

Winir Symposium Lugano
The Nature and Governance of the Corporation

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**“Chinese entrepreneurs as actors of ecological conservation in the Inner Mongolian desert -
using the methodology of Austrian Economics to analyse Alashan SEE Ecological
Association”**

This article illustrates a case study of corporate action as an innovative response to China’s environmental crisis. There are few academics that would look at Chinese businesses as a starting point for improving human-environment relations. The dominant discourse focuses either on top-down policy implementation from a state perspective, or bottom-up movements through NGOs and society stakeholders. The role of private companies and entrepreneurs, in both Chinese and western economic and governance theory, is often reduced to mere “takers” of institutions, reluctantly giving in to pressure from lawmakers or civil society groups, rather than being active “makers” of institutional solutions on issues related to the environment and pollution. This paper examines the example of “Alashan SEE”, an exclusively Chinese-funded organization of Chinese entrepreneurs, with the aim of ecological restoration in Alashan region, Inner Mongolia. It tries to achieve this by promoting conservation efforts in conjunction with self governance and community development. This paper provides an explanation for a process of environmental institution-building which is grounded in a group of Chinese entrepreneurs’ common ideas and values, and that goes beyond the conventional understanding of both rationality, using as an approach the methodology of the Austrian School of Economics.

1. Introduction

This paper uses the methodology of the interpretive branch of the Austrian School of Economics as a tool to analyse one of the world’s biggest private anti-desertification initiatives (UNEP), the Chinese environmental protection organisation “Alashan SEE Ecological Organisation”.

Founded back in 2004 by a group of more than 100 Chinese entrepreneurs, this organisation serves the dual purpose of sustainable development and ecological conservation in one of China’s most fragile natural environments, the Alashan region in Inner Mongolia.

For reasons I will further elaborate on below, I argue that the phenomenon of the Alashan SEE entrepreneurs is puzzling for both economists being concerned with the instrumental rationality of actors, as well as for sinologists who look at the phenomenon of environmental protection in China.

Having a group of entrepreneurs who became important actors in environmental governance presents us with new challenges as of how to perceive of the nature of entrepreneurs and the corporations they run. The behavior of entrepreneurs giving away money for purposes other than immediate profit maximization is usually explained under the banner of CSR (Corporate Social Responsibility) or business ethics. However, it is important to note that the hypothesis of instrumental rationality

is implicitly still assumed to hold in most research. This is to say that investment into CSR or ethical behavior by businesses as such is usually not seen in purely idealistic or altruistic terms, but rather as being supportive to the long-term realization of the company's profit (through social reputation, image, branding etc.). This means that regardless of whether CSR relates to charity donations, company's legal responsibilities or other stages of the CSR-pyramid (compare Carrol 1991), it is mostly assumed that the investment is subservient to and aimed at the long-term profitability of the company.

This tallies the standard view that companies, if they want to survive in the long run, have to constantly aim for (constrained) profit maximization. Milton Friedman summarized his view on companies' social responsibility succinctly with the phrase "the only social responsibility of a company is to maximize profits".

The idea that "ethical behavior" of companies is always informed by instrumented rationality has also spilled over into other spheres of the social sciences and humanities, and has also had an impact on the academic debate about environmental governance in China. As shown by Holzer (2015), environmental governance in China is by most scholars looked at through the lense of the state-society dichotomy, with the Chinese government and environmental grassroots NGOs as the only relevant actors. The role of Chinese businesses is marginalized and if they are only mentioned then it is as a part of the environmental problem, but not as a possible solution. This can be explained by the fact that the "instrumental rationality imperative" has been very much internalized by scholars across disciplines, so that entrepreneurs are simplistically seen as the embodiment of agents that are subject to a constant rationalization imperative to maximize profit; hence in a natural antagonism with environmental protection.

Many scholars have stressed that the social reality of entrepreneurs is a far cry from that stylized concept of predefined actor rationality we find in mainstream economics. As a possible alternative, I propose to look deeper into the Austrian School of Economics' conception of the individual as a self-determined, choosing actor in contrast with neoclassical economics' conception of a malleable, predetermined agent. Seeing entrepreneurs as 'actors' entails to concede that they make their own choices and decisions, and that their behavior is neither entirely foreseeable nor predetermined, but leaves room for transgression and spontaneous evolvment. It also means that people attach subjective meaning to their actions. The word 'agent', on the other hand, comes with the danger of the fallacy of a mechanistic understanding of causality and with the idea that people's behavior is predetermined, so that social reality can be captured in a model that is not just a heuristic device but a normative one.

Whereas neoclassical economics implicitly imposes instrumental rationality on agents, the principle of 'subjectivism', which is the most foundational methodological concept of the Austrian School of Economics, works the other way round in the sense that it embraces the meaning making processes of individuals in all their diversity and forms. It does not try to confine human action into a standardized box of categories. The Austrian School of Economics is therefore among the different schools of economic thought the one that "render(s) economic phenomena intelligible in terms of

purposive human action and its (intended and) unintended consequences” (Boettke, Kirzner). Mises (1963, 26) wrote in ‘Human Action’ that “we cannot approach our subject if we disregard the meaning which acting man attaches to his situation“. Hayek (1976, 53) put it similar in ‘The Counter-Revolution of Science’, stating “unless we can understand what the acting people mean by their actions any attempt to explain them...is bound to fail” (Storr).¹

I argue that the phenomenon of Alashan SEE and the performative action of the entrepreneurs to establish this organization and their continuous commitment cannot readily be explained with the neoclassical theory of utility maximization or constrained utility maximization. I therefore refer to the interpretive methodology found in Austrian economics to make intelligible those Chinese entrepreneurs’ actions, as well as the evolution of the institutional processes their work has engendered.

This methodological premise has strong implications for the understanding of 2 of the key concepts that economics is concerned with, namely ‘rationality’ and ‘institutions’. Before I elaborate in more detail on these concepts and their application in our case study, I want to first provide a synopsis of the organisation Alashan SEE and explain why it is important to study. After that, this essay will examine in greater detail the interpretive approach grounded in Austrian School of Economics, its key concepts, and use it to further explain the phenomenon of Alashan SEE.

2. What is Alashan SEE and why is it important to study?

Like mentioned above, Alashan SEE (Society, Entrepreneur, Ecology) is China’s first entrepreneur-funded NGO/social enterprise/foundation, dedicated exclusively to environmental protection.

This organisation does not really fit into the state-society dichotomy which academia usually uses to portray China’s environmental governance. It is neither a top-down government initiative, as it is established by private individuals, nor does it belong to the corporate world, as it is not profit-oriented, but it is also not a usual NGO, as described by Holzer (2015). It is therefore interesting to note that Alashan SEE, despite it being, according to the UNEP, the world’s biggest private anti-desertification initiative, is almost non-existent in the literature about Chinese NGOs and environmental protection in China. This is even more intriguing considering the fact that recent years have seen a spike in both Chinese and international research about China and the environment. Still, also recent academic works featuring Chinese ENGOS and corporate social responsibility (CSR) initiatives like Tan-Mullins & Hofman (2014), Whitehead (2014), Davis & Moosmayer (2014), Barr & Zhang (2013), Sausmikat (2013) have not even mentioned it.

Xiao Jin (2013) describes in her book “Memoirs of Alashan Voyage” the founding of Alashan SEE as an ‘act of collective transgression’ by a group of Chinese entrepreneurs. What she means in this context is that those entrepreneurs transgress from what is believed to be their socially established role in society, namely making profit, but instead use their time, money and expertise to engage in a journey of

¹ The emphasis of subjectivism and personal meaning of the individuals have also brought the Austrian School the name of the psychological school under Boehm-Bawerk.

ecological conservation and sustainable development that is beyond the profit domain, but rather, as I am going to claim, rooted in the domain of individual 'identity, values and expression'.

Alashan SEE is difficult to classify academically. One would be inclined to research it under CSR (Corporate Social Responsibility) or business ethics, but depending on the things we want to emphasize a researcher could also see Alashan SEE simply as an environmental NGO, a political or ecological foundation, or a private social networking club for a group of Chinese entrepreneurs who claim to care about the environment. All these specifications are correct, and not rivalrous.

Each of these concepts is a heuristic that has some value of truth but that will fail to explain the nature, role and function of Alashan SEE in its entirety. Having multiple identities, however, can make it more difficult to be seen by scientists if they work with predefined theoretical heuristics, rather than letting them emerge within the field. It is precisely due to this transgression of conventional heuristic categories, I surmise, that Alashan SEE has not yet been studied academically, neither with regard to works on China's environmental governance nor CSR, business ethics etc.

If we look closely, we will find that Alashan SEE shows 2 interconnected domains in which it transgresses the standard neoclassical understanding of entrepreneurs and the companies that are managed by them. The first has to do with the concept 'rationality' and how entrepreneurs are supposed to behave in a rational way. The second is about the 'principal agent dichotomy' concerning corporal governance and environmental governance. We shall see how those two domains of transgression are closely linked with one another. Interestingly enough, they were also linked by Friedman when he referred to the profit imperative for explaining why companies don't have wider social responsibilities other than profit. He referred to the principal-agent dichotomy between the shareholders who want to more value and the management, which has to act in the principals' interest, even if it had things on its mind other than maximizing profit.

Now if we use these theoretical insights and the difference between a binary vs. a dialectical relationship in relation to the categories we use to analyse organisations, then can find evidence that the organisation Alashan SEE is better described in terms of multiple identities as opposed to making it fit a single one like NGO vs. CSR initiative. The reason for this is that Alashan SEE does not fit the standard image of an NGO or CSR initiative. NGOs usually entail

CSR is most of the time researched under the idea that it can maximize the company's value in the long term, this is to say that the rationality axiom holds. There are some exceptions though who are also referring to purely altruistic ways of explanation, like Schwartz's value system with self-enhancing vs. self-transcending values or Ulrich's 'Integrative Wirtschaftsethik' (integrative business ethics). Ulrich is very critical towards academic approaches that unquestioningly adopt instrumental rationality and profit maximization as the guiding mechanism behind ethical behavior of corporations.

I am not making the claim that the decision by the Alashan SEE entrepreneurs to donate 100.000 Chinese yuan for up to 10 years is motivated entirely by altruism and

dedication to the environmental course. There is no sense in doing so. Complex factors like gaining/keeping access to social capital embedded in the organization or deliberations about face, reputation and standing, but also factors of shared identity and simply enthusiasm for the environmental cause might all be factors for the entrepreneurs who are participating. But I am also claiming personal values, identity and expression are a big part of explaining their action, and that the meaning making structure of individual decisions should have a more prominent stance as a part of economics. In this regard, economists could enrich their studies by learning from disciplines such as organizational ethnography or integrating qualitative field work methods like 'interpretive phenomenological analysis' or 'thick description'.

The same way as meaning making action is likely not to be explainable by a single factor, we see that Alashan SEE as an organisation is also not put easily into the frame of a binary logic 0/1 that is often used in academic heuristics.

Viennese physicist Herbert Pietschmann (2013) argues in *Das Ganze und seine Teile* (The Whole and its Parts) that the difference between a binary form of reasoning 'either...or...' and dialectical or complex reasoning exactly represents the debate between mechanic physics and quantum physics in the natural sciences. In the social sciences and humanities this is concomitant with the debate between analytical philosophy and philosophy of mind; analytical philosophy representing classical mechanics and the more dialectical/hermeneutic 'philosophy of mind' representing quantum physics. The difference between those 2 forms of reasoning is embodied by the argument of whether the whole is the same as or whether it is different from the sum of its parts. Quantum physics in the natural sciences or hermeneutic philosophy in the humanities both have in common that they refer to whole as having 'emergent' qualities that is qualities that are different from the sum of its parts. The reason why I have chosen Austrian Economics as a frame of analysis for this endeavour lies precisely in the fact that the methodology of Austrian Economics is also built on a dialectical or hermeneutic ontology.

The Austrian understanding of institutions like the market, the money system or organisational structures as 'spontaneous order' or 'second order principles', reflects this dialectical ontology. Institutional structures are therefore always to be understood as a mixture between purposive action and the unintended consequences, the central premise of Austrian Economics.

This is also the central principle of 'Austrian reductionism'. All complex phenomena can theoretically be disentangled and traced back to a myriad of purposive human actions and their unintended consequences over a time continuum. This evolutionary perspective encapsulated in this methodology tallies with dialectics in the sense that the interplay of seemingly unrelated, aggregated purposive actions creates feedback mechanisms that can eventually create structural phenomena and institutions of spontaneous order. A multitude of chaotic behavior on the individual level can give rise to a complex order at the institutional level. This simple dictum can already be found in Adam Smith's description of the market as 'invisible hand' and is a thought so constitutive of economics and political economy since its beginnings.

3. Sketching the contours of an interpretive Austrian research programme.

According to Peter Boettke, despite of different traditions of AE, from the founding father Carl Menger on, the unifying task of (Austrian) economics is twofold, namely “to render economic phenomena intelligible in terms of purposive human action” and to not solely to trace the actions themselves, but also their unintended consequences. Further, these tasks are accomplished by adhering to the central tenets of methodological individualism, subjectivism and theoretical attention on processes rather than equilibrium states. (Boettke 1998, 3-4)

In this research frame, human action is rational by definition (Mises 1949), as rational merely means purposive or meaning making² in this context. Macro-phenomena and institutions such as the market, the money system or larger organizational entities, are according to this principle always understood as the unintended consequence of meaning-making human action. The argument can be made that institutions such as the money system or even government were never created out of one person’s direct volition but are rather the product of the actions’ unintended consequences. They can be described as auto-poietic “spontaneous order processes”, governed by the principle of self-organization (compare Hayek, Elias).

This understanding opens up the doors to several different layers of analysis.

1st, the subjective human mind that creates action (subjectivist or sense-making dimension)

2nd, the individual that performs an action (thereby linking the purposive mind with the real world).

3rd, the totality of consequences (both intended and unintended) that engender from the performative individual action. These encompass direct and indirect consequences, short-term and long-term consequences, etc. Special attention deserve both the formal and informal institutions that evolve as a result of accumulated performative actions.

Action entails information that is interpreted by its recipients and thereby influences the purposive actions of other individuals.

We thus see that action has 2 dimensions – it is purposive and performative. Purposive relates to the acting mind and performative to all the real world consequences that arise directly or indirectly through that action. Performative action is always sending information that is received and interpreted by other individuals. This information and the interpretation of it can alter the content of the subjective meaning-making processes in their mind and thus have a real world impact on people’s behavior and the evolution of both formal and informal institutions.

Austrian Economics has the advantage that by recognizing the subjectively meaning-making individual as the only viable economic actor, it reminds us that it is only individuals act, not social groups or institutions, as acting presupposes the existence of a choosing mind. Austrian economics therefore reminds us, that even complex institutional arrangements never act by themselves, but only through subjectively sense-making individuals. The same is true for social groups, which are

² The question of what kind of action is purposive and meaning making, whether it is all actions or just actions that come with a certain degree of attentiveness from the part of the performing individual can not be part of this paper, unfortunately. For our purpose here it is enough to assume that human action in general is purposive and thus rational.

can be seen as multi-actor entities. It follows that every individual, regardless of its belonging to a special social group has to be seen as a subjectively meaning-making actor, whose purpose of action has to be uncovered through empirical research, and can not be assigned to him/her externally through objectivising theories like utility/profit maximization or principal-agent theory. To consistently question all kinds of theoretical macro-categories through its subjectivist reductionism that tries to engage the identity and meaning that every actor attaches to an action is in my opinion the most fundamental principle of Austrian Economics.

Neoclassical economics on the other hand is not able to uncover actions' underlying meanings as it presupposes instrumental rationality and utility maximization as guiding principles determining individuals' actions. By doing so, individuals are turned into agents, whose rationality is measured by objectified standards of utility maximization that are external to themselves. Austrian Economics is different in this regard, as it looks at rationality as hidden in the subjective meaning that actors attach to their behavior. Human action is therefore always rational in the sense that it is subjectively meaningful to the actor. Also the attitude that economists know better what is in the interest of the actor than the actor itself, on the other hand, entails a patronizing element that converts self-determined actors into agents.

4. Using the interpretive Austrian approach to analyse Alashan SEE

This approach will use 3 different, mutually contingent levels of analysis to discuss the phenomenon of Alashan SEE, the subjective mind as the place of meaning making action, the individual as the place of agency, and the institutions as the unintended consequences of purposive action.

a. The subjective meaning behind the Alashan entrepreneurs' actions

The assumption that human beings in general, and entrepreneurs in particular are always seeking to maximize profit or consumption, although having been under critique (Roscoe 2014, Krugman 2009, Sen 1977), is still dominant in the academic debate. How does the example of Alashan SEE make sense from the perspective of rational choice theory? One could of course try to argue that the rationality paradigm holds also in our case study here and that all the activities of Alashan SEE merely represent those entrepreneurs' striving for personal material gains. Many people I interviewed in China, who are suspicious of entrepreneurs' charity and CSR (Corporate Social Responsibility) programs do at least in part suggest this. It is certain that the entrepreneurs have different reasons for participating in Alashan SEE and that future private gains of any sort may explain their motivation in varying degree. But this does not disqualify altruistic values and personal identity as constitutive elements for the behavior of these entrepreneurs.

We can see from personal accounts on social media platforms, interviews with Alashan SEE entrepreneurs and books by its associates that the overarching rationale is one of enthusiasm for the environmental cause and spiritual needs.³ Members may make deliberations about other things too like connections to fellow entrepreneurs and

³ Nie Xiaohua (2013, 9-13) dedicates several pages of her book to the elucidation of members' motivation to take part in Alashan SEE.

exchange of information, reputation and influence, vanity and face, etc. Wang Shi points out that also the possibility of tax reduction is a boost for the membership of Alashan SEE (Tencent news 2009), which has soared to above 300 entrepreneurs by 2014 according to the association's member directory (see Alashan SEE 2014b).

By sifting the material available one sees that the defining factors for most entrepreneurs to take part in Alashan SEE are personal growth, identity and expression.⁴ There are plenty of references to these aspects that appear as recurrent themes in the literature about Alashan SEE by its members. One is the analogy between environmental protection and personal healing: Wang Shi said 'before we can heal the desert, we have to heal our own spiritual deserts first' (Tencent jiabin fangtan 2009), entrepreneur Song Jun said 'the desert does not need me, but I need the desert' (Zhonghua ernv 2011).

Out of these quotes speaks a consciousness of guilt and remediation. The effort to serve Alashan can be interpreted not just as a journey to heal the environment, but to heal themselves and their own spiritual wounds. Wang Shi (Tencent jiabin fangtan 2009) mentioned that the experience of Alashan SEE has been changing them and has also transformed their members' companies and business ethics.

One could of course attempt to employ rational choice theory and try to argue that all these references to idealism and expression are nothing but marketing fads deliberately made up by those entrepreneurs in order to improve their public standing. But this does not seem very sound. One dominant principle about human action that is more powerful than utility calculation is expression. By expression, I mean the "wish to express one's identity by one's actions". One could also quote the Maslowian understanding of motivation and self-transcendence (Koltko-Rivera 2006; Maslow 1969, 3-4) and argue that these entrepreneurs reached a certain level of material abundance and, having already done so, it is social recognition and a sense of meaning that can matter most in their lives.

b. Individual actor and agency

Austrian economics firmly endorses methodological individualism. That means that institutions and social collectives are not reified into actors. They do have causal value, but they can not act by themselves, but only in conjunction with an individual, the purposive actor.

When we look at the Alashan organisation consisting of several hundreds of individuals, it would be very interesting to use network theory to reconstruct how the organisation came about and who were the key figures involved? How did the social capital of those entrepreneurs play together? These answers are important in order to identify the power and agency of certain individuals within the network, as well as explaining the key drivers of establishing the network in its current form. In the case of Alashan SEE, it is known that Liu Xiaoguang was one of the leading entrepreneurs in organising the kick-off meetings and getting everyone on a table. Some of those the entrepreneurs like Ren Zhiqiang, Wang Shi, Feng Lun are important public figures in China far beyond the Alashan network.

⁴ For the question of how to integrate issues of identity and expression into a theory about the rational individual in economics, please consult the hermeneutic strand of Austrian School of Economics, f.ex. Holzer, 2014.

c. Institutions as the intended and unintended consequences of purposive action

There are several kinds of institutions that were formed within and through Alashan SEE.

(1) Governance structure of the organisation (议事规则 yishiguize)

Alashan SEE is often dubbed a democratic experiment (Xiao Jin 2013, 1). It boasts institutions of democratic decision making both inside the organization and in relation to the local villagers. There is a system of in-house democracy practiced between the entrepreneurs as in accordance with the organization's constitution⁵, having the power divided between the board of directors (lishihui 理事会), the board of supervisors (jianshahui 监事会) and the constitution committee (zhangcheng weiyuanhui 章程委员会) (see graph 1). It was an arduous learning process for the members of Alashan SEE to establish institutions of discussion and leadership in the organization in a bottom-up way. This was a difficult step as entrepreneurs are usually not democratic in their own company. 'It was like a group of dictators slowly learning about democracy' as Wang Shi describes it (Tencent jiabin fangtan 2009), but once the rules were agreed on, the organisation became very efficient (Forbes 2015).

(2) Institutions of environmental protection and sustainable community development

In relation to the local population of Alashan prefecture, Alashan SEE endorses a participatory approach, with endogenous development (neishengshi fazhan 内生式发展) and village self-governance (cungui minyue 村规民约) as the two central principles guiding grassroots activities of Alashan SEE. Community development programs were initiated to create new sources of income and employment, as well as to take pressure off the pastures by decreasing inefficient agricultural practices. Educational and vocational training programs for the villagers were combined with the gradual transfer of responsibility to facilitate the sustainable use of common pool resources like water and grassland. It became clear that only if certain rules would be abided by and their compliance effectively monitored by the villagers themselves would sustainable development become possible in Alashan (Xiao Jin 2013, 1-3, 17-19, 69, 351). Another distinct feature about the Alashan SEE model towards environmental conservation seems to be that it pools together expertise and resources from different groups of social actors (local nomads, local NGO, local government, Alashan SEE entrepreneurs) to work towards environmental conservation in a collaborative way (compare Xiao Jin 2013, 15-17).

A very illustrative event underscoring the extent to which self-governance was achieved is that the village CCP branch secretary (cundang zhibu shuji 村党支部书记) was voted down (Xiao Jin 2013, 10) in village elections. This would not have been possible without the year-long relationship of trust and cooperation Alashan SEE has enjoyed with the government. The key ingredient for this relationship of trust and cooperation is the fact that the benefits of Alashan SEE's

⁵ For more information on Alashan SEE's decision-making structure please consult Xiaojin (2013, 115), Alashan SEE (2014c), Tencent Culture (2014).

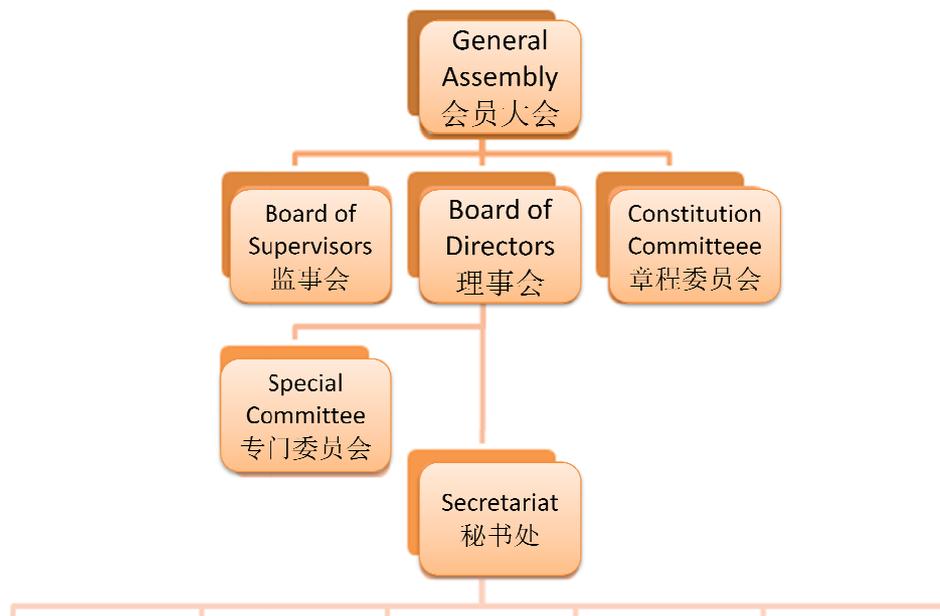
institutional achievements are reaped by a host of actors: by the local nomads who have new sources of income and a better environment, by the government because Alashan SEE has been effective at helping to suave tensions with the locals (Xiao Jin 2013, 18; Nie Xiaohua 2013, 76-83)⁶, by the whole nation because of the contribution this role-model makes to environmental conservation and community development under ecologically difficult circumstances, and by the entrepreneurs themselves who will hopefully find the spiritual reward they have been looking for.

Both institutional solutions discussed above, the structure of organizational governance as well as the institutions of sustainable development are all subjected to a constant process of trial and error. The institutions are therefore not so much the active creation of the participating individuals, but rather self-organizing processes that lie beyond the meaning making action of the rational individual. They are rather second-order processes that came about as the unintended consequence of a process of meaning-making action and engagement among a group of individuals. The outcome was not foreseeable or purposefully planned.

Group	Material contribution	Other contribution	Role in Alashan	Benefits
SEE Entrepreneurs	Money	Ideas, management expertise, proclivity to results, time and participation in activities related to Alashan SEE.	initiative	Sense of meaning, identity, social recognition, tax benefits
SEE NGO-team	Labor	Conservation expertise, enthusiasm	implementing	Employment, income, meaning
Alashan nomads and villagers	Labor, Money	Traditional knowledge	implementing	Employment, better environment
Local government	Money	Organizational support	supportive	New sources of income, peaceful villagers

Table 1: Contributions made to Alashan region according to different groups of actors

⁶ Locals used to resort to “petitioning to authorities” (shangfang 上访) as a means of voicing their anger with the government. Alashan SEE improved the employment situation and fought poverty as a means to create room for ecological conservation. Tensions between the villagers and the government were reduced as a result.



Graph 1: Organizational structure and democratic decision-making in Alashan SEE, see <http://www.see.org.cn/see/organization.aspx>

d. Institutional development of Alashan SEE from a legal point of view

In legal terms, there have been 3 important performative developments: Alashan SEE was established in 2004 as an environmental protection association with the proclaimed aim of containing desertification and promoting ecological restoration in Inner Mongolia's Alashan prefecture. In 2008, it became China's first and only private-donor foundation (fei gongmu jijinhui 非公基金会) focusing exclusively on environmental protection and funding Chinese domestic environmental grassroot-NGOs all over the country. In late 2014 it became a public foundation, and from then on has been permitted to raise money publicly. These are all steps towards increased institutionalization and maturity of the environmental protection activities of Alashan SEE (Alashan SEE 2015).

5. Conclusion:

The main idea I wanted to show in this paper is that the behavior we witness by the entrepreneurs of Alashan SEE defies conventional economic rational-choice theory and therefore can be better understood using an interpretive approach grounded in the Austrian School of Economics' conception of 'purposive human action and its unintended consequences'. Based on these observations I contend that entrepreneurs are actors which can play a crucial role in environmental protection in China. If we still stucked to the hypothesis of profit maximization to explain this phenomenon, we would have to argue in favour of the long-term value of Corporate Social Responsibility (like Freeman 2013) or other forms of social or political capital that are likely to arise from their involvement in the environmental protection foundation Alashan SEE. Fact is, we will be unable to explain the entrepreneurs' decision to participate in Alashan SEE, if we don't take into account the subjective meaning that

they attach to their actions.

It is argued that with regard to entrepreneurs' natural dispositions towards environment and society, they should neither be seen as being subjected to constant "self-interest maximization" (in accordance with Sen 2008), nor should their dispositions be reified into static patterns of culture and behavior, such as "self-enhancing vs. self-transcending" or "individualistic vs. collectivistic", like is done in Schwartz' (1994) or Hofstede (2010, 236-238 pp.). Rather, we should try to understand their actions through their own perspective, and theoretical frames should not be adopted without prior critical examination. Instead of merely focusing on profit-rationality, it would be beneficial for the scientific debate if entrepreneurs' actions should be examined more under the perspective of identity, subjective and collective meaning making processes, as well as self-expression. The fallacy of mainstream economic theory is that it implies that we know that entrepreneurs as individuals live according to "market principles" and "profit rationality" and, as a result, there is no need to engage with them deeply in our research. If it is taken for granted that entrepreneurs are interested in nothing else than profit, or, as Milton Freedman (1962, chapter 8) put it, that the only social responsibility of entrepreneurs is to maximize profit, then there is not much room left for values and innovative responses to environmental challenges. I argue that in the literature about environmental governance, precisely this narrow understanding of market rationality and the motivations for people's actions has become an obstacle to inquisitive research about Chinese entrepreneurs and their interaction with the environment. Only if we understand the problem from their perspective will we be able to find solutions. If we are to seek for new approaches and solutions to problems of human-environment interaction we need a conceptual framework that leaves room for those innovations. This includes relaxing the instrumental rationality dogma in economics and start to include different mind frames and heuristic models of meaning making as possible alternatives.

It will be interesting to see how Alashan will continue in the future. It is hold together by a shared identity of meaning making actions among the entrepreneurs. The organisation could continue to expand, but it could also fall apart. A big challenge will be the institutionalization of generation change as the older generation of the key figures in the network might retire.

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