as a soft power that encourage the CSR practices, which is a new form of governmentality. These studies open a more broad view about how the state could include CSR practices beyond the coercive regulations. However, this perception does not fit in some contexts, such as China. As noted by Foucault (2005), power is always present in human interactions. Especially in modern societies, it works as a continuously evolving and flexible game, not a set system. Hence, it is important to pay attention to the complex relationship between government and the various technologies that have shaped our society. In the case of China, state always play a central role, and the function of regulation is less obvious. One case in point, environmental deterioration is a major concern in China and it has promoted by the understanding that the severity of China’s environmental challenges could potentially lead to social and political instability (Orts, 2003). As a result, a decision made at the central government level “curbing pollution would be a priority” which lead to the pass of pollution statute in 2000 (Orts, 2003, p.545). This form of state governmentality is different extant studies, i.e. the state leaders plays a central role, and the regulations and companies are actively participating to contribute to the state leader’s

new way of governmentality. The present study will use governmentality as a framework to understand how social and environmental reporting has been used as the tool by the Chinese state leaders to implement different social and environmental initiatives.

## 2.2 Pastoral power

Foucault (2009) often employs the concept of pastoral power to depict the notion of governmentality by wielding both care and discipline at the same time. According to Foucault (2009, 2014), pastoral power was originally exercised within the Christian faith, at the moment that the Catholic Church responded to the rise of Protestantism. Then it diffused to “secular contexts, including the State, which gave birth to modern governmental practices” (Bigoni et al. 2021, p3). Pastoral power indicates the “art of conducting, directing, leading, guiding, taking in hand, and manipulating men [...] collectively and individually throughout their life and at each moment of their existence” (Foucault, 2009, p. 165).

Bigoni and Funnell (2015) note “pastoral power reveals itself for its zeal, not for its splendour or brute force” (p.163). That is, the pastors must be accountable to the behaviour (including moral behaviour) of all the believers. And the pastors take responsibility for nurturing and directing the believers under their authority. Foucault also uses the metaphor of the shepherd and the flock to describe pastoral power. Foucault (2009) explains the shepherd could be the king, god, or pastor, whoever cares for the flock. The one who manages the flock needs to observe them regularly. Sufficient supervision is unattainable without surveillance, and knowledge about truth related to the life of the multiplicity. In this sense, the shepherds must utilize their views and sight for constantly attentive reviewing and watching. With their action of watching, the shepherds require adhering to the flock ubiquitously and at each minute in time. The shepherds’ power are exercised on a multiplicity but not on a territory. Foucault (2009, p.125) noted:

*The shepherd’s power is not exercised over a territory but, by definition, over a flock, and more exactly, over the flock in its movement from one place to another. The shepherd’s power is essentially exercised over a multiplicity in the movement.*

The pastoral power functions as a mediator and supervises the flock towards an end. In other words, the ostensible aim of exercising the power is for salvation of the flock. The Shepherd appears to guide the move of flock to where the most “fertile grassland can be found, the best routes to take, and the places suitable for resting” (Foucault 2009, p149). This power is designed to provide for the population on whom it is exercised, but does not aim to be a superior unit like the city, territory, or sovereign (Foucault, 2009).

On many occasions, the Chinese state leader’s role is similar to that of a pastor (shepherd) that guides companies (flocks) in the correct direction over a multiplicity to seek salvation and eternal life. For instance, in the 2020 Entrepreneurs Symposium, Xi (2020) noted “any enterprise that exists in society is a social enterprise. ... Only enterprises that earnestly repay the society and fulfill their social responsibilities can truly be recognised by the society and meet the requirements of the times”. This statement reflects the state leader’s role in



directing the companies under his authority, similar to Foucault (2009), believing that the spiritual guide should be supported by some surveillance so that the Chinese people could follow the guidance of the state leader along the way. CSR reporting is not mandatory, but some rules have been introduced to push the development of CSR reporting. For instance, company law was amended in 2006 and embodies the concept of CSR, and emphasises that a company should “conform to social morality and business ethics, act in good faith, subject itself to the government and the public supervision, and undertake social responsibility” (Company law, 2006). The Shanghai and Shenzhen stock exchanges have also promulgated rules to guide the company’s CSR disclosure.

Pastoral power can be grouped into two typologies - totalising and individualizing. According to Foucault (2009), to apply the power efficiently, the pastor has to care for and direct the behaviour of every individual and the whole population. The pastor directs the behaviour of individuals to be consistent with the goals of the state (individualization), and meanwhile guide the entire population in the context of community or group to achieve the objectives (totalisation). The combination of the individualising and totalising principles has become the dominant feature of the modern state.

This is a leadership of service to the community, where the pastor serves in the population’s benefit. At the same time, the follower is expected to fully rely on the pastor’s direction for salvation and eternal life. Failure to follow the leader puts them at risk. Hence, the populations whenever engaged in this relationship turn over all spiritual facets and authority to the pastor-leader. As Foucault (1996, p.382) explains:

*The Christian pastoral, or the Christian Church insofar as it deployed an activity that was precisely and specifically pastoral, developed this idea-unique, I believe, and completely foreign to ancient culture – that every individual, whatever his age or his status, from the beginning to the end of his life and down to the very details of his actions, ought to be governed and ought to let himself be governed, that is to say, be directed toward his salvation, by someone to whom he is bound in a total, and at the same time meticulous and detailed, relation of obedience.*

As a result, people are reluctant to challenge the leader once they decide to follow the shepherd, as they do not want to put their salvation in danger. The pastoral power does not have to be exerted by the pastor himself, as Foucault (2009) indicated, the agents of pastoral power expands and is, sometimes, exercised by state bureaucracy or by a public association such as law enforcement or by civil society such as in welfare societies.

### **2.3 Spiritual direction and confession**

Spiritual direction plays an inseparable role for pastors to exercise their power. The spiritual direction in Christian practice takes a distinct form compared to the traditional forms (Foucault, 2009). First of all, spiritual direction does not have to be voluntary, and it might be obligatory. For instance, in the case of monks, each monk has to have a spiritual director. In addition, spiritual direction is not a reaction to a misfortune, a disaster, or an encounter (p.182). Instead, spiritual direction is permanent, and it is conducted in one’s entire life

related to different aspects of an individual. Finally, an individual will need to examine his/her conscience in order to tell the director what he/she has done and what he/she has experienced. In the process of examining himself/herself, the relationship of subordination to the director will be closer (this point will be elaborated further below).

In China, building spiritual civilization has similarities with Foucault's explanations on spiritual direction. In China's context, 'spiritual' does not necessarily refer to any particular religion or belief system, but rather to a focus on the inner growth and development of individuals, as well as the cultivation of a harmonious and compassionate society. The notion 'spiritual civilisation' was initially launched by Deng Xiaoping in early 1990s. The Central Guidance Commission on Building Spiritual Civilization<sup>2</sup>, established in 1997, has become one of the most important ideological steering commissions of the CCP. The primary focus of the Commission is to lead and coordinate ideological, propaganda, cultural, media and publishing activities. The notion of spiritual civilization was further promoted by Jiang Zemin and Hu Jintao, and it has attracted great attention from Xi Jinping. In the 16<sup>th</sup> Party Congress Report (2007), Hu encouraged party members to "strengthen and improve ideological and political work" and "encourage popular participation in building spiritual civilization". Under Xi's leadership, the importance of spiritual civilization is even more emphasised. Xi described the spiritual civilization as the "backbone" of the Chinese dream of the great rejuvenation of the Chinese nation in reality. In 2022, the Institute of Party History and Literature of the Central Committee of the CCP edited the book entitled 'Excerpts from Xi Jinping's Exposition on the Construction of Socialist Spiritual Civilization'<sup>3</sup>, which includes 10 themes with a total of 512 expositions extracted from 240 articles (e.g. speeches, conversations, letters, guideline from 2012 to 2022) that cover different aspects of socialist spiritual civilization, including the concept of People Oriented, One Belt One Road, and Cultural Civilization to guide Chinese people in the spiritual sphere. The Chinese political leaders' call on building a spiritual civilization in China share a similar meaning with Foucault's 'spiritual direction', as such, this paper will use the term spiritual direction to be consistent with Foucault's interpretation.

As the building of spiritual civilization has been promoted for decades in China, the relationship between the Chinese people and the state government is beyond the traditional coercive relationship, but it aligns with Foucault's description of spiritual direction. Like Christian practice, it does not function as a mechanism to adopt laws, rather, it aligns with law (but is different from the relationship to the law) to build a comprehensive and durable link of individual obedience (Foucault 2009, p.183).

Foucault (2005) emphasized the pastoral power "cannot be exercised without knowing the inside of people's minds, without exploring their souls, without making them reveal their innermost secrets" (p783). When a Christian pastor wishes to teach the truth, he/she

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<sup>2</sup> 中央精神文明建设指导委员会

<sup>3</sup> The Chinese name of this book is '习近平关于社会主义精神文明建设论述摘编' and this is one of the essential/mandatory learning materials for CCP members and schools.

embraces an innovative form to establish a new arrangement or procedure to reveal an individual's inner truth to assure the obedience is exerted. Confession was developed to achieve this objective. In the confession, the follower is required to constantly examine themselves. The confession does not simply mean the followers reflect on what they have done in the past but focus on their thought at the present. As Foucault (2014, p.301) explains the concept of examination:

*It involves catching hold of thought at the moment it begins to think, catching hold of it at root, when one is in the process of thinking about whatever one is thinking of. Strictly speaking, examination is a final exam, a final exam in present reality, the function of ich is, what?*

Given confession offers a channel for the pastor to extract the truth from the individuals, it becomes an important role in reinforcing pastoral power. It entails the act of disclosing the truth about one's action, also their feeling, desires, and weakness – which provides a source for external audience judge, evaluate and provide feedback on. Ferry and Guthey (2021, P727) provides a clear position of confession in pastoral power:

*... confession is not a solitary performance, where the individual laments on their own and then without any outside interference comes to some higher plane of consciousness or self-awareness. Rather, confession is a relational act where the individual must confess and reveal themselves to others. They must look to an external authority who can evaluate the revealed information and then reflect it back to the confessor. In this way, **power within the relationship resides “not in the person who speaks but in the one who questions and listens”** (Besley and Peters 2007, p. 36).*

In this sense, individuals are encouraged to reveal their inner thoughts, actions and sins to an external authority with an aim that they will obedience to the prescribed rules. This action of disclosure is similar as companies voluntary disclosure in CSR reporting, CSR reporting could serve as a form of confession in the sense that companies disclose their actions, impact on society, and efforts to rectify any negative consequences. By openly acknowledging their actions, both positive and negative, companies are, in a sense, confessing to their stakeholders, mainly state leaders in the case of China. The acknowledgement of negative impact may be followed by outlining plans and efforts to rectify the issues, just as individuals seek guidance and redemption in the religious confession. As noted by Vallentin and Murillo (2012), CSR disclosure is a process of self-criticism and self-relection. The act of preparing CSR reports foster social and environmental awareness within companies, and this process contributes to the establishment of CSR norms in society. In the present study, we focus on exploring the relationship between pastor and flocks. Pastor will be political leaders, specifically Hu and Xi in China, who provide the spiritual direction to the population and society. Companies will be used as an example of a flock that follows the instruction of the state, and use annual reports as a means for confession to build the relation to the state and achieve its target of 'salvation'.

In accounting, some studies, such as Nikidehaghani and Hui (2016), Bigoni and Funnell (2015), Bigoni et al. (2020) and Nikidehaghani et al. (2021) have deployed the concept of pastoral power within the governmentality framework. Despite these studies being contextualised in different political, historical and institutional backgrounds, they commonly emphasise the calculative nature of accounting numbers in exercising power. Specifically, Nikidehaghani and Hui (2016) and Nikidehaghani et al. (2021) examine how accounting numbers have been used by the Australia state government in the identification of disabled people and facilitated as a tool to achieve its purpose for austerity and the noncompliance of care across different time periods. These studies mainly focus on the conduct of the flock, but lack insight into the pastor 's role in the process of confession and how the pastor guides the confession through spiritual direction. In addition, accounting studies have mainly examined how quantitative accounting numbers (Nikidehaghani and Hui, 2017, Nikidehaghani et al. 2019) and accounting records (Bigoni et al., 2021) have been used as a means to disclose the truth about oneself. The emergence of non-financial accounting information in modern society, such as in CSR reports, as a new approach to tell the truth has not yet attracted much attention.

### **3 Research Design**

#### **3.1 Sample and Data Collection**

The sample comprises companies from four indices of the China Securities Index (CSI) - SSE Central SOEs 50 index, SSE Local State-owned 50 index, SSE POEs 50 index and SSE Overseas-listing A index. The list of companies was obtained from the website of the China Securities Index Company Limited on 24 March 2020. The period of analysis is the ten-year period 2009-2018, and was chosen to represent five years of each leader's regime. Only companies listed for the entire period, and those that have CSR reports for the entire period, are chosen as the observations for this study. The final sample comprises 75 companies . Sample companies' CSR reports in the Chinese language from 2009 to 2018 are included in the data analysis. Hu was the president from 2009 to 2012, while Xi was the president from 2013 to the present. Considering the lagged effect of the changing leadership on the CSR reports, we treat the 5-year period from 2009 to 2013 as the observation period of Hu's leadership, and the 5-year period from 2014 to 2018 as the observation period of Xi's leadership.

Insert Table 1 about here

The Shanghai Stock Exchange (SSE) requires listed companies to publish their stand-alone CSR reports (if applicable) on the exchange's website. Therefore, sample companies' stand-alone CSR reports<sup>4</sup> were first downloaded from SSE website<sup>5</sup>. If CSR reports are not accessible through the SSE website, websites specialising in publishing company's CSR

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<sup>4</sup> Companies refer to sustainability reports by different names, such as sustainability report, corporate responsibility report, Environmental, social and governance (ESG) report. As a result, all these reports, were searched to collect the ideology information.

<sup>5</sup> <http://www.sse.com.cn>.

reports, including GoldenBee csr-china<sup>6</sup>, Sina Finance<sup>7</sup>, Eastmoney<sup>8</sup> and Syntao's MQI database are used as supplements. Finally, the companies' own websites were cross-checked to make sure all stand-alone CSR reports had been collected.

### 3.2 Discourse Analysis

Despite there being some CSR reporting guidelines, CSR reporting in China is still voluntary. However, more and more companies are voluntarily reporting on their CSR performance. This phenomenon is consistent with Foucault's (2009) argument that an individual intends to examine his/her conscience to the pastor about what he/she has experienced and what he/she has done. The subordination relationship between an individual and pastor will be tightened in this process. In the context of this study, we argue that a company can be considered as an individual, and the CSR report is a useful means used by the company to examine its conscience, and thus, the company will voluntarily disclose the CSR performance following the guide of the political direction to strengthen the relationship. To achieve this aim, this study adopts discourse analysis to analyse companies' CSR reports. The objective is to examine how a CSR report can be used as a mechanism to make a written "confession" regarding the company's willingness to follow the instruction of the state.

Context is extremely important in the construction of text (Tregidga and Milne 2006). Therefore, a close examination of discourse is important, since the relationship between text and context is inseparable. Wodak and Meyer (2009) argue both objective and subjective social situations influence discourse. In this study, we focus on a subjective social situation, ideology (spiritual direction). As ideology is the mental reflection of the world shared by a group in a certain period (Wodak and Meyer 2009; van Dijk 2009), it is important to include this context within the analytical process.

When analysing text, sample companies' sustainability reports are divided into Hu's 2009-2013 and Xi's (2014-2018) period. First, Nvivo is used to search the top 800 frequency words (this includes two, three and four Chinese character words) for each company in the two periods. The results are examined, common words (such as company, annual report, profit, corporate governance) that is not related to any of the ideology themes (which is discussed in section 3) are removed from the key words list. Then the key words are analysed and related to the ideology themes. A list of top 10 key words relate to each ideology themes in Hu and Xi's period are shown in Table 2 and Table 3. While content analysis provides an overview of the text, a close examination of discourse may reveal many discourses in a community's social practices, ideology and epistemological norms (Berkenkotter and Huckin 1995). Therefore, by analysing the text, we attempt to demonstrate the influence of social context – ideology – on language variation. The discussion will be presented around the

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<sup>6</sup> <https://www.csr-china.net/plus/list.php?tid=30>

<sup>7</sup> <https://finance.sina.com.cn/>

<sup>8</sup> <https://www.eastmoney.com/>

themes identified in section three under the two different leaders to identify the changing pattern of CSR reports.

Insert Table 2 and Table 3 about here

#### **4. The shepherd's role in leading the flock and exercise spirial direction**

According to Foucault (2009), the stepherd's role involves guiding the flock toward the most fertile grasslands, identifying optimal routes, and selecting suitable places for rest. The concept of 'fertile grasslands' is context-dependent. When the Chinese political leader, Deng Xiaoping, assumed power in 1978, he inherited a country that had endured over a decade of social and political disorder. Deng believed it was important to rebuild the economic system and enhance people's material life to achieve political stability (Yee, 2009). He proposed economic reforms to encourage companies to learn advanced technology from the west, which was forbidden during Mao's time (Situ et al., 2020). This led to a remarkable improvement in living standards, but it also significantly increased the demand for resources such as water, land, and energy, resulting in various social and environmental issues (Economy, 2003). The Chinese government publicly expressed its concern over these issues (Lin, 2010). Air pollution contributed to approximately 700,000 death each year (World Bank, 2007), and pollution costs in China amounted to 511.8 billion yuan in 2004 (Xinhua news, 2004). In 2006, there were 616,122 petitions related to environmental and social problems filed with the environmental department, signifying a challenge to social stability (Lin, 2010). Under both national and international pressures, recent leaders like Hu and Xi have increasingly recognized the importance of addressing social and environmental issues. Their efforts reflect a commitment to guiding the nation toward its 'fertile grasslands'. By focusing on sustainable development, they aim to achieve prosperity and stability tailored to the needs of the time.

To find the 'fertile grasslands', governmentality is employed to manage and control the masses, with the spiritual direction of the government playing a crucial role. Various technologies, strategies, and tactics, including CSR reports. Serve as mechanisms to exercise power. In China, political leaders use a variety of ideologies to govern corporate conduct in response to social and economic change. To identify themes of spiritual direction in China under Hu and Xi's leadership, which are used to guide the analysis of the CSR reports, this paper extensively examines the collected works of Hu and Xi to understand the key spiritual themes that have been emphasised by each. Specifically, we chose *the Selected Works of Hu Jintao* (hereafter Hu's books) published by People's publishing house<sup>9</sup> as a key reference to summarise Hu's spiritual civilization themes. This series of books covers Hu's representative and original works, including reports, speeches, articles, letters, and instructions. Since this book does not provide the full content of Hu's work, the research team used the title provided in the book and the relevant Chinese government official websites in both English

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<sup>9</sup> People's Publishing House is the official publisher which mainly publishes political and ideological books on the Communist Party of China and the Chinese government.

and Chinese language, including *Xinhua Net*, *People's Daily*, and other Chinese government websites to locate the full articles to understand the main content of Hu's spiritual directions. Hu's spiritual direction themes are explained in detail in section 3.1.

Likewise, to identify key spiritual civilization themes under Xi's leadership, we chose *The Governance of China* (hereafter Xi's Books) as key references to understand Xi's spiritual guide. These books collect Xi's key speeches, talks, interviews, instructions and correspondences. The text articulates Xi's spirit as it relates to large-scale political issues concerning China, including economics, domestic politics, international relations, infrastructure, technology, environmentalism, peaceful co-existence, and the military. Xi's spiritual direction are explained in detail in section 3.2.

## **4.1 Spiritual direction under Hu and Xi**

### **4.1.1 Spiritual direction under Hu**

According to Foucault (2009), the role of pastor is not simply to teach the truth, but more importantly to direct the flock in a spiritual sense. Hu was the political leader in China from 2002 to 2012 and therefore takes the role of pastor in this study.

To accelerate economic development, Hu's predecessors initiated SOE reform. Prior to the reform, SOEs were integral to the state social and welfare system, responsible for employees' medicare and pension (both current and retired). After the reforms, these responsibilities were removed from SOEs, leading to massive unemployment, the collapse of the social welfare system, and various social problems (Kahn, 2006). In response to these issues, Hu introduced two interrelated concepts—Scientific Development and Harmonious Society—to guide his administration's approach to social and environmental challenges<sup>10</sup> (People Daily, 2004).

The Scientific Development Concept was proposed at the 3<sup>rd</sup> Plenary Session of the 16<sup>th</sup> Central Committee in 2003, with Hu advocating for a People Oriented approach as its foundation. He emphasised 'putting people first and aiming at comprehensive, coordinated and sustainable development' (17thcongress.org.cn 2007). At the 17th National Congress of the Communist Party of China, Hu called for attention to citizen's welfare by expanding employment, safeguarding labour rights, and developing a nationwide social security net (Zhang 2012). This marked a milestone in CSR development in China, localising the concept within the Chinese context (Wang 2006). 'Putting people first' was the core of Scientific Development, and Hu frequently used the slogan "People Oriented (以人为本)" to emphasise the importance of people in society, making it the central spiritual theme of his leadership.

At the 4<sup>th</sup> Plenary Session of the 16<sup>th</sup> Central Committee in 2004, the construction of a Harmonious Society was officially introduced as the dominant socio-economic goal through the Scientific Development Concept (CPC Central Committee, 2003 cited in Wang, 2009, p.439). In this concept, Hu emphasised the need for a well-functioning social management

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<sup>10</sup> [http://cpcchina.chinadaily.com.cn/2010-09/16/content\\_13918117.htm](http://cpcchina.chinadaily.com.cn/2010-09/16/content_13918117.htm)

system to address both social and environmental concerns (China Daily 2005). Environmental protection was a key element, focusing on energy efficiency and the development of renewable energy sources like wind, solar and hydropower. China made significant progress in **energy saving** and **emission reduction** (Situ et al. 2020). Hence, **Environmental Protection** emerged as another theme under Hu's leadership, with an emphasis on **energy saving** and **emission reduction**.

In Hu's view, science and education are the essential to rejuvenating the country and enhancing China's international competitiveness (Hu, 2008). He regarded them as primary productive forces and revolutionary elements that advance human civilization (Hu, 2009), highlighting their role in spiritual civilization. In numerous speeches, Hu used the slogan 'Rejuvenating the Country through Science and Education (科教兴国)' to stress that China's development should rely on advanced technology, innovative management and a high-quality workforce. He believed that China should transition from a labour-intensive model to a high technology model. Technological innovation was central to Hu's vision within scientific development. Hu consistently encouraged companies to increase the investment in science and technology to achieve transformation and complete worldwide. Hence, **Science and Education** was key theme in Hu's spiritual direction.

The adoption of CSR in China aligns with Foucault's (2009) metaphor of the shepherd guiding the flock to fertile grasslands, with Hu taking the lead. Under Hu's leadership, three key spiritual direction themes emerged: People Oriented, Environment Protection, and Science and Education.

Since CSR was introduced to China under Hu's leadership, it has been noted in top-level official documents, and various guidelines and policies have been published to enforce its development (Lin 2010). This aligns with Foucault's (2009) idea that pastoral power can be extended through state bureaucracies or public associations via regulatory enforcement or civil society. The Ministry of Commerce encouraged Chinese companies operating overseas to adopt CSR (CSR Asia 2015). Local governments also supported CSR development in response to the call for Harmonious Society, with around eight provinces and 18 cities publishing CSR guidelines or standards by the end of 2014 (CSR Asia 2015). The Chinese government clearly communicated to companies that they are expected deliver not only financial benefits but also to contribute to a harmonious society (Hofman et al. 2017). By 2012, all key SOEs in China had produced CSR or sustainability reports following international or domestic guidelines (Li and Belal, 2018). Under Hu's leadership, China experienced over a decade of steady socio-economic growth, establishing itself as a major world power.

#### 4.1.2 Spiritual direction under Xi

Foucault (2009) emphasises that pastoral power is not static, and exercised over a multiplicity on the move. When Xi took over the leadership from Hu, China was among the world's fastest-growing economies. And some of Hu's spiritual directions no longer fit this period. Xi took the lead in guiding companies. According to Xi (2012), the Chinese Dream is the dream of great rejuvenation for the nation, serving as an overarching spiritual direction with specific underpinning themes. Xi's vision emphasised the relationship between humans



and nature, encouraging the building of an ecological civilization for sustainable development (Xi, 2017, p12). Unlike Hu, Xi highlighted the constructing a spiritual civilisation in modern China, following decades of stable social and economic development. This aligns with Foucault's argument that the shepherd, Xi in this case, guides the flock- the Chinese companies- towards the best path for the economy and community.

Most key spiritual direction themes from Hu's period, such as harmonising with human with the environment, developing the economy through science and education, and being people-oriented, have continued under Xi. However, differences in priorities and initiatives reflect China's evolving needs. During Hu's period, the focus on being People-Oriented emphasised staff safety, well-being, public welfare and community building. When Xi assumed power in late 2012, he prioritised poverty alleviation as a prerequisite for achieving common prosperity, particularly as China aimed for a moderately prosperous society by 2020. Xi introduced a "targeted poverty alleviation" strategy to assist the most vulnerable populations. The government launched initiatives such as poverty alleviation funds, expanded rural social security programs, and micro-credit programs to support small business (Xinhua Net, 2021). Thus, achieving a common prosperous society with an emphasis on poverty alleviation is a key themes under Xi's vision for the Chinese Dream. This shift aligns with Foucault's (2009) notion that the shepherd's power is dynamic, targeting a population in constant flux. The shepherd guides and regulate the population movements to ensure well-being and stability, benefiting both the shepherd and population.

Under Xi's leadership, environmental protection remained a key state strategy. In a speech included in Xi's Book Volume I, he urged society to follow the 18th National Congress for building a **beautiful China** by enhancing ecological awareness and strengthening environmental protection. He later emphasised that "a new era of ecological civilization and building a beautiful China" is an important part of realizing the Chinese dream of the great rejuvenation of the Chinese nation. Thus, the discourse on environment protection under Xi shifted from Hu's focus on "energy saving and emission reduction" to "a new era of ecological civilization" and "building a beautiful China". Xi highlighted the importance of **managing pollution, conserving energy, and combating climate change** to achieve these goals.

Hu's opinion on science and technology is inherited in Xi's period. In 2014 and 2016, Xi delivered key speeches at an important academic conference <sup>11</sup>, emphasising the importance of artificial intelligence among the Chinese leaders for the first time. He called for the development of artificial intelligence and robot technologies. In 2016, Xi further vowed to rejuvenate the country through science and technology, aiming to make China a world leader in cutting-edge technologies. That year, state government departments <sup>12</sup>

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<sup>11</sup> The conference is the Academicians of the Chinese Academy of Sciences and Chinese Academy of Engineering Conference. This conference plays a significant role in advancing the development of science and technology in China and are widely attended by intellectuals from different discipline backgrounds.

<sup>12</sup> The National Development and Reform Commission and the Ministry of Science and Technology

issued the *Implementation Plan for the Three-Year Action of Internet + Artificial Intelligence*<sup>13</sup>, outlining key development areas and government support for the intelligence industry. Following Xi's call, Chinese companies prioritised AI in their innovative efforts. According to the *Wuzhen Index: Global Artificial Intelligence Development Report 2016*<sup>14</sup>, China ranked second in AI patent applications, with 15,745 patents, and third in AI investments, with 146 investments totalling over 2.6 billion US dollars, ranked second globally.

Despite steady economic development in Hu's time, income inequality in China worsened. According to Xie et al. (2014), as of 2012, the official Gini coefficient<sup>15</sup> was 0.474, with 1% of the Chinese population possessing one-third of the country's wealth. Therefore, alleviating poverty and achieving common prosperity are key aspects of the Chinese dream. This focus is evident in Xi's writings, with two sections in volume I (*Social Undertakings* and *Close Ties with the People*), and volume II (*A Moderately Prosperous Society in All Respects* and *The Wellbeing of the People*) addressing the people-oriented approach. This will be further elaborated in section 4.2.

Under Xi's leadership, **anti-corruption** has a central theme of state governance, differing from Hu's period. In Xi's view, corruption is a major challenge to constructing Socialism with Chinese Characteristics<sup>16</sup>, as it causes public discontent and erodes confidence in socialism development (Xi, 2017, p.66). A survey by People's Daily Online (2011) revealed that 72 percent of the Chinese people believe corruption among Chinese government officials is a serious issue. In his 18th CPC Central Commission speech, Xi highlighted that fighting corruption is crucial for the CCP's survival, as widespread corruption has severely damaged public trust and also challenged Party's legitimacy (Xi 2014b). Xi required the Party to supervise its own conduct and run itself with strict discipline, and strengthen the Party's leadership in improving Party conduct, upholding integrity, and combating corruption. In a Jan 2014 speech, Xi stressed establishing a robust system for combating corruption through both punishment and prevention as part of the national strategy. Xi (2014b, p433) said:

In 2013 the Central Committee issued the 'Work Plan for Establishing a Complete System of Combating Corruption through both Punishment and Prevention (2013-2017).' This is the document that guides our strategy. Party committees at all levels

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<sup>13</sup> 《“互联网+”人工智能三年行动实施方案》

<sup>14</sup> 《乌镇指数:全球人工智能发展报告 2016》

<sup>15</sup> Gini coefficient is a measure of statistical dispersion intended to represent the income inequality, the wealth inequality, or the consumption inequality[3] within a nation or a social group. It was developed by Italian statistician and sociologist Corrado Gini.

<sup>16</sup> This is a theory stipulated that China was in the primary stage of socialism due to its relatively low level of material wealth and needed to engage in economic growth before it pursued a more egalitarian form of socialism, which in turn would lead to a communist society described in Marxist orthodoxy.

must thoroughly implement the demands of this document, which is an important political task throughout our efforts to promote reform, development and stability.

The anti-corruption storm started from late 2012 until 2014 after Xi took overpower in 2012, and over 180 thousand party members and government officers were punished, including Politburo members (Shambaugh 2016). Since November 2012, more than 1.5 million government officials have faced disciplinary action, with 440 senior central government senior officials investigated (Xinhua 2018, 2020a). This reflects unprecedented scale of anti-corruption efforts under Xi's leadership.

In addition to the spiritual direction themes carried over from Hu's period, Xi also incorporates new themes to reinforce the construction of a socialist spiritual civilisation. Under Xi's guidance, Chinese Dream encourage people to build confidence in both traditional and socialist culture while contributing to the global community. As Brown and Berzina-Cerenkova (2018) noted, a significant shift in Xi's approach is the de-emphasis on economic performance in favour of enhancing spiritual civilisation<sup>17</sup>. This difference between Hu and Xi is a good example to show how the shepherd's power is exercised over a multiplicity in movement. Xi explained:

The construction of spiritual civilization needs to be inserted into the full process of the reform and opening up, and the modernization, introduced into all aspects of social life, and tightly combined with the cultivation and practice of Socialist core values ... (Xi, translated by Berzina-Cerenkova 2018, p.336).

To operationalise socialist spiritual civilisation, Xi placed **Culture** at the heart of his strategy<sup>18</sup>. He described culture as a country and nation's "soul" and stressed that China could not rejuvenate itself without culture confidence (Xi 2017, p37). Xi interpreted culture from two perspectives. First, he emphasised preserving the nation's traditional cultural heritage (South China Morning post 2020), viewing it as the foundation for cultivating core socialist values. He encouraged people enhancing the public cultural service system, undertaking cultural programs, launching cultural activities, and focusing on archaeological research (Xi 2017, p12). In 2019, the central government advocated free entry to cultural facilities nationwide, including over 50,000 museums and cultural centres and allocated 3.2 billion U.S. dollars to build a public culture service system (CGTN 2020). Xi views promoting Chinese traditional culture as vital for enhancing self-awareness and self-confidence among Chinese people. Furthermore, showcasing Chinese culture is essential to ensure the story of China is to be heard all over the world (Xinhua 2020b; Brown and Bērziņa-Čerenkova 2018). Second, the establishment of core socialist values includes 12 key values, such as national values like "prosperity", "democracy", "civility" and "harmony"; social values of "freedom", "equality", "justice" and the "rule of law"; and the individual values of "patriotism", "dedication",

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<sup>17</sup> The term was initially mentioned by Mao, and later by Deng. However, Xi interpreted this term in an innovative way compared to previous leaders.

<sup>18</sup> Xi put forward four types of self-confidence, namely confidence in chosen path, guiding theory, political system, and culture. Among them, culture confidence is the most fundamental.

“integrity” and “friendship”. Culture serves as a tool for maintaining internal social stability and building external soft power.

In constructing a spiritual civilization, Xi noted the importance of opening up to other countries, and urged people worldwide to build a community with a shared future for humankind (Xi 2017, p23). The **Belt and Road Initiative (BRI)** served as a platform to achieve this goal. BRI is a global endeavour aimed at accelerating the economic integration of countries through infrastructure development along the path of the historical silk road. Since its initial launch in 2013, 125 countries and 29 international organisations have signed agreements to cooperate with China to build the Belt and Road (Xinhua 2019).

In summarising the spiritual directions themes during Xi’s period, key areas include Science and Education, Anti-corruption, People Oriented, Culture and One Belt One Road. Both Hu and Xi use different spiritual themes to respond social and environmental issues and to guide companies towards their goals. While there are similarities in their approaches, notable differences exist. Both leaders exercise pastoral power aimed at benefiting companies and society, but with varying emphases. These distinctions are often reflected in companies’ CSR reporting. Companies, like followers confessing to a pastor, disclose their social and environmental efforts in CSR reports to align with state directives and maintain legitimacy with the government and society. In the following section, we will examine specific cases of companies engaging in this practice, highlighting how they align their reports with state leader’s directives and how this influences their internal governance and strategic decision. Through the analyses, we will illustrate how CSR reporting functions as a modern mechanism of confession, reinforcing governmental power while shaping company’s behaviour.

#### 4.2.1 People Oriented Confession

During Hu’s leadership, the People Oriented approach focused on staff safety, wellbeing, public welfare, and community building. In contrast, Xi’s leadership emphasised poverty alleviation and achieving moderate prosperity. China Eastern Airlines serves as an example of how these themes were implemented. In their 2010 CSR report, it emphasized that employees are a key element and an asset for a company to achieve sustainable development. The company adhered to laws and regulations to protect employee rights, aiming to create a fair and harmonious environment that fosters growth. They prioritised open communication and sought to ensure mutual growth between employees and the company. The ‘Responsibility to Employees’ is a stand-alone section of the CSR report. Information disclosed focused on inclusive and fair employment opportunity, gender equality, career development, health and wellbeing, and social security system.

When Xi took over the power, China Eastern Airlines’ CSR report saw changes reflecting his emphasis on poverty alleviation. From 2015, the ‘Responsibility to employees’ section was downgraded to a sub-section under ‘Share Happiness’. Although terms related to ‘poverty’ were barely mentioned in the 2010 and 2011 reports, poverty alleviation became a stand-

alone section in 2016's annual report to align with Xi's spiritual direction. The China Eastern Airlines (2016), a SOE, CSR report stated that:

*In accordance with the spirit of the Central Poverty Alleviation Work Conference and the Central SOEs Designated Poverty Alleviation Work Conference, the company insists on precision poverty alleviation, adheres to the combination of aviation advantages and the actual situation of designated poverty alleviation counties...*

China Eastern Airline also made a significant financial contribution to poverty alleviation to align with Xi's call. Specifically, it contributed RMB 10.336 million (around USD 15,540,400) to the Poverty Alleviation program, and was awarded the title of "Precision Poverty Alleviation Model Enterprise" at the World Public Welfare and Charity Forum, and Enterprise Precision Poverty Alleviation in 2016. Moreover, response to the call from the central government is explicated in the CSR reports. In both the 2017 and 2018 reports, poverty alleviation is highlighted as a core corporate social responsibility. In 2018, the company's contribution to the Poverty Alleviation fund was increased to RMB 16.2687 million. A dedicated session was also added to the report, specify Target Poverty Alleviation, Medical Poverty Alleviation, Education Poverty Alleviation, Industry Poverty Alleviation, and how individual employees were encouraged to participate in the Poverty Alleviation programs. This change reflects a clear contrast between the company's CSR focus under Hu and Xi.

The spiritual direction from the state leader is not only reflected in SOEs but also in non-SOEs. From 2016 to 2018, Fuyao Glass Industry Group Co., Ltd (non-SOE) consecutively stated that:

*In response to the call of the Party Central Committee and the State Council, implement the spirit of the Central Poverty Alleviation Work Conference, and better carry out the precision poverty alleviation action of "Ten Thousand Enterprises Helping Ten Thousand Villages"...*

Fuyao Glass Industry Group Co., Ltd (2016) pledged to contribute RMB 10 million annually for three consecutive years to support less developed provinces, totalling RMB 90 million. This demonstrates a significant change compared to their earlier CSR efforts under Hu's leadership. For instance, Fuyao Glass (2010) only mentioned a single poverty related activity, donating RMB 1 million (USD142,857,000) to support individuals who had lost parents and sole guardians. Their 2012 annual report included only sporadic donation information, with amounts ranging from RMB 10,000 (USD 1,428 ) to RMB 20,000 (USD 2,857). This contrast highlights a broader commitment to poverty alleviation efforts under the new spiritual directives.

The Hurun Research Institute's China Corporate Social Responsibility White Paper (Sina, 2020) highlights the significant role of enterprises in poverty alleviation efforts. By December 2020, 127,000 private enterprises had participated in such initiatives, supporting 139,100 villages through industrial investments of 110.59 billion yuan and charitable contributions of 16.86 billion yuan (ACFIC, 2021). Over the past four decades, China has lifted nearly 770 million people out of extreme poverty, accounting for approximately three-quarters of the global

reduction in extreme poverty (World Bank, 2022). This demonstrates how CSR reports act as a form of confession, showcasing how enterprises align with state direction and reinforce their loyalty to the state.

The changes in CSR report content reflect the shifting spiritual direction from political leaders. Drawing on Foucault's (2029) concept of the Christian pastorate form of power, obedience is exercised, ensuring a relation of complete obedience, where merits and faults are accounted for. In China, even without specific incentives for CSR reporting, the spiritual direction set by political leaders significantly influences the variation in CSR reporting language. This dynamic shows how companies align their practices and disclosures to mirror state priorities and maintain their legitimacy.

#### 4.2.2 Environmental protection confession

Environment protection has been a consistent theme under both Hu and Xi, but with different emphases. During Hu's period, the focus was on energy saving and emission reduction (Situ et al. 2020). In contrast, Xi has highlighted the importance of managing pollution, conserving energy, and combating climate change.

China Eastern Airlines (2011), a SOE, readily responded to the state's call, summarising its key responsibilities as primarily focusing on energy saving and emission reduction. Specifically, it noted:

*East Airlines ... implements national environmental protection policies on energy saving and emission reduction requirements, consistently promotes energy conservation and development, advocates low-carbon flying, reduces energy consumption, and creates resource-saving and environmentally friendly enterprises" (P50).*

Within China Eastern Airlines' (2011) annual report, five sub-sections with five entire pages (out of 72 pages) were devoted to the implementation of energy saving and emission reduction in the company. Likewise, Anxin Trust, as a non-SOE, stated in its 2010 CSR report,

*Under the background of thoroughly implementing the scientific development concept and building a harmonious society, ... the company saves costs, reduces energy consumption, ... promotes sustainable and harmonious development.*

Under Xi's leadership, Anxin Trust's 2017 and 2018 CSR reports, while the content of detailed environment protection action is the same as the previous years, some sentences have been added at the beginning of the environment protection section to reflect spiritual direction of Xi:

*In the 19th National Congress of the Communist Party of China, harmony between human and nature has been made one of the basic policies for upholding and developing socialism with Chinese characteristics for a new era. It points out that **building an ecological civilization** is a millennium plan for the sustainable development of China ... and calls for continue to implement the **Beautiful China initiative**. The company thoroughly implements the guiding principle from the 19th*

*CPC National Congress and advocates... to contribute to build an ecological civilisation (emphasis added)*

Furthermore, China Eastern airlines' (2016) annual report has been significantly changed, and the focus shifted. Energy-saving and emission reduction is only mentioned under Environment Management system, and the information provided is minimal without detailed explanation of their implementation. On the other hand, the issue of climate change, pollution, and sustainable utilization of resources became separate sub-sections under the section Green, using three dedicated pages to explain these issues.

Thus, it can again be seen that companies changed the discourse on the environment along with the change of state leader's spiritual direction. This adherence exemplifies Foucault's concept of "multiplicity in movement," where organisations dynamically adjust their focus and language to align with evolving state priorities. This process underscores how companies maintain their alignment with governmental directives to ensure legitimacy and coherence with national goals.

#### 4.2.3 Science and Education confession

Both Hu and Xi placed significant emphasis on the development of science and technology as crucial to China's modernization. While Hu's spiritual direction under scientific development emphasized technological innovation, Xi has focused on artificial intelligence and robotics, aiming to make China a global leader in these fields.

In response to Hu's emphasis on technological innovation, China Unicom in 2010 and 2012, for example, used two and three paragraphs respectively on their annual reports to summarise the research publications, patents, and research grants with little information about artificial intelligence. When Xi took over the power, the focus shifted again. In 2017, they included a stand-alone section entitled "Driven by innovation, leading a better intelligent life" with sub-sections building intelligent networks, developing intelligent technology, enriching intelligent applications, and enhancing intelligent service. These sections detailed AI implementation strategies. The term 'intelligence' appeared only 12 times in the 2010 annual report, increasing to 114 times in 2017, and 130 times in 2018, reflecting this strategic shift.

Sinopec's sustainability reports from 2015 to 2018 show a clear focus on integrating artificial intelligence in responses to Xi's call for technological advancement. In 2016, Sinopec highlighted its intelligent management system and related R&D within their report. By 2017, technological innovation was emphasized both in the SOE's statement and in a dedicated two-page section. They discussed aligning with national strategies, integrating intelligence and internet, and detailed the implementation and benefits of intelligence management, supported by case studies and awards. In Sinopec's (2018) annual report, a special column was created for intelligence named "Innovative development and promoting intelligent operation", that not only detailed intellect manufacture and intelligent management but also intelligent petrol stations and the construction of a digital management system.

The analysis indicates that while both leaders emphasized science and education, the shift in focus towards contemporary technologies like AI was notable in corporate responses. This transition from traditional technologies to AI reflects broader national priorities. By 2023, China had become the world's second-largest hub for computing power, with over 4,400 domestic AI enterprises. This reflects the nation's rapid advancement in AI innovation and technical infrastructure (The global times, 2024).

#### 4.2.4 Anti-corruption confession

Anti-corruption is always a challenge to legitimise the CCP's leadership in China, but each state leader approached this is different. In Hu's period, anti-corruption was part of the requirement to develop harmony in society. According to Hu's speech at the Seventeenth National Congress of the CCP (2007), "a small number of Party cadres are not honest and upright...". Through carefully reading of companies' annual reports, it is rare to find companies that disclose anti-corruption related information during Hu's period. Even though some companies included the anti-corruption in the CSR reports, the information is mainly about the activities that have been organised to prevent corruption. For instance, China Unicom (2011) and (2012) annual report only listed relevant seminars or workshops to train employees on this topic. When Xi took over the power, addressing corruption became a central theme. The world bank (2012) indicated that approximately 42.2% of firms reported expectations of providing gifts to secure government contracts, highlighting significant corruption challenges. Under Xi's leadership, there was a noticeable shift in companies' CSR reports, with increased transparency and emphasis on anti-corruption measures.

The PetroChina corruption case was a significant early effort in Xi's early anti-corruption campaign, starting in 2013 with investigations into senior officials in petroleum sector. This political pressure led to changes in corporate CSR disclosure, where companies demonstrated loyalty to the central government. Specifically, PetroChina's 2013 CSR report prominently featured anti-corruption in the director's statement. Not only does it mention that there are management members who are under anti-corruption investigation, also it emphasises the company's commitment to anti-corruption. In response to the call for a robust system to combat corruption, details were included in the corporate governance section, highlighting efforts to strengthen anti-corruption measures and compliance with the company (p.6):

*We focus on improving the punishment and prevention system... manage the corruption risk through scientific system and further intensify the construction of anti-corruption and upholding integrity.*

Following this, the system of punishing and preventing corruption was further defined as a key aspects of corporate governance and control systems .

Similarly, in China Unicom's CSR report for 2016 and 2017, there were significant changes regarding anti-corruption efforts. The 2016 report highlighted the establishment of a platform for discipline inspection, supervision and reporting. Management at various levels were required to sign the "Commitment to Implementing the Party Conduct and Clean Government Construction Responsibility System", demonstrating the company's



commitment to fighting corruption and emphasizing individual accountability. China Unicom also expressed intention to “deeply study and implement Xi Jinping’s socialist ideology ... and deep advancement of anti-corruption” (2017, P18).

During Xi’s leadership, there was a notable increase in corporate disclosure of anti-corruption efforts compared to Hu’s period. While only 58 out of 75 companies mentioned anti-corruption in Hu’s era – and some only briefly – this number rose to 70 under Xi. The frequency of anti-corruption keywords also surged. For instance, China Minsheng Banking’s CSR report featured these terms more than 300 times during Xi’s five-year period. This shift reflects the strategic importance placed on anti-corruption as part of Xi’s vision for the ‘China Dream’, prompting companies to engage more actively in reporting anti-corruption initiatives (Xi 2014a).

#### 4.2.5 Culture confession

Under Xi’s leadership, traditional Chinese culture and core socialist values have become prominent themes in CSR reporting. The set of 12 core socialist values, along with the references to ‘traditional culture’, are among the most frequently mentioned terms. This reflects the emphasis on aligning corporate practices with national cultural and ideological priorities, highlighting the integration of these values into business strategies and societal contributions.

According to Xi (2014b), the core socialist values answer important questions: “what kind of country and society do we want to build, and what kind of citizen do we need to develop?” To develop and promote the core values of socialism, China must “firstly start with education to make sure that these values become part of our daily life” so that these values are “rooted in the traditional culture in which we as Chinese take such great pride”. This opinion was further developed as the *guideline for developing and promoting the core socialist values* enacted in 2013. In response, companies incorporated these values into various sections of their sustainability reports. For instance, when analysing the stakeholders’ interests, Sinopec (2016, P7) noted:

*Sinopec works hand in hand with all stakeholders to practice the core values of prosperity, democracy, civilization, harmony, freedom, equality, justice, rule of law, patriotism, professionalism, integrity, and friendliness and jointly promote coordinated and sustainable development with economic growth, a friendly environment, and social harmony.*

Furthermore, many companies reported their activities of promoting core socialist values. For example, the 2014 Agriculture Bank of China CSR report discloses the company’s culture promoting activities:

*Youth Navigation Action: Deeply plant the corporate culture, cultivate and practice the core socialist values, and guide junior employees to form a correct worldview.*

To show the company’s commitment to the core socialist values, the 12 core socialist values were used as the back cover of the company’s 2014 and 2015 CSR reports. As Xi emphasised the core socialist values are rooted in traditional culture, companies are keen on investing

and/or sponsoring relevant activities. For example, Agricultural Bank of China report in the 2017 CSR report, that they sponsored the Primary and Secondary School Students' Classic Chinese Poem Recital Competition. In the same year, they signed a strategic partnership agreement with the Forbidden City, which aims to research traditional Chinese culture. They further report that at the end of 2017, they loaned RMB 72.06 billion in culture related industries.

The discourse analysis above clearly reveals that CSR reporting functions as a platform for companies to align with the state's objective and demonstrate their commitment to national priorities. When the state emphasizes cultural awareness, companies respond by incorporating relevant themes into their CSR reports and contributing to culture-related social activities. This approach serves to strengthen their connection with the state and showcase their support for governmental initiatives.

#### 4.2.6 BRI confession

BRI is a new spiritual direction that emerged under Xi's period. BRI was originally announced by Xi during an official visit to Kazakhstan in September 2013. It is Xi's hallmark foreign policy initiative. Later in November, it was adopted by the Chinese government as a global infrastructure development strategy which calls for China to take a greater leadership role for global affairs in accordance with its rising power and status. The initiative is a great development opportunity for companies. The Chinese government also offers tax benefits and capital support to encourage Chinese companies to engage in the relevant projects. Therefore, internationalisation related words such as "overseas", "international", "cross-border" appear frequently in the CSR reporting. In particular, after 2013, words used to refer to BRI, like "silk road", "economic belt", "one belt one road", are frequently sighted in the reports across industries. Both SOE and non-SOE from different industries actively responded to Xi's call.

For example, in the banking and financial service industry, companies attempted to provide financial supports to enterprises to fulfill the mission of BRI. In Agriculture Bank of China's 2016 CSR report, the term 'one belt one road' appears 21 times on 10 pages. It is also highlighted in Director Letter as "(We) increase support for the key national strategies, such as the **One Belt One Road**, the coordinated development of Beijing-Tianjin-Hebei, and the Yangtze River **Economic Belt**."

In the materiality test section, the BRI has also been selected as the key social responsibility topic. In the annual report (2016, P38), Agriculture Bank described how they should serve the BRI:

*Since the implementation of BRI, as a state-owned large commercial bank, the Agricultural Bank of China has been putting financial strength into the construction of the "Belt and Road". ... with a focus on supporting enterprises "going out" and prioritizing areas such as agricultural international cooperation, infrastructure... international trade and economic cooperation. It actively expands major projects along the BRI countries, helping to build a prosperity road.*

In the telecommunication industry, BRI was interpreted in terms of building connection with oversea companies and expanding their business operations. In China Unicom's (2016) CEO statement, it noted:

*Along with the BRI countries, strengthen interconnectivity, expand to 22 new operating customers, and achieve full coverage of business operation in 10 ASEAN countries, we should take China's commission on BRI efficiently.*

Likewise, the expanding international partners and business operations was noted in the Aviation transportation industry. China Eastern Airlines (2016) CEO's statement noted:

*The state enterprises are an important pillar of the national economy and the backbone of the BRI construction. Eastern Airlines always keeps in mind the mission and responsibilities of the state enterprises, adheres to ... the national strategy, actively explores effective ways to create an **air silk road around the BRI** construction, and undergo a massive transformation to serve the national strategy (emphasis added).*

TBEA Co. Ltd., as an example of a non-SOE and in the manufacturing industry, supported the BRI as well, noting in their 2014 sustainability report,

*The company closely focuses on the major national "One Belt One Road" strategy and accelerates the pace of internationalization of "going out".*

To respond the call of the BRI and exercise its "going out" strategy, TBEA noted it has established nearly 100 overseas offices in various countries. It is evident that when Xi proposed the BRI, companies from different industries respond to this initiative.

## 5. Discussion and Conclusion

According to Foucault (2009), modern government is characterised by governmentality, involving control, regulation, and knowledge manipulation. CSR reporting in China is a good example of demonstrating the formation of governmentality. On the one hand, various government agencies pressure companies to follow CSR practices (Zhao and Pattern, 2016). On the other hand, the state government and political leaders take an active part to encourage and guide companies to produce CSR reports.

Two Chinese political leaders, namely Hu and Xi, proposed various CSR initiatives to direct company's CSR beliefs and actions during their administration. It is worthwhile to note that guidance from leaders is not fixed and static but rather is composed of multiple and shifting elements that are developed following the specific social and environmental context. In China's case, Hu proposed People Oriented, Environmental Protection, and Science and Education as guiding characteristics of CSR. Hu's proposal on these CSR initiatives was carried forward to Xi's period with some additions, including Chinese traditional culture and BRI. These CSR initiatives reflect the political leader's role in providing the spiritual direction to the population. These CSR initiatives proposed by two Chinese political leaders are not arbitrary, but a response to real social issues faced by society, and this aligns with Foucault's description of "creation and manipulation of subjective and knowledge" that are embedded

in governmentality. Since political leaders play a crucial role in identifying various social issues followed by campaigns to resolve the issues, companies take an active role in aligning their strategies and operations to contribute to the social development. In this way, it is reasonable to state that CSR reporting is a technique that has been used by the state to achieve governmentality goals as stated above, as the state has been active in shaping and regulating the social behaviour of companies.

To ensure alignment with the political leader's spiritual direction, companies in China are encouraged to produce CSR reports, which can be seen as a form of 'confession' in Foucault's (2009) term. Foucault (2009) describes confession as a technique of power that allows individuals to internalize authority and normalize certain behaviours and norms. Different from many other countries, it is common to see that CSR reporting in China not only outlines a company's social and environmental performance but also reveals the company's efforts to address the social and environmental issues that are advocated by the political leaders. From the company's perspective, the act of reporting is not only a compliance exercise but a ritualistic practice of self-examination and submission. The management voluntarily follows the direction set by the political leadership, akin to how a believer submits to the authority to a pastor in pursuit of moral redemption. Through this structured disclosure, companies publicly acknowledge their shortcomings, express their commitment to improvement, and seek validation from regulatory authorities, stakeholders and the public. In doing so, the CSR report becomes a medium through which companies internalize external expectations, adjusting their behaviours and strategies accordingly.

As evidenced in section 4.2, the key themes outlined in the CSR reports went through a transformation in line with the alteration of the political leader's spiritual direction. Chinese companies use different means to demonstrate their commitment to the state government through CSR reports, such as incorporating the political leader's call in CEO statements and increasing the length and the depth of reporting on particular issues as promoted by political leaders. By encouraging companies to produce CSR reports, the government can understand companies' thought, so that it can better administrate companies. On the other hand, by confessing their CSR efforts in their reports, companies are motivated to actively showcase their alignment with governmental expectations and policies, fostering a virtuous cycle of accountability. This process not only allows companies to present their commitment to addressing social and environmental issues but also reinforces the normalization of behaviours and practices that align with the political leader's directives. Through this 'confessional' act, enterprises internalize the power of authorities, as described by Foucault, and incorporate it into their organizational thinking and strategies. Over time, this creates a self-reinforcing loop where companies not only report their adherence to government priorities but also proactively seek to identify and act on the political leader's agenda to stay ahead in demonstrating loyalty and responsibility. When enterprises see other organizations being praised or rewarded for aligning with specific government initiatives, they are further incentivized to do the same. Moreover, as confession is a cyclical process, companies continuously refine and expand their CSR reports, striving to demonstrate deeper alignment with evolving political priorities. This iterative practice mirrors the religious confessional

cycle, where believers repeatedly seek absolution, reinforcing their commitment to faith. In the company's context, each new CSR report serves as a renewed declaration of loyalty, reinforcing the company's dedication to the political leader's vision.

Foucault (2009) uses the pastoral power to describe the relationship between the leader and individuals. Within pastoral power, two typologies are grouped—totalization and individualization. In the context of this study, Hu and Xi use totalizing pastoral power that seeks to regulate and control the companies. As evidenced in section 4.2, not only SOEs (such as Petrol China, China Unicom, Agricultural Bank of China), but also non-SOEs (such as Fuyao Glass, Anxin Trust, TBEA) have been actively involved in responses to Xi and Hu's call on CSR initiatives. Furthermore, companies from different industries attempt to support Xi and Hu's CSR initiatives. For instance, when Xi advocated artificial intelligence as one of the important national strategies in, different industries, including telecommunications and the extractive industry, actively responded to the call by implementing AI related technology in their production and management. The example evidenced the power of totalisation. In these examples, the individual identities, such as non-SOEs or different industries, has been reduced and the company simply follows a common set of norms and regulations following other companies.

Different from totalization, individualization focuses on an individual company's responsibility for their own actions and thoughts. In Foucault's view, individualization is not equivalent to the form of liberation but rather exercises power by educating an individual company to hold accountabilities for their own behaviour and make each individual company internalize the power of authority. Even though the CSR reporting is voluntary in China, and companies have freedom to decide whether they make their own decisions, the majority of listed companies decided to produce CSR reports following the political leader's CSR initiative, as an individual company does not want to be 'different' and to be criticised for their individual behaviour. As such, obedience to the authority is seen as natural for both SOEs and non-SOEs.

In Foucault's view, the concept of salvation and eternal life is important for the leader to exert power over individuals and control their behaviour, as it can be used to create a sense of fear for individuals. When individuals' behaviour deviates from the established norms and values, they would be worried as they do not want to put their salvation in danger. In China's case, although the CSR reporting is voluntary, the government agencies actively issue various rankings, indexes and guidelines to direct companies toward salvation. For instance, the state council issued Guidance on Central Enterprises' Fulfillment of Social Responsibility in 2008 to provide a direct guide to fulfilling their social responsibility. People's Daily, the official newspaper of CCP, is notable for its role in disseminating the CCP's propaganda and ideology to shape public opinion on critical political and social issues. Since 2019, People Daily publishes the China Corporate Social Responsibility Leading Index to measure companies' CSR performance in China every year. Another example in point, in order to accelerate the poverty alleviation, Xi launched the 'Ten Thousand Enterprises Help Thousand Villages' initiative, by encouraging private enterprises contribute to the target

alleviation effort. As of the end of June 2020, a total of 109,500 private enterprises had been registered in the "Ten Thousand Enterprises Help Ten Thousand Villages" targeted poverty alleviation initiative. These enterprises provided targeted assistance to 127,100 villages, including 68,900 registered impoverished villages. They invested 91.592 billion yuan in industries and 15.216 billion yuan in public welfare projects, created 799,000 job opportunities, and provided skills training to 1.1633 million people. Altogether, the initiative benefited and supported 15.6452 million registered impoverished individuals. (China Economic Weekly, 2020). This case reinforces Foucault's salvation and eternal life, which has been used as a powerful mechanism for leaders to exert influence over individuals and regulate their behavior. By forstering a narrative of collective responsibility and moral obligation, leaders can create a framework in which individuals and organizations are driven by a desire to aign with to achieve salvation and eternal life. Specifically, by actively participating in state-led initiatives not only to contribute to the greater good but also to solidify their alignment with government priorities and earn societal recognition. This also create a subtle fear of exclusion or reputational harm for those who fail to comply, thereby reinforcing the normalization of desired behaviors and deepending the reach of governmental power into the corporate domain.

This paper contributes to the current literature in different ways. First of all, it offers an alternative view to understand the motivation of CSR reporting in China. The extant literature commonly follows the western way of thinking and believe companies' CSR reporting is motivated by financial returns (Yang et al., Wang et al. 2011). The present study, however, argues that the Chinese state government plays a significant role in every aspect of people's life in China, including CSR reporting, due to its centralised institutional structure. In other words, this paper believes that the emergence of CSR in China is closely linked to the spiritual matters. This aligns with Vollentim and Murillo's (2011) observation about the development of CSR in EU, where government "providing templates for development in CSR while simultaneously upholding and even praising its voluntary nature" (p.826). Government's role in CSR goes beyond just talking about rules and regulations, it involves acknowledging the voluntary nature and positive encouragement. Although some studies, such as Zhao and Patten (2016), Gu (2013), Qian and Chen (2022) attempt to understand how the government agencies and the connection to the government agencies might influence the company's CSR reporting, these studies did not delve into the underlying motivations, i.e., the state/political leader's spiritual direction, on companies' CSR reporting. The present study seeks to supplement this group of literature by showing how companies alter their CSR reporting in response to different leaders' CSR initiatives.

Second, the present study expands our understanding of the relationship between ideology and accounting systems. Previous studies reveal that political ideology in China has had a significant influence on the accounting system (Ezzamel et al. 2007, Xu et al. 2014, 2018, 2019) and accounting professionals in China (Yee, 2008, 2012) throughout different historical periods. CSR reporting, as a new accounting technique that emerged in the recent three decades, has been significantly neglected. Although Situ et al. (2020) explore how the Chinese government uses its power to direct the development of corporate environmental

reporting, the analysis is limited to the environmental aspect of one political leader. This study expands the ideological studies in China to examine how CSR reporting has been used as an 'artifact' to reflect a political leader's different spiritual directions.

Third, the study makes an important theoretical contribution. In accounting, Foucault's (2009) concept of governmentality has been widely used to understand the role of accounting in different contexts, and it reveals accounting is often used as a political tool to exercise control (Álvarez-Dardet Espejo et al. 2002; Argento et al. 2019, Sargiacomo 2009; Gomes et al. 2014) in various social and political contexts, mainly in Western democratic society. The concept of governmentality has yet to be used to understand the use of accounting system in a democratic centralism country, i.e. China. This is the first known study where concept of governmentality has been used to understand the state governance in modern China. Moreover, this study reveals the dual nature of CSR reporting. Similar to previous studies, the study finds CSR reporting can be used as a tool of control, facilitating the state's governmentality as it is an effective way for the state to examine whether and how their spiritual direction has been exercised among the popular in China. On the other hand, previous studies often see accounting information as a means of confession (Nikidehaghani and Hui, 2017, Nikidehaghani et al. 2019, Bigoni et al., 2021). Likewise, the present study finds CSR reporting can be used as a way of confession and used by the company to build their relations with the state. Different from these studies, which believe the confession is an unfair practice to the followers who have to reveal their certain secret inner truth to seek for eternal life, we argue the confession in CSR reporting is beneficial, as companies build their social and environmental awareness in the process of reporting preparation, and hence CSR norms will be established in a society, and companies CSR behaviour will be enhanced without heavy involvement of coercive power.

To conclude, we argue when studying CSR reporting in China, we cannot simply see it as a technical tool that is used to meet the requirements of various stakeholders. Instead, we need to understand it as a social practice. This study has highlighted the CSR report in China is a political product, and it is an important practice for the state to implement governmentality in China.

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## Appendix

Table 1: List of sample companies

| Stock Code | Company Name                                                 | C-SOE | L-SOE | N-SOE | Overseas |
|------------|--------------------------------------------------------------|-------|-------|-------|----------|
| 600000     | Shanghai Pudong Development Bank Co Ltd                      | 0     | 1     | 0     | 0        |
| 600015     | Hua Xia Bank Co Ltd                                          | 0     | 1     | 0     | 0        |
| 600016     | China Minsheng Banking Corp Ltd                              | 0     | 0     | 0     | 1        |
| 600018     | Shanghai International Port (Group) Co Ltd                   | 0     | 1     | 0     | 0        |
| 600019     | Baoshan Iron & Steel Co Ltd                                  | 1     | 0     | 0     | 0        |
| 600028     | China Petroleum & Chemical Corporation                       | 1     | 0     | 0     | 1        |
| 600029     | China Southern Airlines Co Ltd                               | 1     | 0     | 0     | 1        |
| 600030     | CITIC Securities Co Ltd                                      | 1     | 0     | 0     | 1        |
| 600031     | Sany Heavy Industry Co Ltd                                   | 0     | 0     | 1     | 0        |
| 600036     | China Merchants Bank Co Ltd                                  | 1     | 0     | 0     | 1        |
| 600048     | Poly Developments and Holdings Group Co., Ltd.               | 1     | 0     | 0     | 0        |
| 600050     | China United Network Communications Co Ltd                   | 1     | 0     | 0     | 0        |
| 600066     | Zhengzhou Yutong Bus Co Ltd                                  | 0     | 0     | 1     | 0        |
| 600085     | Beijing Tongrentang Co Ltd                                   | 0     | 1     | 0     | 0        |
| 600089     | TBEA Co Ltd                                                  | 0     | 0     | 1     | 0        |
| 600104     | SAIC Motor Co Ltd                                            | 0     | 1     | 0     | 0        |
| 600109     | Sinolink Securities Co. Ltd.                                 | 0     | 0     | 1     | 0        |
| 600111     | China Northern Rare Earth (Group) High-Tech Co.,Ltd          | 0     | 1     | 0     | 0        |
| 600115     | China Eastern Airlines Corp Ltd                              | 1     | 0     | 0     | 1        |
| 600176     | CHINA JUSHI CO., LTD.                                        | 1     | 0     | 0     | 0        |
| 600183     | Shengyi Technology Co.,Ltd.                                  | 0     | 1     | 0     | 0        |
| 600188     | Yanzhou Coal Mining Co Ltd                                   | 0     | 0     | 0     | 1        |
| 600196     | Shanghai Fosun Pharmaceutical (Group) Co Ltd                 | 0     | 0     | 1     | 1        |
| 600208     | Xinhu Zhongbao Co Ltd                                        | 0     | 0     | 1     | 0        |
| 600271     | Aisino Co.,Ltd                                               | 1     | 0     | 0     | 0        |
| 600309     | Wanhua Chemical Group Co., Ltd.                              | 0     | 1     | 0     | 0        |
| 600332     | GUANGZHOU BAIYUNSHAN PHARMACEUTICAL HOLDINGS COMPANY LIMITED | 0     | 1     | 0     | 1        |
| 600352     | Zhejiang Longsheng Group Co Ltd                              | 0     | 0     | 1     | 0        |
| 600362     | Jiangxi Copper Co Ltd                                        | 0     | 1     | 0     | 1        |
| 600406     | NARI Technology Co., Ltd.                                    | 1     | 0     | 0     | 0        |
| 600600     | Zhangzhou Pientzhuang Pharmaceutical Co Ltd                  | 0     | 0     | 0     | 1        |



|        |                                                           |   |   |   |   |
|--------|-----------------------------------------------------------|---|---|---|---|
| 600460 | Hangzhou Silan Microelectronics Co Ltd                    | 0 | 0 | 1 | 0 |
| 600498 | Fiberhome Telecommunication Technologies Co Ltd           | 1 | 0 | 0 | 0 |
| 600535 | TASLY PHARMACEUTICAL GROUP CO.,LTD                        | 0 | 0 | 1 | 0 |
| 600585 | Anhui Conch Cement Co Ltd                                 | 0 | 1 | 0 | 1 |
| 600588 | Yonyou Network Technology Co., Ltd.                       | 0 | 0 | 1 | 0 |
| 600635 | Shanghai Dazhong Public Utilities (Group) Co Ltd          | 0 | 0 | 0 | 1 |
| 600660 | Fuyao Glass Industry Group Co.,Ltd                        | 0 | 0 | 1 | 1 |
| 600690 | Haier Smart Home Co., Ltd.                                | 0 | 0 | 0 | 1 |
| 600816 | Anxin Trust Co., Ltd                                      | 0 | 0 | 1 | 0 |
| 600837 | Haitong Securities Company Limited                        | 0 | 1 | 0 | 1 |
| 600872 | Jonjee Hi-Tech Industrial and Commercial Holding Co.,Ltd. | 0 | 0 | 1 | 0 |
| 600884 | Ningbo Shanshan Co Ltd                                    | 0 | 0 | 1 | 0 |
| 600887 | Inner Mongolia Yili Industrial Group Co Ltd               | 0 | 1 | 0 | 0 |
| 600893 | AVIC AVIATION ENGINE CORPORATION PLC.                     | 1 | 0 | 0 | 0 |
| 600895 | Shanghai Zhangjiang Hi-tech Park Development Co Ltd       | 0 | 1 | 0 | 0 |
| 600900 | China Yangtze Power Co Ltd                                | 1 | 0 | 0 | 0 |
| 600999 | China Merchants Securities Co Ltd                         | 1 | 0 | 0 | 1 |
| 601006 | Daqin Railway Co Ltd                                      | 1 | 0 | 0 | 0 |
| 601009 | Bank of Nanjing Co Ltd                                    | 0 | 1 | 0 | 0 |
| 601088 | China Shenhua Energy Co Ltd                               | 1 | 0 | 0 | 1 |
| 601111 | Air China Ltd                                             | 1 | 0 | 0 | 1 |
| 601166 | Industrial Bank                                           | 0 | 1 | 0 | 0 |
| 601169 | Bank of Beijing Co Ltd                                    | 0 | 1 | 0 | 0 |
| 601186 | China Railway Construction Co Ltd                         | 1 | 0 | 0 | 1 |
| 601318 | Ping An Insurance (Group) Company of China Ltd            | 0 | 0 | 0 | 1 |
| 601328 | Bank of Communications Co LTD                             | 1 | 0 | 0 | 1 |
| 601390 | China Railway Group Limited                               | 1 | 0 | 0 | 1 |
| 601398 | Industrial and Commercial Bank of China Ltd               | 1 | 0 | 0 | 1 |
| 601600 | Aluminum Corporation of China Limited                     | 1 | 0 | 0 | 1 |
| 601601 | China Pacific Insurance (Group) Co Ltd                    | 1 | 0 | 0 | 1 |
| 601607 | Shanghai Pharmaceuticals Holding Co.,Ltd                  | 0 | 1 | 0 | 1 |
| 601628 | China Life Insurance Company Limited                      | 1 | 0 | 0 | 1 |
| 601668 | China State Construction Engineering Co Ltd               | 1 | 0 | 0 | 0 |
| 601727 | Shanghai Electric Group Co Ltd                            | 0 | 0 | 0 | 1 |

|        |                                      |   |   |   |   |
|--------|--------------------------------------|---|---|---|---|
| 601766 | CRRC Corporation Limited             | 1 | 0 | 0 | 1 |
| 601788 | Everbright Securities Co Ltd         | 1 | 0 | 0 | 1 |
| 601857 | PetroChina Co Ltd                    | 1 | 0 | 0 | 1 |
| 601877 | Zhejiang Chint Electrics Co Ltd      | 0 | 0 | 1 | 0 |
| 601899 | Zijin Mining Group Co Ltd            | 0 | 1 | 0 | 1 |
| 601939 | China Construction Bank              | 1 | 0 | 0 | 1 |
| 601988 | Bank of China Ltd                    | 1 | 0 | 0 | 1 |
| 601989 | China Shipbuilding Industry Co Ltd   | 1 | 0 | 0 | 0 |
| 601998 | China Citic Bank Corporation Limited | 1 | 0 | 0 | 1 |
| 600436 | Pien tze huang                       | 0 | 1 | 0 | 0 |

Table 2: Top 10 key words related to the ideology themes – Hu Jintao’s period

| People Oriented     | Environment protection     | Science and Education | Anti-corruption               |
|---------------------|----------------------------|-----------------------|-------------------------------|
| 员工 (employee)       | 环境 (enviroment)            | 创新 (innovatino)       | 廉洁 (integrity)                |
| 健康 (health)         | 资源 (resource)              | 技术 (technology)       | 腐败 (corruption)               |
| 人员 (people)         | 节能 (energy saving)         | 科技 (technology)       | 反腐倡廉                          |
| 公益 (public welfare) | 能源 (energy)                | 教育 (education)        | 廉政 (upright)                  |
| 职工 (employee)       | 环保 (enviroment protection) | 人才 (talent)           | 党委 (party committee)          |
| 和谐 (harmony)        | 持续 (sustainability)        | 研究 (research)         | 监管部门 (supervision department) |
| 生活 (live)           | 绿色 (green)                 | 知识 (knowledge)        | 党支部 (Party branch)            |
| 劳动 (work)           | 治理 (treatment)             | 网络 (internet)         | 党风 (party style)              |
| 捐赠 (donate)         | 排放 (emission)              | 研发 (R&D)              | 党组织 (party)                   |
| 爱心 (love)           | 循环 (recycle)               | 科学 (science)          | 贿赂 (bribe)                    |

Table 3: Top 10 key words related to the ideology themes – Xi Jinping’s period

| People Oriented          | Environment protection | Science and Education | Anti-corruption       | Culture          | Belt and Road Initiative |
|--------------------------|------------------------|-----------------------|-----------------------|------------------|--------------------------|
| 安全 (safty)               | 环境 (environment)       | 创新 (innovation)       | 洗钱 (money laundering) | 文化 (culture)     | 国际 (international)       |
| 员工 (employee)            | 持续 (sustainability)    | 信息 (information)      | 党建 (party building)   | 社会主义 (socialism) | 全球 (global)              |
| 健康 (health)              | 美丽 (beautiful)         | 技术 (technology)       | 廉洁 (integrity)        | 精神 (spirit)      | 海外 (overseas)            |
| 扶贫 (poverty alleviation) | 能源 (energy)            | 科技 (technology)       | 廉政 (upright)          | 诚信 (Integrity)   | 开放 (open)                |

|                          |                             |                |                               |                          |                            |
|--------------------------|-----------------------------|----------------|-------------------------------|--------------------------|----------------------------|
| 公益 (public welfare)      | 环保 (environment protection) | 人才 (talent)    | 党员 (party member)             | 合法 (legality)            | 境外 (overseas)              |
| 人员 (people)              | 资源 (resource)               | 知识 (knowledge) | 腐败 (corruption)               | 依法 (compliance with law) | 跨境 (cross border)          |
| 社区 (community)           | 治理 (treatment)              | 研发 (R&D)       | 监察 (supervise)                | 公平 (justy)               | 国内外 (Domestic and foreign) |
| 贫困 (poverty)             | 节能 (energy saving)          | 网络 (network)   | 透明度 (transparent)             | 传统 (tradition)           | 对外 (foreign)               |
| 帮扶 (aid)                 | 排放 (emission)               | 互联网 (internet) | 党风 (party style)              | 文明 (civalisation)        | 境内外 (Domestic and foreign) |
| 小康 (moderate prosperous) | 生态 (ecology)                | 人工智能 (AI)      | 监管部门 (supervision department) | 多元化 (diversity)          | 一体化 (Integration)          |