

# Insights in Social Science

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# The Performative Structure of Social Action: Theatre as a Model Field of Social Order

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**Abstract:** This study reconceptualizes theatrical performance not as a representation of social reality but as a model field for understanding the structural mechanisms of social action. Drawing on social interaction theory and theories of performativity, the article argues that social order is not sustained solely by abstract institutional structures but is produced through ongoing acts of presentation. A tri-layer framework of performative social action is proposed, consisting of role presentation, norm presentation, and visibility presentation. At the level of role presentation, identities are constituted through the continuous enactment of recognizable behavioral patterns. At the level of norm presentation, social rules operate through patterned modes of action rather than exclusively through cognitive adherence. At the level of visibility presentation, social interaction unfolds within a structure of observation in which anticipated evaluation shapes self-regulation. Theatre, as a highly condensed and institutionalized environment of presentation, renders these otherwise dispersed mechanisms observable. By conceptualizing the stage as a structural model of social interaction, this study demonstrates how identity, normativity, and power relations are generated through visible practices. The framework positions theatre studies as a methodological resource for social theory and advances a performative understanding of the production of social order.

**Keywords:** performativity; social interaction; theatrical performance; social identity; normativity; visibility; social order

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## 1. Introduction

Human social life is not sustained solely by institutional arrangements, normative systems, or macro-structures; it also depends on individuals' ongoing acts of presentation within concrete interactional contexts. Social actors do not simply

possess fixed identities. Rather, through posture, speech, emotional expression, and spatial positioning, they continuously enact themselves in ways that enable social relations to be constituted and recognized. Social order, therefore, is not the automatic product of abstract rules but is concretized and stabilized through visible and

embodied practices of action. Society, in this sense, operates not only as an institutional system but also as an interactional field in which behavior is continuously staged.

However, social scientific research has long prioritized institutional structures, power relations, and value systems, while paying comparatively less attention to the mechanisms through which social behavior is produced as presentation. By contrast, theatrical performance represents a domain in which acts of presentation are concentrated and highly formalized. In the theatrical situation, role identity, modes of action, emotional expression, and spatial organization must all be realized in forms designed to be seen and interpreted. Theatre thus functions as a highly compressed model of social interaction. Rather than merely representing social reality, theatrical performance serves as a field in which the structural principles of social action become visible. Analyzing theatrical “presentation” therefore allows us to reconsider how social behavior is generated, regulated, and normalized under conditions of visibility.

In this sense, the present study does not treat theatre as an object of social representation but as an analytical model for understanding the mechanisms of social action. The central question is not how theatre depicts society, but how social behavior itself follows a performative structure of presentation. Social interaction is not a direct expression of internal intention; rather, it is organized and adjusted within frameworks of situational norms, anticipated expectations, and relations of observation (Goffman, 1959). From this perspective, performativity does not refer to artistic technique but to a generative mode of social action. As performativity theory suggests, identity is not an inner essence that is expressed, but is continuously constituted through repeated social acts (Butler, 1990). Because action is always oriented toward actual or potential observers, social behavior is inherently structured like a stage: actors manage impressions, follow patterned modes of conduct, and maintain recognizable role positions within normative frameworks (Goffman, 1967).

Theatrical performance, as a highly codified practice premised upon spectatorship, renders these mechanisms—often implicit in everyday life—concentrated and observable. On stage, identity, action, emotion, and spatial relations must all be realized in visible forms, creating a condensed interactional system. Theatre therefore functions not merely as a medium of social reflection but as a model field that reveals the structural logic of social action. By analyzing theatrical performativity, this article demonstrates how social order is produced and maintained through ongoing acts of presentation and argues that theatre studies can contribute to social theory by offering a mechanism-based perspective on social behavior.

The aim of this study is not to propose a new definition of performativity, nor to revise existing interactional or performativity theories. Rather, it seeks to specify the structural level at which presentation operates in the generation of social action. By treating role enactment, normative organization, and visibility as analytically distinct yet interrelated dimensions, the article reconfigures presentation from a descriptive feature of interaction into a set of observable mechanisms through which social order is practically accomplished.

## 2. Literature Review

### 2.1 Presentation and Social Action in Social Science

In social science, understandings of social behavior have moved beyond viewing action as the direct externalization of individual psychological motives. Symbolic interactionism emphasizes that the meaning of action is not pre-given but is produced and confirmed through interaction and situational interpretation (Blumer, 1969). Social action thus exhibits strong contextual dependency and relational orientation: individual behavior unfolds under the constraints of others’ responses, social expectations, and interactional rules, and its meaning can only be established within chains of interaction.

Research on interaction order further suggests that social order is not the automatic outcome of abstract norms but depends on actors' visible implementation and reproduction of norms in specific situations. Studies of interaction rituals argue that social bonds and group solidarity are reinforced through repeated interactional procedures, in which norms are embedded in rhythms of action, emotional coordination, and bodily collaboration rather than existing as external principles (Collins, 2004). This line of research provides a micro-mechanistic view of order: order is not simply prescribed but actively accomplished.

Within this theoretical shift, "presentation" has increasingly been recognized as a key dimension of social behavior. Individuals in social settings are not only performing tasks but also making their behavior intelligible, evaluable, and responsive to others. Visibility involves not only speech but also posture, emotional expression, and spatial positioning. Social action therefore displays clear performative features: actors manage impressions, adjust behavioral styles, and modulate self-presentation according to situational expectations (Goffman, 1959). Social order, in this sense, is not a static structure but an interactional outcome maintained through ongoing practices of presentation.

Yet despite recognizing the presentational dimension of behavior, social theory often remains at an abstract level and lacks a structured analytical entry point for observing how presentational mechanisms operate in concrete settings. In this context, the highly codified presentational structure of theatrical performance offers a model environment for systematically examining the mechanisms of social action.

## 2.2 Performativity in Theatre Studies

In theatre studies, performativity has long been a core concept for understanding stage practice, though early discussions focused primarily on aesthetic form and acting technique. Traditions of actor training emphasized how performers use bodily discipline, vocal control, and movement

design to construct roles, viewing performance as both technical labor and creative activity (Stanislavski, 1936). Within this framework, performativity referred mainly to the expressive capacity of stage action—how emotions, character, and narrative meaning are made visible. The body functioned as a medium of expression, and the stage as a symbolic space of meaning production.

Late twentieth-century theoretical shifts placed performance within broader cultural contexts. Scholars began to examine performance as cultural practice involved in identity construction, memory production, and symbolic systems, understanding performance as an event-producing mode of action (Fischer-Lichte, 2008). Performance studies further blurred the boundary between theatre and everyday life, extending the concept of performance to rituals, festivals, sports, and political events, thereby expanding its social scope at the conceptual level (Schechner, 2003).

Nevertheless, even within these interdisciplinary approaches, theatrical performance has often been treated as a vehicle of social representation or symbolic practice. Its social significance has been discussed mainly at the level of representational content rather than as a model environment of social action structure. Many studies emphasize what theatre presents rather than how presentation itself operates—how action is organized into recognizable social behavior through rules, roles, and relations of spectatorship.

Audience studies exhibit a similar tendency. Although recognizing the centrality of spectatorship in theatrical experience, such research often focuses on aesthetic reception and participation rather than systematically linking the structure of "being-watched action" to mechanisms of self-regulation in everyday social interaction (Bennett, 1997). In fact, actors on stage continuously perform under the potential gaze of spectators, and this orientation toward observation closely parallels impression management, role maintenance, and normative conduct in social interaction (Goffman, 1967).

### 2.3 Research Gap: The Missing Mechanism of Social Performativity

Across both social science and theatre studies, performativity has become a key concept, yet its application reveals a structural gap. Social behavior theories acknowledge the situational and relational nature of action and recognize that social order depends on visible forms of behavior. However, such discussions often remain abstract and lack a concrete model environment for analyzing how behavior becomes social action through presentation.

Conversely, theatre studies offer a rich tradition of analyzing presentational practices but tend to focus on artistic expression, aesthetic experience, or symbolic meaning production. Stage performance is often discussed in terms of thematic or narrative content rather than as a paradigm of action structure. Even when performance studies adopt the proposition that “society is like performance,” the discussion frequently remains metaphorical and does not fully explain why social action itself exhibits a structure homologous to theatrical performance (Schechner, 2003).

This dual tendency produces a key gap: social theory lacks a model field for analyzing presentational mechanisms, while theatre studies lack a mechanistic explanation of presentation as a structure of social action. As a result, performativity becomes a widely used but under-structured cross-disciplinary concept.

It is precisely at this juncture that this study proposes to conceptualize the theatrical stage as a model field of social action mechanisms. The stage is not a representation of society but a highly compressed and rule-explicit interactional system, in which role allocation, behavioral patterns, spatial organization, and spectatorship constitute core structural elements of social action. By treating theatrical presentation as a structural model rather than an artistic metaphor, this study seeks to bridge theatre studies and social behavior theory and to

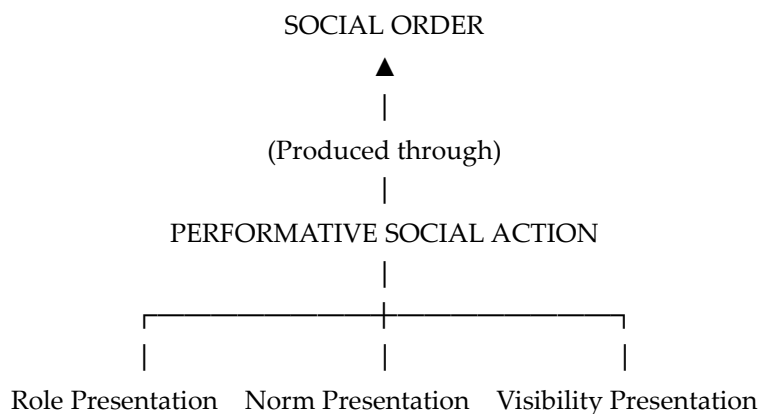
reveal how social action is generated, regulated, and stabilized under conditions of being seen. When theatrical performance is approached merely as metaphor or representation, visibility remains an illustrative theme rather than an analytical condition of action. Conceptualizing the stage as a model field, by contrast, makes it possible to examine how being seen functions as a constitutive constraint in the organization of social behavior.

### 3. Theoretical Framework: Performativity as a Structure of Social Action

To bridge the gap between theatre studies and social behavior theory at the level of presentational mechanisms, this study proposes that performativity is not an artistic mode of expression but a structural condition for the generation of social action. Social behavior becomes recognizable, evaluable, and incorporable into order not through internal intention but through the enactment of action in visible form. Actions must be carried out in ways that can be perceived, interpreted, and responded to by others. Social order, therefore, is not directly sustained by abstract norms but is produced and stabilized through ongoing acts of presentation.

On this basis, the presentational structure of social action can be summarized in three interrelated dimensions: role presentation, norm presentation, and visibility presentation. These mechanisms are not exclusive to the stage but are structural elements of social behavior more generally. Theatre has theoretical value precisely because it condenses, renders explicit, and institutionalizes these mechanisms, providing an observable model environment of social action structure.

The tri-layer structure outlined above can be summarized in a conceptual model (see Figure 1), which illustrates how social order is produced through role enactment, the behavioralization of norms, and the regulation of action under conditions of visibility.



**Figure 1.** The Performative Structure of Social Action: Theatre as a Model Field.

### Figure Description

Figure 1 illustrates the performative structure of social action proposed in this study. The model conceptualizes social order as an outcome of three interrelated layers of performative mechanisms: role presentation, norm presentation, and visibility presentation. At the first level, social identities are constituted through the continuous enactment of recognizable behavioral patterns rather than through essential attributes. At the second level, social norms are not external constraints but are embedded in patterned modes of action, becoming operative through embodied practices. At the third level, social interaction unfolds within a structure of visibility, where the anticipation of being observed shapes self-regulation and behavioral adjustment. Theatre serves as a model field in which these otherwise dispersed and implicit mechanisms are institutionally condensed and rendered observable. By situating theatrical performance within this tri-layer structure, the model demonstrates how social order is generated through the ongoing presentation of action rather than through abstract institutional imposition.

### 3.1 Role Presentation: The Enactment of Identity

In contemporary social theory, identity is no longer understood as an inner essence of the individual but as a relational product continuously confirmed and maintained in interaction. Individuals are recognized as “teachers,” “leaders,” or “friends” not because they possess stable attributes, but because their behavior persistently conforms to expectations

associated with particular roles. The stability of identity therefore depends on the repeatability and recognizability of forms of action rather than on psychological authenticity (Goffman, 1959).

This implies that social identity exists through an ongoing process of role enactment. Through styles of speech, bodily posture, emotional management, and interactional conduct, individuals align their behavior with role patterns so that others can interpret who they are within interaction. Identity thus acquires a distinctly performative character: it is not expressed but generated through action. Without the maintenance of role-appropriate behavior at the level of action, interaction would struggle to sustain coherent meaning structures.

The theatrical stage institutionalizes and makes visible this mechanism. Stage roles have no psychological “truth” that guarantees their existence; they are sustained entirely through the continuous enactment of visible action. Role identity is not established by declaration but is gradually constituted through rhythms of movement, patterns of speech, and calibrated emotional intensity. Audience recognition of a character does not depend on an assumed inner essence but on whether behavior conforms to a recognizable role logic. The stage therefore reveals a fundamental structure of social identity: identity is an effect of action rather than a precondition of it.

### 3.2 Norm Presentation: The Behavioralization of Social Rules

Social norms are often conceived as external rule systems that regulate behavior. From the perspective of action, however, norms do not operate in abstract form but are implemented through behavioral patterns. In concrete situations, individuals do not simply “follow rules”; they select modes of conduct deemed appropriate so that their actions align with situational expectations. Norms thus reside in styles of behavior, interactional rhythms, emotional regulation, and bodily positioning rather than solely in consciousness or institutional texts (Collins, 2004).

From the viewpoint of interaction order, the stability of social rules relies not primarily on external enforcement but on continuous self-adjustment in micro-situations. Actors constantly calibrate their conduct in response to others’ reactions to avoid impropriety or transgression. Such subtle behavioral adjustments constitute the core mechanism through which norms are reproduced. Norms are not maintained through explicit declaration but are “performed” through countless interactional details.

The theatrical stage similarly operates through highly codified behavioral rules. The timing of action, spatial positioning, emotional intensity, and vocal delivery are all subject to structured constraints. Deviations are immediately perceived as disruptions of the interactional frame. The explicitness of stage conventions reveals a sociological insight: rules are not merely external constraints on action but conditions that render action intelligible.

### 3.3 Visibility Presentation: Observation and the Regulation of Action

Social action is never produced in a vacuum. Behavior is always oriented toward the presence, potential evaluation, and consequences of others, giving social interaction an intrinsic structure of visibility. Actors are not observed only after acting; they act under the condition of already being

observable. This structure gives social behavior a continuous character of self-monitoring, as individuals anticipate others’ interpretations and adjust conduct accordingly (Goffman, 1967).

Visibility is not merely a perceptual process but a structural force. While this analysis remains grounded in an interactional understanding of action coordination, the visibility dimension also indicates the point at which interactional regulation intersects with broader mechanisms of discipline, as anticipated observation begins to organize conduct beyond immediate situational exchange. Behavioral styles vary according to anticipated audiences: public settings emphasize normativity, intimate contexts permit familiarity, and hierarchical relations shape displays of authority or compliance. Action is thus organized under conditions of being seen, and social order depends upon this ongoing display-based regulation. As analyses of modern power have shown, visibility functions as a mechanism of social control, structuring how individuals conduct themselves (Foucault, 1977).

The theatrical stage institutionalizes this visibility mechanism in the form of spectatorship. Every action performed by actors unfolds under the gaze of the audience and is organized around the question of how it will be seen. The stage therefore demonstrates that action acquires social meaning because it occurs within a structure of visibility. Theatre condenses and makes explicit a condition that is pervasive yet often unnoticed in everyday social interaction.

## 4. The Stage as a Model Field of Social Behavior

If social life itself is structured by presentation, the distinctiveness of the theatrical stage does not lie in its resemblance to society, but in its institutionalized condensation and explicitness of presentational mechanisms. In everyday life, role construction, normative compliance, and relations of observation are dispersed across situations and often remain implicit. The stage, by contrast, organizes these mechanisms within bounded space, limited time, and structured rules of conduct, intensifying their visibility in a controllable environment. The stage is

therefore not a miniature of society but a revealing device for the structure of social action.

First, the stage extracts role mechanisms from the fluidity of everyday interaction and stabilizes them. In daily life, identities shift across contexts, and role boundaries are flexible. In theatre, however, role allocation is formalized, and actors must sustain role coherence throughout the performance. This institutional continuity of role makes visible how identity depends on the persistence of action. For example, in rehearsal situations, when an actor momentarily steps out of character and speaks as themselves, interactional rhythm often falters, requiring others to prompt a return to the role to restore coherence. Such moments illustrate that a role is not a psychological state but an action position necessary for maintaining the interactional frame. The stage thus magnifies the logic of identity construction: identity exists in the continuity of behavior rather than in internal attributes.

Second, the stage renders explicit the behavioralization of norms through performance conventions. In everyday settings, rules often operate implicitly, and individuals rely on situational judgments of appropriateness. On stage, however, the timing of action, spatial coordination, vocal delivery, and emotional intensity are subject to explicit organization. An actor may deliver lines correctly yet still be judged “wrong” if rhythm, movement timing, or emotional calibration deviates from the established frame. This demonstrates that norms reside less in semantic content than in the organization of action. Stage conventions reveal a fundamental social mechanism: social rules are enacted through behavioral styles rather than merely upheld through cognitive recognition.

Most importantly, the stage institutionalizes the mechanism of visibility through spectatorship. In everyday life, relations of observation are mobile and asymmetrical; on stage, spatial arrangement and focal organization make “who watches” and “who is watched” structurally explicit. Actors’ conduct is continuously oriented toward audience interpretation and often adjusted in response to audience reactions. For instance, variations in

audience response—laughter, silence, emotional shifts—frequently lead actors to modulate pacing, pauses, or intensity. Such adjustments show that action unfolds under conditions of being seen, and that spectatorship directly participates in shaping performance. The stage thus makes visible a condition of social interaction that is ubiquitous yet often unnoticed: action is regulated within structures of visibility.

The stage, therefore, should not be understood as an artistic sphere isolated from reality but as a model environment that renders the mechanisms of social action structurally observable. Through analysis of stage structures, we can examine how identity is generated through action, how norms are enacted behaviorally, and how interaction is organized under conditions of visibility. Theatre’s theoretical value lies in providing a structured “laboratory” of presentation, where mechanisms dispersed in everyday life are concentrated and made analyzable.

## 5. Implications: What Theatre Reveals About Social Order

Conceptualizing the theatrical stage as a model field of social action mechanisms is not merely a way of assigning sociological relevance to theatre; it provides a new analytical perspective for understanding the production of social order itself. Interaction theory has already emphasized that social order is not an automatic outcome of abstract structures but is continuously maintained in situated interaction (Goffman, 1967; Collins, 2004). The tri-layer framework proposed here specifies how this maintenance operates: order is not simply the result of normative compliance but is generated through the visible enactment of roles, the behavioralization of rules, and the regulation of action under conditions of visibility.

First, this perspective reconfigures the understanding of identity stability. Identity is not treated as an intrinsic attribute of individuals but as an effect of action within interactional structures. Individuals become recognizable not because of inner essences but because their behavior

consistently aligns with role logics (Goffman, 1959). This aligns with performativity theory's view of identity as the outcome of repeated enactment (Butler, 1990), while extending it from the domain of identity politics to the broader question of social order. The theatrical stage, by making role construction explicit, demonstrates that identity is the institutionalization of action trajectories rather than a pre-social property.

Second, the framework reframes the operation of social norms. Interaction ritual theory has shown that rules are reproduced through practice rather than merely upheld through shared values (Collins, 2004). Stage performance renders this mechanism visible: conventions function as patterned modes of action that make interaction intelligible. Norms, therefore, do not simply constrain behavior from the outside but are embedded in the formal organization of conduct. This insight shifts the understanding of social order from institutional enforcement to practical accomplishment.

Third, the analysis of visibility highlights the role of observation in the generation of order. Visibility has been theorized as a mechanism of power that structures conduct (Foucault, 1977). The present framework shows that social order depends on individuals' anticipation of being seen and evaluated, which produces ongoing self-regulation. The theatrical configuration of spectatorship makes this dynamic explicit, revealing how the distribution of visibility contributes to the maintenance of hierarchy, normativity, and behavioral coordination.

Taken together, these implications suggest that social order can be understood as a continuously enacted system of action. Institutions, norms, and identities acquire reality only insofar as they are performed in visible practices. Theatre studies, in this sense, moves beyond cultural or artistic analysis and becomes a theoretical resource for examining the structural generation of social behavior. By using the stage as a model field, social science gains

access to mechanisms that remain obscured by their familiarity in everyday life.

## 6. Conclusion

This study has argued that theatrical performance should not be understood primarily as a representation of social reality but as a model field for analyzing the structure of social action. Through the examination of role presentation, norm presentation, and visibility presentation, the article has shown that social behavior itself exhibits a structure homologous to stage performance: identity is generated through action, norms are enacted through behavioral forms, and interaction is organized under conditions of visibility. Social order, therefore, is not the automatic operation of abstract institutions but the outcome of ongoing acts of presentation.

Within this framework, theatre becomes not merely a site of artistic expression but a methodological resource for understanding how social behavior is generated. The stage condenses and renders explicit interactional mechanisms that are dispersed in everyday life, making identity construction, normative maintenance, and the operation of spectatorship analytically visible. This perspective contributes a performative approach to social theory by centering action form rather than institutional structure.

The present study has been primarily theoretical. Its contribution lies in proposing a structural model that treats theatre as a revealing field of social mechanisms. Future research may explore how presentational structures operate across different cultural contexts or social domains, extending this framework into empirical analysis. Through this theoretical reorientation, theatre studies enters into dialogue with core concerns of social science, while social theory gains a new vantage point from which to observe the generative processes of social action.

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# Cultural Industry Policy and Public Engagement in China's Rural Development: Evidence from the Guizhou Village Super League

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**Abstract:** This paper examines how cultural industry policy orientations interact with grassroots public engagement in shaping rural football culture in contemporary China, using the Guizhou Village Super League (Cun Chao) in Rongjiang County as a focal case. Rather than treating policy as a general background, the paper conceptualizes it as an enabling condition that legitimizes local cultural initiatives, expands access to resources and visibility, and creates institutional space for collective participation under the broader agenda of rural revitalization. The Village Super League illustrates a participatory cultural form characterized by community-based organization, non-commercial norms, and locally embedded cultural practices. By analyzing the policy-participation linkage reflected in this case, the paper argues that sustainable rural sports culture is more likely to emerge when policy support reinforces, rather than replaces, grassroots autonomy and everyday communal involvement. The study contributes to discussions on rural cultural governance and cultural industry development by clarifying the mechanisms through which public participation can be amplified within a supportive policy environment.

**Keywords:** Guizhou Village Super League; cultural industry policy; public participation; cultural industry development; grassroots football; rural revitalization

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## 1. Introduction

When Chinese football is discussed in public discourse, public evaluations are often polarized and dominated by criticism. The development of football culture in China over the past seven decades provides an important contextual background for understanding its contemporary forms and debates.

Existing studies often divide the development of football in China into several broad stages, ranging from early institutional exploration to professionalization since the mid-1990s. While this historical trajectory provides necessary background, the present study does not aim to reassess these stages in detail.

In recent years, the relationship between government policy orientations and public

participation has become increasingly significant in the development of football culture in China. Rather than emerging solely through professional leagues, football-related cultural practices have also taken shape at the grassroots level. A representative case is the Guizhou Village Super League, which originated in Rongjiang County, Guizhou Province. Emerging within a broader cultural industry policy framework that emphasizes rural revitalization and local cultural vitality, this case provides an opportunity to examine how policy support functions as an enabling condition for bottom-up public engagement in local sports culture (Zhang, Z. P., 2024).

This paper takes the Guizhou Village Super League as a case to explore how cultural industry policies interact with grassroots participation in rural contexts. By focusing on the policy-participation linkage rather than descriptive accounts of football development, the study aims to clarify the mechanisms through which public engagement in rural sports culture can be fostered under a supportive policy environment.

## **2. The Role of Policies in the Development of Football Culture in China**

Since 1950, China has incorporated sports into the national development strategy, and football has been actively promoted as one of the mass sports. In 1994, football in China entered the period of professionalization, and the policy strongly supported the establishment of professional leagues and promoted market-oriented reforms. The establishment of professional leagues expanded access to football as a cultural practice by creating regular opportunities for spectatorship and fan participation. With the rise of professional leagues, football has gradually become a popular culture, attracting a large number of fans, especially in some cities such as Beijing, Shanghai, Guangzhou, Tianjin, Dalian, Sichuan, Chongqing, Guizhou, Xi'an, etc., where football culture and fan culture are strong. In some cities with long-standing football traditions, informal fan spaces emerged alongside professional leagues. For example, stadium-based fan gathering

areas provided venues for interaction among supporters from diverse social backgrounds, contributing to the formation of localized fan cultures. Since 2000, football has become a part of China's national strategy. In 2015, the State Council released the Overall Plan for the Reform and Development of Football in China, emphasizing the popularization and professional development of football, encouraging the training of young people and the popularization of football in schools, signaling a shift toward broader social participation in football-related activities. With the expansion of policy support and the development of professional leagues, opportunities for public involvement in football-related cultural practices have increased, and fans have become more visibly embedded in football culture. Although China's football culture has brought positive social influence and people's enthusiasm to participate in its development, it has also brought some negative effects in the process of development.

While policy-supported professionalization expanded football participation, it also generated governance challenges related to fan behavior, commercialization, and institutional credibility. These issues highlight the limits of top-down development models and help explain growing interest in alternative, grassroots forms of football culture.

## **3. The Public's Initiative in the Development of Football Culture in China**

Public participation in football culture in China manifests not only through interactions with professional leagues and mediated fan communities, but also in grassroots self-organized sporting practices that are increasingly visible in rural contexts. Scholars have noted that rural sports events such as football and basketball leagues contribute to rural revitalization by enriching local cultural life, fostering community cohesion, and creating new pathways for social engagement under state-led policy frameworks (Chang, Q., 2025; Li, K., 2025; Li, K. 2025; General Administration of Sport of China, 2023). In recent years, amateur and

community-driven leagues have proliferated in both urban and rural settings, representing forms of bottom-up cultural participation that differ qualitatively from professional club fandom. This proliferation aligns with policy orientations that formally recognize the role of mass sports in rural social life and cultural development. For example, policies on promoting rural sports and diverse mass activities explicitly emphasize the creation of inclusive, participatory sports ecosystems that “encourage diversified cultural and sports activities with rural characteristics.” (General Administration of Sport of China, 2023)

### **3.1 The Grassroots Nature of the Guizhou Village Super League**

The Guizhou Village Super League is a grassroots football event spontaneously organized by rural residents in Rongjiang County, Qiandongnan Prefecture, Guizhou Province (An, H. Y., He, J. B., & Yang, C. N., 2024). In contrast to professional football leagues, it operates outside commercial league systems and is oriented toward community participation rather than market-driven competition. Both players and referees are predominantly local amateur participants drawn from diverse occupational backgrounds, reflecting a form of community-embedded sporting practice. As existing studies have noted, this organizational model emphasizes local autonomy, collective involvement, and non-commercial norms, which distinguishes the Village Super League from institutionalized professional football and situates it within broader discussions of grassroots sports and rural cultural development.

### **3.2 Public-Oriented Cultural Practices and Rural Revitalization Through the Guizhou Village Super League**

The Village Super League adopts locally embedded and largely non-commercial arrangements, including prize forms linked to local agricultural products and small-scale community-based contributions. Rather than relying on corporate sponsorships or ticket revenues, the event maintains

broad access through free entry and a funding model that emphasizes community support. These practices reflect a participatory logic in which the event functions less as a market product and more as a communal cultural activity, reinforcing collective involvement and local ownership (An, H. Y., He, J. B., & Yang, C. N., 2024; Tan, M., & Zhang, S, 2024).

Despite operating with non-commercial norms, the Village Super League has achieved high public visibility, partly through social media circulation and local-to-national communication networks. This visibility broadened the range of participants and observers beyond immediate village communities, illustrating how grassroots sports practices can scale up in attention without fully shifting into commercialized event logics. For the purposes of this paper, the key point is not the magnitude of popularity itself, but how participatory practices remain anchored in community organization while becoming more widely recognized.

During the competition, the villagers spontaneously organized cheerleaders, made uniforms and set up venues, creating a warm atmosphere for the competition (Zhu, Q. G., & Xiao, Y. L., 2024). Such forms of collective participation contribute to strengthening local social ties and help sustain engagement in football-related activities within rural communities. As the event gained wider recognition, governmental actors increasingly responded by acknowledging its cultural and rural-development value and by providing more supportive administrative conditions. This process suggests a feedback relationship in which grassroots participation generates policy attention, while policy recognition helps stabilize the conditions for continued community-led cultural practices.

## **4. The Relationship Between the Policy and the Public in the Development of the Football Culture of Village Super in Guizhou**

The development of the Guizhou Village Super League highlights the significant role of grassroots

participation in the formation of local sports culture. Compared with more centralized, top-down models of sports development, community-initiated events emphasize local autonomy and voluntary participation, which can facilitate broader public engagement (An, H. Y., He, J. B., & Yang, C. N., 2024).

The relationship between policy frameworks and public participation in grassroots sports can be understood as complementary. Policy support contributed to basic infrastructural conditions and institutional recognition, while sustained grassroots participation reinforced policy attention toward the event. From this perspective, the Guizhou Village Super League can be seen as the outcome of interaction between policy resources and grassroots initiative, illustrating how institutional support and public engagement jointly shape local cultural practices (Zhu, Q. G., & Xiao, Y. L., 2024). In the future, the government can strengthen the positive

interaction with the public by supporting the holding of mass sports events, increasing financial support, publicity and promotion, and further promote the development and prosperity of football culture in China.

## 5. Conclusion

The Guizhou Village Super League can be understood as a representative case of grassroots football culture development in contemporary China. The case highlights the significance of interaction between policy frameworks and public participation in shaping local football culture. From a broader perspective, the case suggests that establishing stable interaction mechanisms between policy initiatives and grassroots cultural practices may support the long-term sustainability of football culture development (Li, N., & Sun, S. H., 2024).

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# The Evolution and Institutional Logic of China's Community Elderly Care Service Mechanism — An Analysis Based on Historical Institutionalism

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**Abstract:** The community elderly care service mechanism is a crucial component of the socialized elderly care service provision system in China's aging society. Its timely evolution represents a significant supporting force for the national strategy of actively responding to population aging. Employing the analytical framework of historical institutionalism, this paper identifies four developmental stages of China's community elderly care service mechanism: initial emergence, early exploration, rapid development, and optimization/upgrading. It examines the critical junctures and developmental pathways of this mechanism through the lens of evolutionary logic and driving forces, analyzing the macro, meso, and micro-level dynamics. This analysis aims to accurately delineate the achievements and challenges of the current community elderly care service system in China and to offer theoretical and practical insights for its future development.

**Keywords:** community elderly care service mechanism; institutional change; historical institutionalism

## 1. Introduction

The development of elderly care initiatives and services is integral to public welfare, directly impacting people's sense of happiness and fulfillment. Since the reform and opening-up, China has formulated and implemented a series of policy documents concerning elderly care initiatives and service system construction, providing clear policy guidance for the development of its elderly care service system. In practice, the continuous

improvement of various strategic plans and policy texts has progressively enhanced the state's capacity to address population aging, leading to a more diversified elderly care service system. Beyond traditional family-based care, a wider range of socialized elderly care services have developed rapidly, leveraging their respective strengths. As the grassroots unit for policy implementation, social governance, and resource allocation—serving as the nexus connecting top-down government resources,

bottom-up public needs, and inward-flowing social capital—the community has increasingly become the central hub within the elderly care service system. Communities now undertake an expanding array of increasingly sophisticated and diverse elderly care services, gradually evolving into a major platform integrating family-based and institutional care services.

Community elderly care services refer to the provision of daytime care, recreational activities, and other services for the elderly within a community, typically through established service centers (Gao, K., 2015). To better clarify the community elderly care service mechanism and promote its development, the 14th Five-Year Plan introduced a new definition, characterizing it as “regional elderly care services focused on care, radiating to the surrounding community, and incorporating in-home services.” Therefore, within China’s elderly care service system, community elderly care is an approach that relies on the community as its core base, utilizes professional teams, and integrates various local resources to deliver services, representing the convergence of diverse elderly care models within the community. China’s exploration of a community elderly care service mechanism began in the 1980s. With the introduction of a series of policy documents such as The Seven-Year Development Outline for China’s Aging Work (1994-2000), the mechanism has gradually developed and improved, forming a clear historical trajectory. Existing research primarily focuses on the institutional structure, operational conditions, resource inputs, actor behaviors, and outcomes of community elderly care: Firstly, China’s elderly care policy orientation has undergone historical stages of initial establishment, coordinated development, refined development, and integrated development (Han, Y., & Fu, J., 2020), during which community elderly care gradually emerged as a significant mechanism. Secondly, factors such as urban-rural disparities, regional differences, economic gaps, and variations among elderly groups remain important conditions influencing community elderly care services (Yang,

L., & Shi, W., 2022). Thirdly, research on actor behavior in community elderly care mainly concentrates on the needs, preferences, and modality choices of the elderly population. Finally, extensive analysis and discussion focus on the outcomes of community elderly care—such as quality, standardization, equity, and precision—and the pathways to achieve them (Lin, B., 2021; Peng, X., & Su, Z., 2022).

In summary, community elderly care has increasingly become a vital component of the elderly care service system and is integral to achieving the goal of “elderly support.” Promoting the development of the community elderly care service mechanism is a key aspect of high-quality social elderly care services. Advancing community elderly care in the new era requires a historical perspective to clarify its evolutionary trajectory, structural changes, and key driving forces, thereby addressing the following core issues: first, to delineate the evolution of the community elderly care service mechanism; second, to understand its evolutionary logic; third, to analyze its driving forces; and fourth, to explore its future development.

## 2. Analytical Framework

Historical institutionalism is a political science research method and school of thought that has emerged since the 1980s. It examines and analyzes institutions from a historical perspective by rediscovering, sorting out, and analyzing major historical events. At the same time, it reviews and sorts out institutional systems to trace and respond to history through institutions. According to this theory, institutions do not exist naturally, but are shaped and manifested by historical forces and the combined effects of various complex forces (Liu, S., 2010: 7).

Within historical institutionalism, institutions function as both independent and dependent variables: On one hand, when researchers examine them through the lens of institutional theory, the focus is on institutional change, analyzing the processes through which institutions undergo

regeneration, transformation, replacement, or termination under specific objective conditions and contexts (Qin, H., & Wang, M., 2015). Institutional research concerns core questions such as when institutions change, what driving forces prompt institutional reform, the processes and modes of institutional change, and how institutional efficacy and functions are realized. This approach examines the dual characteristics of institutions as variables, aptly analyzing the significant role of institutional elements in political life (Liu, S., 2010: 147-148). On the other hand, when researchers adopt a temporal theory perspective, the focus shifts to the temporal sequence of institutional evolution, analyzing the impact of temporal elements on institutional change and policy variation, along with their outcomes (Liu, S., 2010: 149). Historical research emphasizes core issues such as the sequential linkage of historical time, institutional inertia, the influence of critical junctures, and the role of contingent events (Chen, Z., 2003: 164-167).

The suitability of historical institutionalism for this study lies in several aspects: First, its emphasis on historical perspective facilitates long-term and broad-scope research on policy evolution (Liu, S., 2010: 3). The community elderly care service mechanism has developed over several decades, forming a relatively clear historical trajectory and policy evolution path, meeting the basic conditions for historical institutionalist analysis. Second, the "dynamic" nature of historical institutionalism aids in studying institutional change within historical and traditional contexts. The development of the community elderly care service mechanism has experienced numerous nodal events and institutional shifts, creating a degree of "path dependence." Establishing a new equilibrium by integrating traditional and modern elements provides a more comprehensive and open research perspective for the mechanism. Third, historical institutionalism not only focuses on institutions and their causes but also on the direction and patterns of institutional evolution, offering explanatory and guiding insights for the future development of the community elderly care service mechanism.

Therefore, based on the analytical framework of historical institutionalism, this study follows this research approach: First, through the collection, sequencing, and analysis of policy documents, it outlines the evolution of China's community elderly care service mechanism, identifies critical junctures where policy heterogeneity was stronger earlier and weaker later in the timeline, clarifies its main developmental stages, and summarizes the key characteristics of its evolution. Second, it employs the structural perspective of historical institutionalism to analyze the varying impacts of changes in the national macro-context, forms of community elderly care, societal perceptions of elderly care, and elderly care technology on the mechanism's evolution. It explores the influences of political variable shifts and actor interactions on this evolution (Cheng, T., & Wei, L., 2019). Third, using the historical perspective of historical institutionalism, it analyzes the differential impacts of major historical events, guiding driving factors, and developmental path dependence on the mechanism's change, investigating the significant role of the institutional development process. Finally, integrating the historical and structural perspectives, it summarizes the key dynamics and pathways of institutional change to prospect the future development of the community elderly care service mechanism.

### 3. Historical Evolution

The development of Chinese community elderly care service mechanism has broadly undergone four stages: initial emergence, early exploration, rapid development, and optimization/upgrading. Throughout these stages, community elderly care has evolved from non-existence to providing safety-net guarantees, establishing a systemic framework, and finally offering diverse, age-friendly services. It has transitioned from a passive, embedded, single-faceted service adjunct to economic construction towards an integrated, proactive community-based service system actively responding to population aging.

### 3.1 Initial Emergence: Launch of Aging Work and Proposal of Community Elderly Care (1978-1999)

Prior to 1978, under the planned economy, elderly care in China relied primarily on family support, supplemented by basic services and security provided by urban work units and rural collectives. Following the reform and opening-up, with the dissolution of the planned economy system and the establishment of a socialist market economy, these work-unit-based care mechanisms gradually faded. Coupled with the trend towards smaller family sizes, there was an urgent need to construct new elderly care service mechanisms to meet growing demands.

In 1983, the State Council approved the establishment of the China National Committee on Aging and set up corresponding agencies nationwide (Fang, J., 1996), marking the beginning of systematic leadership and development in aging initiatives. In 1992, the 47th UN General Assembly held a special session on aging, adopting the *Proclamation on Aging* and the Global Targets on Aging for 1992-2001. These documents highlighted that revolutionary changes in social demographics necessitated fundamental shifts in societal arrangements (Yang, W., Chen, W., & Zheng, G., 2022), subsequently driving the rapid development of socialized elderly care services in China. Overall, during this stage, China's aging work system gradually took shape, the concept of community elderly care was introduced, and various practical explorations were swiftly initiated.

The steady advancement of aging work and the initial emergence of community elderly care were key features of this period. In terms of policy content, regulations, outline plans, and policy texts such as *The Seventh Five-Year Plan for National Economic and Social Development*, *The Seven-Year Development Outline for China's Aging Work (1994-2000)* and the *Law on the Protection of the Rights and Interests of the Elderly* introduced new requirements concerning the socialized management reform of elderly care services (Xinhua News Agency, 1986) and the expansion of

community support and service scope (State Planning Commission, 1994). They also established the legal framework for China's elderly care services. In practice, the convening of community elderly care service forums in some cities (e.g., Wuhan) and the establishment of the National Working Commission on Aging (Han, Y., & Fu, J., 2020) represented new explorations in community elderly care during this phase. These efforts gradually led to the formation of a range of community service projects, including elderly care services (Song, Q., Yang, K., & Chen, X., 2020), while further refining China's aging work system.

*Legitimization, dependency, and exploratoriness* were the main characteristics of community elderly care evolution in this stage: *Legitimization* refers to the establishment and gradual improvement of the legal support framework for the community elderly care service mechanism. The enactment of laws such as the *Law on the Protection of the Rights and Interests of the Elderly* constructed the basic framework for China's aging initiatives. *Dependency* stemmed from the objective reality of China's relatively low overall productivity at the time, where the focus of social production was on ensuring basic livelihoods. Consequently, aging initiatives and policies were often embedded within economic development plans, exhibiting a dependent characteristic. *Exploratoriness* manifested after the formation of community services in China, with localities across the country actively exploring community services, including elderly care, which practically spurred the initial emergence and pioneering exploration of community elderly care services.

### 3.2 Early Exploration: Exploring the Elderly Care System and Community Safety-Net Guarantees (2000-2012)

In 2000, the CPC Central Committee and the State Council issued the *Decision on Strengthening Aging Work*, proposing the establishment of an elderly care service mechanism complementing family, community, and societal support, and striving to build a community-based elderly service system with supporting facilities, comprehensive functions,

and standardized management (National Health Commission, 2000). Subsequently, China's community elderly care service mechanism continuously improved, with its functions strengthening and role becoming increasingly prominent. Overall, during this stage, socialized elderly care in China developed rapidly, and the role of community elderly care became more pronounced, serving a crucial safety-net function. The rapid development of the community elderly care service mechanism and the fulfillment of its safety-net function were key aspects of this period. Regarding the service system, regulations, outline plans, and policy texts such as the *Decision on Strengthening Aging Work*, the *Notice on Issuing the Implementation Plan for the "Starlight Plan" for Community Elderly Welfare Services*, and the 11th Five-Year Plan for the Development of China's Aging Initiatives (2006-2010) made arrangements concerning: proposing requirements for building a community elderly service system; clarifying the community's role as the "main front" for providing elderly welfare services; constructing and expanding a number of elderly care service facilities and activity venues; and attracting more social forces to develop community elderly care (General Office of the State Council, 2006). Meanwhile, revisions to the *Law on the Protection of the Rights and Interests of the Elderly* incorporated elderly care service facilities into community supporting construction plans (Standing Committee of the National People's Congress, 2013), expanding the functional scope of community elderly care services. Regarding safety-net guarantees, regulations, outline plans, and policy texts such as the 10th Five-Year Plan Outline for the Development of China's Aging Initiatives (2001-2005) and the *Opinions on Comprehensively Promoting Home-based Elderly Care Services* addressed aspects including meeting the basic elderly care service needs of the elderly (General Office of the State Council, 2001) and building a community-based elderly care service center network (Ministry of Civil Affairs, 2008), focusing on providing basic services and safety-net guarantees for the elderly in communities.

*Fundamentality* and *safety-net orientation* were the main characteristics of community elderly care evolution in this stage, while *multi-level development* was its primary direction: *Fundamentality* refers to the community gradually becoming the "main front" for providing socialized elderly care services in various plans and policies, an important component in building a distinctive Chinese elderly care service system and a key reliance for socialized elderly care. *Safety-net orientation* characterizes the primary task of community elderly care during this exploratory stage, which mainly involved taking over the elderly care responsibilities previously held by work units to provide basic, safety-net services for the community elderly. *Multi-level development* was a new feature and trend. As the community elderly care service mechanism continuously improved, its functional boundaries expanded, gradually evolving from providing basic care to encompassing multi-level services such as daily living assistance, medical services, and health services.

### 3.3 Rapid Development: Multi-Actor Co-construction and Integration of Medical and Care Services (2013-2016)

In 2013, the State Council issued the *Several Opinions on Accelerating the Development of the Elderly Care Service Industry*, which for the first time clarified the equal status of civil affairs, finance, and other administrative departments in the elderly care sector. It also encouraged social forces to participate in building community elderly care services and proposed promoting the integration of medical and elderly care services. Consequently, community elderly care entered a new stage characterized by multi-actor co-construction and the integrated development of medical and care services. Overall, during this stage, the participating actors in China's community elderly care shifted from singular to plural, and service content particularly emphasized the integration of medical and care services. Multi-actor co-construction of community elderly care and the integrated development of medical and care services were key aspects of this period.

Regarding multi-actor co-construction, regulations, outline plans, and policy texts such as the *Notice on Launching Pilot Reforms of Publicly-Funded Elderly Care Institutions*, the *Implementation Opinions on Encouraging Private Capital Participation in the Development of the Elderly Care Service Industry*, and the *Several Opinions on Comprehensively Opening the Elderly Care Service Market and Improving Service Quality* addressed aspects including: guiding social participation through diversified means and supporting the exploration of new models like “publicly-built, privately-operated” (Ministry of Civil Affairs, 2013); fully leveraging the market’s decisive role in resource allocation for elderly care services and promoting the diversification of service supply entities and methods (Ministry of Civil Affairs, 2015). China’s community elderly care service system gradually entered a new, market-oriented development phase. Regarding medical-care integration, regulations, outline plans, and policy texts such as the *Guiding Opinions on Promoting the Integration of Medical and Elderly Care Services*, the 13th Five-Year Plan for the Development of Civil Affairs, and the *Notice on Central Government Financial Support for Piloting Home and Community Elderly Care Service Reforms* addressed aspects including: promoting the coordinated and unified development of medical/health and elderly care services (General Office of the State Council, 2015); supporting elderly care institutions in appropriately providing medical services and increasing the number of community care beds (Ministry of Civil Affairs, & National Development and Reform Commission, 2016); and conducting multiple batches of differentiated service pilots and implementing community elderly care service reforms (Ministry of Civil Affairs & Ministry of Finance, 2016), exploring new models of medical-care integration in community elderly care. *Multi-actor co-construction*, *medical-care integration*, and *institutional collaboration* were the main characteristics of community elderly care evolution in this stage. *Multi-actor co-construction* reflected the marketization trend of fully opening the elderly care service market. It actively engaged social forces in

community elderly care service provision through methods like “publicly-built, privately-operated,” “institutional reform,” and “social participation,” leveraging their advantages to advance community facilities and services. *Medical-care integration* was a salient feature of this period, achieved by establishing community hospitals and linking medical institutions with communities to combine grassroots medical resources with community elderly care, offering more comprehensive medical and care services for the elderly. *Institutional collaboration* was the primary mode for realizing medical-care integration and various new community elderly care services. As the entities involved in building the community elderly care service system expanded and service types diversified, collaboration became essential to link the professional services of medical institutions, domestic service companies, elderly care institutions, etc.

### **3.4 Optimization and Upgrading: Development of “Elderly Care +” Formats and Diversification of Age-Friendly Industries (2017-Present)**

In 2017, the State Council released the 13th Five-Year Plan for the Development of National Elderly Care Initiatives and the Construction of the Elderly Care System, outlining the future direction of China’s elderly care service system while emphasizing continued strengthening of community elderly care construction. This included supporting communities in conducting home visits for seniors living alone or empty-nesters, leveraging communities’ bridging role, establishing comprehensive community information platforms, and linking with institutional care to enhance service targeting and professionalism (Lin, B., 2021). Consequently, community elderly care services became more diverse, gradually responding to different elderly care needs and providing targeted, varied age-friendly services. Overall, during this stage, China’s community elderly care service system continued to develop, age-friendly services and industries diversified further, and community-

based “elderly care +” formats emerged and grew rapidly.

The emergence and rapid development of community “elderly care +” formats, the increasing diversification of community age-friendly services and industries, and the ongoing consolidation of the community elderly care service system were key aspects of this period. Regarding “elderly care +” formats, regulations, outline plans, and policy texts such as the *Implementation Opinions on Applying Public-Private Partnership Models to Support the Development of the Elderly Care Service Industry*, the Proposal for Formulating the 14th Five-Year Plan for National Economic and Social Development and the Long-Range Objectives Through the Year 2035, and the 14th Five-Year Plan for the Development of National Elderly Care Initiatives and the Elderly Care Service System introduced new requirements concerning: creating a full life-cycle elderly care service chain; establishing a batch of new integrated “elderly care +” formats within communities that combine elderly care with modern service industries like health and wellness and medical care (Song, Q., Yang, K., & Chen, X., 2020); implementing the strategy of actively responding to population aging and promoting the coordinated development of elderly care initiatives and industries (Xinhua News Agency, 2020); and constructing and improving a safety-net, inclusive, and diversified elderly care service system (General Office of the State Council, 2022). Regarding age-friendly services, regulations, outline plans, and policy texts such as the *Notice on Accelerating the Reform of Streamlining Administration, Delegating Power, Strengthening Regulation, and Improving Services in the Elderly Care Service Industry* and the *Government Work Report* made new arrangements concerning: proposing specific measures for “delegation, regulation, and service” reform in the elderly care industry and attracting more elderly care institutions to settle in communities to provide diverse age-friendly services (Ministry of Civil Affairs et al., 2017); and offering certain preferential support to community-based age-friendly and elderly care service institutions (Xinhua News Agency, 2019).

Regarding consolidating the community elderly care service system, regulations, outline plans, and policy texts such as the *Implementation Plan for the City-Enterprise Synergy Inclusive Elderly Care Action (Trial)* and the *Opinions on Strengthening Aging Work in the New Era* addressed aspects including: emphasizing the “inclusive orientation” of elderly care projects to provide “affordable” and “accessible” basic elderly care services for the elderly population (National Development and Reform Commission, Ministry of Civil Affairs & National Health Commission, 2019); and establishing a basic elderly care service list system (Xinhua News Agency, 2021), thereby improving the multi-level community elderly care service system.

“Elderly care +” new formats, diversified age-friendliness, and the listing of basic elderly care services were the main characteristics of community elderly care evolution in this stage: “Elderly care +” new formats are new products arising from the development of elderly care services, targeting new changes in community elderly care service demands and aiming for enriched, high-quality, and personalized service provision. *Diversified age-friendliness* represents a new development in the community elderly care service system and a new requirement for creating more livable, age-friendly community environments. It optimizes the living environment for the elderly and meets their needs for aging well through measures like community and home adaptations for aging and various supportive activities and services. The *basic elderly care service list* is a crucial means to ensure the inclusive provision of community elderly care services. By adopting a listed approach, it safeguards the fairness and comprehensiveness of basic community elderly care services while enhancing the standardization, efficiency, affordability, preferential nature, and accessibility of service items.

#### 4. Evolutionary Logic

Historical contexts determine the internal logic of institutional change and the structural forces

underpinning institutional continuity (Du, P., & Wu, Y., 2023). As an integral part of China's elderly care service system, the community elderly care service mechanism has generally maintained an incremental developmental trajectory, exhibiting strong path dependence, while its change direction can be discerned through key junctures within this gradual process.

#### 4.1 Critical Junctures

Certain critical junctures in the process of institutional evolution exert sustained influence and hold special significance for institutional change (Peng, B., & Pang, X., 2024). The critical junctures in the evolution of China's community elderly care service mechanism mainly include:

(1) **The Proposal and Practical Initiation of the Community Elderly Care Concept:** Following the reform and opening-up, socialized elderly care services began to emerge. In 1987, the Ministry of Civil Affairs first proposed the basic concept of "community elderly care." Subsequent exploratory practices led to the formation of a number of community elderly care service projects, establishing the origins of China's community elderly care. Thereafter, with the continuous advancement of community elderly care practices, its role within the elderly care service system steadily increased. Guided and regulated by a series of laws, regulations, plan outlines, and policy texts, the community elderly care service mechanism gradually matured and improved, with its content diversifying, levels increasing, and quality enhancing.

(2) **The Construction of an Elderly Care Service Mechanism:** In 2000, the promulgation of the Decision on Strengthening Aging Work proposed building an elderly care service mechanism encompassing family, community, and society, initially establishing a relatively comprehensive elderly service system (General Office of the State Council, 2001). It also outlined three development principles for the community elderly care service system: facility support, functional completeness, and standardized management, providing

directional guidance for its systematic and standardized construction.

(3) **Revision of the Law on the Protection of the Rights and Interests of the Elderly:** In 2012, the revised Law on the Protection of the Rights and Interests of the Elderly incorporated elderly daily living services, disease nursing, rehabilitation facilities, etc., into community supporting construction plans. This fully considered the growing and diversifying elderly care needs of the elderly, significantly expanding the functional scope of community elderly care services. Consequently, the community elderly care service mechanism began to gradually transcend the limitations of traditional basic security and safety-net services, developing towards a multi-level, differentiated community elderly care service system.

(4) **Comprehensive Opening of the Elderly Care Service Market:** In 2013, the issuance of the Several Opinions on Accelerating the Development of the Elderly Care Service Industry encouraged social forces to jointly participate in building community elderly care services. Subsequently, the Ministry of Civil Affairs, the National Development and Reform Commission, and other departments issued policy documents such as the Notice on Launching Pilot Reforms of Publicly-Funded Elderly Care Institutions, providing norms and suggestions concerning participating entities, collaboration models, and public construction projects to attract more social forces into the elderly care service industry. After a period of pilot exploration and experience accumulation, community elderly care services also began to gradually move beyond the confines of traditional basic security and safety-net services, developing towards a multi-level, differentiated system.

(5) **Integrated Development of Elderly Care Initiatives and Industries:** In 2017, the release of the Implementation Opinions on Applying Public-Private Partnership Models to Support the Development of the Elderly Care Service Industry supported the creation of full life-cycle elderly care service chains and the establishment of new integrated "elderly care service +" formats within

communities (Ministry of Finance, Ministry of Civil Affairs & Ministry of Human Resources and Social Security, 2017). Subsequently, policy documents like the Proposal for Formulating the 14th Five-Year Plan... also proposed from various angles promoting the coordinated development of elderly care initiatives and industries. Beyond consolidating basic community safety-net guarantees, they explored more diverse age-friendly services and industries, aiming to build a more proactive and diversified community elderly care service mechanism.

#### 4.2 Path Dependence

“Path dependence” refers to the tendency for an institution or policy, once implemented along a certain path, to follow that original path in its subsequent development (North, D. C., 1994). The path dependence of China’s community elderly care service mechanism has facilitated its incremental development through the following four mechanisms:

(1) From the Perspective of Learning Effects: The accumulation of effective practical experience in the operation of the community elderly care service mechanism has led to its continuous reinforcement through learning. The increasing number of service providers, including communities, elderly care institutions, and social organizations, have engaged in practical exploration on how to enhance community elderly care capabilities, forming a relatively fixed set of working methods. This, on one hand, provides a relatively stable institutional field conducive to the relative stability and incremental development of the mechanism. On the other hand, it creates a relatively locked-in developmental path, potentially constraining the initiative of various actors.

(2) From the Perspective of Synergistic Effects: The community elderly care service mechanism is closely linked to social institutions such as politics, economy, and culture. On one hand, it relies on these institutions for its existence, emerging and developing through the articulation, coordination, and synergistic effects of systems like community

services, aging initiatives, and the aging industry. On the other hand, by providing various elderly care services through communities, it also exerts new influences on these institutions, collectively forming a vast organic whole that continuously reinforces the various institutional systems.

(3) From the Perspective of Adaptive Expectations: The operation of the community elderly care service mechanism can generate positive effects or expectations for its multiple stakeholders, forming relatively stable adaptive expectations. Consequently, during its development, actors seek self-adjustment and adaptation based on their own expectations and interests, ensuring the enhancement and deepening of these adaptive expectations.

(4) From the Perspective of Exit Costs: Since its inception, the community elderly care service mechanism has been a collective achievement requiring substantial investment of human, material, and financial resources by the state, society, and other actors. Moreover, after integrating home-based and institutional care models and innovating “elderly care service +” formats, its integration with the socio-economy has deepened, leading to increasingly high exit costs. This also contributes to the relative stability and continuity of the community elderly care service mechanism.

### 5. Driving Mechanisms

Historical institutionalism emphasizes the diverse drivers of institutional change, explaining its dynamics at the macro, meso, and micro levels. Focusing on the community elderly care service mechanism, the macro-context in which institutional change occurs, the behavioral actors involved, and shifting value orientations constitute its macro, meso, and micro driving forces, respectively.

#### 5.1 Macro Driving Forces

##### (1) Political Safeguards

First, the systematic launch of aging work, new domestic and international trends in aging issues, and exploratory practices in community services

spurred the initial emergence of community elderly care services. Starting in the 1980s, as aging issues became increasingly prominent globally, China paid greater attention to aging problems and work, establishing a systematic leadership and operational mechanism for aging initiatives. Early explorations in community services in China also affirmed the important position of elderly care services, practically defining the basic framework for community elderly care.

Second, insufficient supply capacity in socialized elderly care services and the market-oriented provision of community public services drove the rapid development of the community elderly care service system. In the early stages of reform and opening-up, due to relatively low overall social productivity and the immaturity of socialized elderly care providers, the supply capacity of socialized elderly care was relatively inadequate, struggling to meet the growing elderly care needs. In the new era, with market-oriented reforms in community public services and the implementation of a series of more comprehensive supporting policies, increasingly mature market entities have participated in the co-construction of community elderly care, promoting the systematic development of the community elderly care service system.

Third, the integrated development of elderly care initiatives and industries has driven the high-quality development of the community elderly care service mechanism. For a long time, a practical gap existed between elderly care initiatives and the elderly care industry. While communities could shoulder increasingly comprehensive elderly care service provision, they lacked the integrated implementation of supporting elderly care industries. The development of “elderly care service +” formats has fostered community elderly care service chains, aggregating elderly care industries across different stages of the full life cycle to some extent, thereby promoting the high-quality, integrated development of the community elderly care service mechanism.

## (2) Economic Development

First, rapid socio-economic development and increased demand for public services prompted the community elderly care service mechanism to form a three-dimensional framework and provide basic services. With socio-economic progress and the satisfaction of basic livelihood needs, people began paying more attention to self-actualization and development in areas like health and recreation, leading to an explosive growth in demand for elderly care services. As the micro-unit for undertaking and supplying basic public services, communities needed to construct an overall safety-net mechanism ensuring basic elderly care, providing a range of service projects to meet the basic socialized elderly care needs of community residents.

Second, changes in the principal social contradiction and the expansion of elderly care service demand types compelled the community elderly care service mechanism to enhance its service capacity and expand its service offerings. Improvements in social productivity and living standards drove the upgrading of elderly care service demands. The growing aspiration for a better life among the elderly is concretely reflected in demands extending beyond traditional daily care and health security to include diversified needs such as medical rehabilitation, social participation, and psychological consolation, gradually showing personalized trends. These diverse demands have compelled a new round of expansion and upgrading in the community elderly care service mechanism to actively respond to differentiated elderly care demands and achieve active aging.

## (3) Shifting Perceptions

First, the shift in perception from family-based to socialized elderly care represents a change in value orientation at the individual and family levels regarding the community elderly care service mechanism. China’s traditional elderly care model was primarily family-based, supplemented by neighborhood assistance and work unit support. This family-centric concept hindered the emergence of socialized elderly care services to some extent. Since the reform and opening-up, with the trend

towards smaller families and the emergence of socialized elderly care services, traditional family-based perceptions have been challenged. However, due to low social production levels, it remained difficult to meet the demand for large-scale, multi-level, personalized elderly care provision. In the new era, the community elderly care service mechanism—grounded in the community, linking home-based and institutional care, and providing inclusive, convenient services—has gradually become a key component of socialized elderly care. It is increasingly understood and accepted by the elderly, breaking the limitations of traditional perceptions and driving the mechanism's development.

Second, the shift in the basic positioning of community elderly care from security to service represents a change in societal-level value orientation. In its early developmental stages, community elderly care primarily undertook the task of providing basic elderly care security previously handled by collectives (under the "work unit system") and families, amidst the decline of the work unit system and the trend of family miniaturization. Coupled with relatively limited social productivity, insufficient community service capacity, and the exploratory nature of service projects, community elderly care aimed only at providing fundamental security and safety-net services. With the continuous improvement of the mechanism, its service capacity, scope, and quality have significantly increased. Community elderly care can now respond to the increasingly diverse, personalized, and multi-level needs of the elderly, link various professional service resources, create diverse "elderly care service +" formats, and provide varied, high-quality community elderly care services.

Third, the evolution of the elderly care service system's value orientation at the national level—from safety-net guarantees, to equitable access, and then to high quality—represents a change in value orientation regarding the community elderly care service mechanism. Throughout its evolution, alongside continuous improvements in service

offerings, standards, and capabilities, the value pursuit of the community elderly care service mechanism has also upgraded: from ensuring basic safety-net services to striving for equitable access, providing "inclusively-oriented" and "accessible" community elderly care services for residents. In the new era, with the deepening of population aging and the integrated development of elderly care initiatives and industries, society has placed higher demands on elderly care services, calling for higher-quality and more convenient community elderly care. This also guides the new development direction of the current community elderly care service mechanism.

## 5.2 Meso Driving Forces

First, the driving effect of community elderly care service provision under comprehensive marketization. Within the macro-context of comprehensive marketization of socialized elderly care services, various social elderly care providers have developed rapidly by leveraging their advantages. With the advancement of market-oriented reforms in community elderly care, relatively mature social forces such as elderly care service institutions, social organizations, medical institutions, and social workers have entered communities through market mechanisms to provide services, rapidly enhancing the supply capacity of community elderly care.

Second, the pulling effect of increased and diversified demand for community elderly care services. Since the reform and opening-up, China's social production has grown rapidly, and people's needs for a better life have increased daily. In the field of community elderly care, this is concretely reflected in demands for diversification, quality enhancement, and personalization. These growing demands also impose higher requirements on community elderly care, pulling the transformation and upgrading of its supply system and methods.

Third, the integrating effect of grassroots governance and the expansion of public service demands. In the new era, the symbiotic and interactive relationship between community

governance and service provision has become increasingly close. High-efficiency community governance is increasingly becoming an important driving force for integrating and developing high-quality community services. In the field of community elderly care, the co-construction, co-governance, and sharing by multiple community actors have integrated rich actors, service resources, and application scenarios, transforming community governance advantages into abundant momentum for the development of community elderly care services.

### 5.3 Micro Driving Forces

First, the impetus of “Three-Sector Linkage” and “Five-Sector Linkage.” Since China established the “Three-Sector Linkage” mechanism in 2013, where communities, social organizations, and social workers jointly provide community services, the supply subjects of community elderly care have further expanded. With the innovation of the “Five-Sector Linkage” mechanism, community volunteers and social charity resources have also joined the ranks of community elderly care providers. This not only alleviates the workload pressure on communities, social organizations, and community workers but also leverages their respective advantages to bring more flexible and accessible service provision to community elderly care.

Second, diverse participation under the comprehensive marketization of elderly care services. Since 2016, when China proposed fully leveraging the market’s role in elderly care resource allocation and social forces’ role in service provision, community elderly care has also, through the integration of medical and care services, attracted the participation of various specialized service providers, including medical institutions. This has, to some extent, compensated for shortcomings in medical services for the elderly within the community elderly care mechanism, enabling the provision of more professional community elderly care services.

Third, the establishment of “elderly care service +” new formats. Since 2020, the trend of coordinated

development between elderly care initiatives and industries in China has strengthened, gradually giving rise to a number of “elderly care +” integrated new formats within the community elderly care service mechanism. The participation of more social elderly care forces and professional service institutions, especially the establishment of small, embedded elderly care service facilities within communities and community-based home care systems, has further improved the community elderly care service system. New models integrating community-institution and community-home care under these new formats have gradually been established.

## 6. Future Prospects

In the new era, the intertwining of increasing population aging and the significant strategic deployment of actively responding to it imposes higher requirements on the future development of China’s community elderly care service mechanism. Reviewing its evolutionary trajectory, surveying its development paths, characteristics, and contemporary needs, future directions can be anticipated from three aspects: developmental approach, construction orientation, and optimization pathways.

### 6.1 Adhering to a Historical and Dynamic Developmental Approach for the Community Elderly Care Service Mechanism

The community elderly care service mechanism does not exist in isolation; it is an integral part of Chinese modernization and the distinctive Chinese elderly care service system. Developing this mechanism requires, on one hand, a historical approach, situating development within the historical process to comprehensively and fully grasp the complex dynamics and path dependence of its evolution. On the other hand, it requires a dynamic approach, rooting development in the great practices of the new era to pragmatically and accurately identify its current characteristics and future trajectory. Only by adhering to historical and dynamic perspectives, fully considering the

historical process and contemporary features of its development, implementing its consistent safety-net guarantee function, and closely aligning with its evolving diversified pattern, can we accurately grasp the developmental approach of the mechanism and more actively respond to population aging (Du, P., 2022).

### 6.2 Adhering to a High-Quality and Integrated Construction Orientation for the Community Elderly Care Service Mechanism

The construction of the community elderly care service mechanism in the new era must follow a “high-quality” orientation while discarding “fragmented” and “dispersed” construction concepts, using “integrated” construction to promote even higher-quality development. On one hand, use high-quality development to strengthen the integrated mechanism. Fully leverage the pillar and platform role of community elderly care to coordinate various elderly care resources and projects within the community. Simultaneously, support the functional outreach of institutional care, the home-based care of families, and the integrated development of medical, health, rehabilitation, and nursing care, advancing the integrated development of community elderly care services through service communities. On the other hand, use integrated construction to promote high-quality development. Fully utilize the advantageous conditions of various elderly care models both inside and outside the community. Through the linkage of activity venues, elderly care resources, personnel teams, etc., form synergistic cooperation within the community elderly care service community to maximize service

quality. Provide high-quality, integrated community elderly care services for the elderly.

### 6.3 Adhering to Refined and Smart Optimization Pathways for the Community Elderly Care Service Mechanism

In concrete practice, the community elderly care service mechanism must also promptly respond to new demands of the elderly population, actively embrace new technological means, build mechanisms that emphasize refinement and smartization, and provide more responsive and agile community elderly care services. On one hand, promote the refined supply of the community elderly care service mechanism. Use networks to enhance services, create a community elderly care service network to establish a supply-demand closed loop. Focus on key service nodes like community daytime care centers and elderly service stations, improving the classified service mechanism. Simultaneously, accelerate the overall upgrading of the elderly care service front. On the other hand, advance the smart integration in community elderly care. Through smart integration and reforms utilizing big data and digitalization, create a smart platform for community elderly care services. Build smart scenarios, use smart devices, interconnected scenarios, and online-offline services to form a “technology + elderly” interconnected mechanism, dynamically linking the elderly with the smart community elderly care service mechanism to provide round-the-clock, refined, and smart elderly care services.

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# The Distinction Between Larceny and Embezzlement: With Special Reference to the Concept of Possession

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**Abstract:** The distinction between larceny and embezzlement has long been a contentious issue in judicial practice, with its core lying in the accurate determination of the possession status of property at the time of the act. Centering on the concept of possession, this article systematically reviews major theoretical doctrines in criminal law, including the theory of Factual Control, the theory of Normative Possession, and comprehensive approaches. It reveals the interpretive difficulties these doctrines face when applied to typical disputed scenarios such as mislaid property, sealed containers, and belongings on a deceased person. To unify adjudication standards and enhance practical applicability, this article attempts to construct a comprehensive, step-by-step analytical framework based on 'the possibility of Factual Control as the foundation, supplemented necessarily by societal normative recognition.' This framework is then applied to test three types of classic disputed cases: mobile phones forgotten in taxis, couriers extracting contents from parcels, and property appropriation after homicide, yielding consistent conclusions that align with prevailing judicial understanding. The research demonstrates that by establishing a clear, hierarchical method for determining possession—one that integrates factual and normative considerations—a more explanatory and applicable theoretical tool can be provided for distinguishing larceny from embezzlement. This contributes to achieving uniformity and justice in the application of criminal law within complex property relationships.

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## 1. Introduction: Possession as the Key to Distinguishing Larceny and Embezzlement

In judicial practice, distinguishing between larceny and embezzlement can sometimes be contentious. According to the theory of Criminal Law in China,

larceny refers to the act of unlawfully taking possession of another's property by means of secrecy and without violence, against the will of the possessor, thereby transferring possession of the property to oneself or a third party. Its core lies in breaking another's possession.

Embezzlement, on the other hand, refers to the unlawful appropriation of another's property that one already possesses, or of mislaid or buried property that has left the possession of its original owner. Its prerequisite is that the actor either lawfully possesses the property or the property is no longer in the possession of its original owner (Zhang, M., 2003). Therefore, the essential distinction between the two offenses lies in whether, at the time the act is committed, the property is in the *possession of another* or in the *possession of the actor*. Typical contentious scenarios include, for example, the following two categories of cases: First, a passenger leaves a mobile phone on the back seat of a taxi, and the driver later discovers it and appropriates it for themselves. Second, a courier, during the sorting process, privately opens a parcel in their custody and removes the items inside. For the former, the key issue is determining whether the phone has become mislaid property now possessed by the driver, or whether it remains property in the possession of the passenger. For the latter, the core disagreement lies in whether the courier's act should be viewed as an infringement of the consignor's possession of the contents, or recognized as an abuse of their own lawful custody of the parcel as a whole. The root of this divergence lies in differing determinations of the 'possession' status of the property at the time the act occurs.

Under the theoretical framework of Chinese criminal law, the object of larceny is defined as *property in the possession of another*, whereas the object of embezzlement refers to property *lawfully possessed by oneself* or *mislaid or buried property belonging to another* (Zhang, M., 2021). Thus, determining who possesses the property at the time of the offense constitutes the key to distinguishing between these two crimes. However, *possession* in criminal law is not a purely factual concept, and its criteria for recognition are subject to differing theoretical perspectives. Some viewpoints emphasize objective, physical control over the property (Li, H., 2009). Others argue that determination should be based on general social norms. Still others attempt to integrate both approaches, treating *Factual Control*

as a necessary condition and the degree of normative acceptance as the evaluative benchmark (Che, H., 2014). These divergent theoretical doctrines may lead to different legal conclusions when applied to the same factual scenario.

This theoretical divergence not only directly contributes to inconsistency in judicial adjudication but also manifests in more complex scenarios beyond cases like mobile phones left in taxis. Similar disagreements or even contradictory rulings are not uncommon in judicial practice when addressing more complex scenarios. These include determining the possession of sealed entrusted goods such as express parcels, or defining the possession status of property held by a deceased person before death when the perpetrator appropriates such property after harming the victim. Such circumstances not only undermine the fairness of individual case adjudication but also erode the uniformity and authority of legal application.

In light of this, the precise distinction between larceny and embezzlement fundamentally hinges on establishing a clear and operational definition of the concept of *possession*, which serves as the core distinguishing criterion. This article aims to systematically review the primary doctrines regarding *possession* in criminal law theory, thoroughly analyze the interpretative difficulties they reveal when applied to the aforementioned typical contentious situations, and subsequently attempt to construct a more appropriate framework for determination. This framework seeks to better align with the needs of China's judicial practice while offering both theoretical explanatory power and practical applicability, thereby providing a reference for promoting more uniform legal application.

This article makes three main contributions. First, it clarifies the structural limitations of existing doctrines by demonstrating how factual control theory and normative possession theory fail in different types of contested scenarios. Second, it develops a sequential, step-by-step analytical framework that integrates factual control and normative recognition in a hierarchical manner

rather than treating them as parallel criteria. Third, it shows that this framework provides a more stable reasoning path in hard cases, not by changing conclusions, but by improving the justification and consistency of those conclusions.

## 2. The Fundamental Framework of Possession Theory and Doctrinal Disputes

### 2.1 Possession in Criminal Law Emphasizes Factual Dominion and Exclusive Control

*Possession* is a foundational concept in property crimes, and its definition directly shapes the boundary between different offenses. Similar debates can also be found in German and Anglo-American criminal law. In German criminal law theory, possession (*Gewahrsam*) is generally understood as a combination of actual control over the object and social recognition of such control, emphasizing both factual dominance and normative attribution (Roxin, 2006; Jakobs, 1991). In Anglo-American law, although the terminology differs, concepts such as “possession” and “constructive possession” also reflect a dual structure that incorporates both physical control and legally recognized authority over property (LaFave, 2017). These comparative perspectives indicate that the tension between factual and normative elements is not unique to Chinese criminal law, but represents a common theoretical challenge in the law of property offenses. The definition of its connotation directly determines the scope for establishing specific offenses such as larceny and embezzlement. Unlike civil law, which focuses on entitlement and the publicity of real rights, the concept of *possession* in criminal law places greater emphasis on the factual state of dominion and control over property. The core of this factual dominion lies in its exclusivity, meaning the possessor can exclude arbitrary interference by others with the property (Shen, Z., 2010). The original purpose of constructing this concept in criminal law is not to confirm rights or guarantee the transfer of property rights, but to serve criminal policy objectives. It aims to achieve comprehensive protection of property interests by

preserving the existing order of property dominion (Zhou, G., 2018). In other words, *possession* in criminal law is a form of factual dominion, not based on any underlying right, and its determination primarily depends on who factually controls the property.

Within the doctrinal system of property crimes, *possession* serves a pivotal function in delineating the scope of criminal liability and distinguishing between different offenses. First, it constitutes the fundamental criterion for differentiating acquisitive property crimes (such as larceny, snatching, and robbery) from the crime of embezzlement (Li, H., 2024). The essential nature of acts like larceny is ‘breaking the existing possession and establishing a new one,’ and their object must be ‘property in the possession of another’ (Zhang, Li., 2019). In contrast, the essential nature of embezzlement is ‘unlawfully appropriating another’s property that is under one’s actual control.’ Therefore, determining under whose possession a piece of property falls at the moment of the act becomes the logical starting point for distinguishing between these two categories of crimes. Second, the assessment of the state of possession also directly influences the boundaries between various offenses within the category of acquisitive property crimes. For instance, openly seizing property that is in the close possession of a victim constitutes snatching, whereas transferring possession without the victim’s knowledge constitutes larceny. The distinction between them lies in whether the act ‘openly’ infringes upon another’s actual control over the property.

### 2.2 The Constituent Elements of Possession Can Be Categorized into Three Major Doctrines

#### 2.2.1 Theory of Factual Control

The Theory of *Factual Control* posits that the core of possession lies in objective, physical, and actual control over the property. Whether *possession* is established should be judged based on the factual, physical relationship of dominion over the property (Zhang, M., 2021). For instance, *possession* is established when property is held in one’s hand,

placed within one's personal residence or vehicle—areas constituting a sphere of exclusive control.

The strength of this doctrine lies in its relatively objective and clear criteria, which contributes to maintaining legal certainty. While this theory provides relatively clear and objective criteria, its limitations will be further illustrated in the following case analysis (Zhao, Y., 2025).

### 2.2.2 Theory of Normative Possession (Social Norms Perspective)

To address the rigidity of the Theory of *Factual Control*, the Theory of *Normative Possession* proposes that the determination of possession should be based on general social norms or customary perceptions. As long as, according to the norms of communal life, a piece of property is considered to remain under a person's sphere of control—even if their physical control has weakened or been temporarily interrupted—their possession should still be recognized (Wang, H., 2015).

For instance, a wallet left on a restaurant seat is, according to social norms, typically considered to remain in the possession of the person who forgot it, or at least to have transferred into the general control of the restaurant management, rather than becoming ownerless property. This doctrine offers flexibility, allowing it to better adapt to the complexities of social life and align judicial outcomes more closely with the public's sense of justice. This approach allows greater flexibility, but its limitations in terms of uncertainty and potential subjectivity will be further discussed in the case analysis below.

### 2.2.3 Comprehensive Doctrine (or Middle-Ground Theory)

In light of the respective strengths and weaknesses of the aforementioned two doctrines, the *Comprehensive Doctrine* (also known as the *Middle-Ground Theory*) seeks a balance. This theory posits that possession in criminal law is neither a purely physical fact nor merely a normative construct, but rather the product of the combination of *Factual control* and *Normative Possession* (Che, H., 2014). The

establishment of possession generally requires a foundation of objective control as a basis. However, such control does not necessitate immediate, physical holding; it can also be a more attenuated possibility of control recognized according to the rules of social life (Ma, Y., 2015). Concurrently, general societal norms play a crucial supplementary and normative role in determining whether this possibility of control exists. Currently, the *Comprehensive Doctrine* has gained relatively broad acceptance within both academia and judicial practice, emerging as the prevailing view, although its internal structure and operational logic still require further clarification.

## 3. Typical Contentious Scenarios Exposing the Interpretive Difficulties of Existing Possession Theories

In judicial practice, the determination of *possession* often sparks controversy in several typical scenarios. The application of different theoretical doctrines can lead to markedly different judicial conclusions, highlighting the inherent difficulties within existing theoretical frameworks. The following analysis is conducted through three common types of cases.

### 3.1 Divergence in Determining Misplaced Property in Scenarios of Spatial Separation

Taking the case where a passenger leaves a mobile phone on the back seat of a taxi as an example, the legal characterization of the act where the driver or a subsequent passenger takes it hinges on determining whether the passenger's possession terminates immediately upon exiting the vehicle. The key issue lies in whether the passenger's possession terminates immediately upon exiting the vehicle.

Two different lines of reasoning can be observed. One approach treats the loss of direct physical control as decisive and considers that possession shifts to the driver once the passenger leaves the enclosed space. Under this view, the driver's subsequent appropriation may be characterized as embezzlement. Another approach emphasizes that,

according to ordinary social expectations, the passenger still retains a realistic possibility of retrieving the item within a short time, and therefore possession should not be regarded as immediately terminated. Under this view, taking the phone may be treated as larceny.

This divergence shows that existing approaches do not provide a stable criterion for determining how long possession continues after physical separation, especially in semi-controlled spaces such as taxis.

### 3.2 Doctrinal Opposition Regarding the Possession of Contents in Sealed Containers

In cases where a courier opens a parcel and steals its contents, the controversy centers on whether the courier's possession of the parcel as a whole automatically extends to the items inside. The central issue is whether possession of the container necessarily extends to the items inside.

One line of reasoning distinguishes between the parcel as a whole and its contents, holding that although the courier has control over the package, the contents remain under the control of the sender, particularly when the parcel is sealed. Under this view, the act constitutes larceny. Another approach treats the delivery as transferring overall control, suggesting that the courier's conduct should be regarded as embezzlement.

The disagreement indicates that existing doctrines lack a consistent method for determining whether control over a container implies control over its contents, especially where the owner's intention to retain control is externally expressed.

### 3.3 Controversy in Determining the Transfer of Possession of Property on a Deceased Person

In scenarios where a perpetrator kills another and subsequently takes the victim's property, the focal point is whether the deceased's possession terminates immediately upon death. The majority view in academia holds that the property of a deceased person becomes unpossessed, while a minority of scholars recognize the deceased's possession in a limited sense (Zhou, G., 2009). The

key issue is whether possession terminates immediately upon death.

One possible view holds that possession ceases at the moment of death, which may lead to the conclusion that the subsequent taking does not constitute larceny. Another view attempts to maintain some form of continuing possession, either by extending the victim's control or by attributing possession to another subject, so as to justify treating the act as larceny.

This tension reflects a deeper difficulty: existing approaches struggle to explain how possession should be treated in situations where the original possessor disappears suddenly, especially when the taking of property is closely connected with the preceding act of violence.

The above scenarios demonstrate that existing doctrines, when applied independently, often lead to divergent or unstable conclusions. This calls for a more structured and hierarchical method for determining possession.

## 4. The Need to Establish a Comprehensive Criterion for Determining Possession

The theoretical divergences and practical difficulties discussed above demonstrate that neither the pure Theory of *Factual Control* nor the abstract Theory of *Normative Possession*, when applied in isolation, can fully resolve the challenges in determining 'possession.' While the Theory of *Factual Control*, grounded in objective physical control, offers a relatively clear starting point for judgment and contributes to legal certainty, its rigidity lies in its inability to encompass situations where normative dominion is widely recognized by law and social life despite the absence of close physical connection. Examples include possession of items within a sealed container, or the legitimate expectation of rights by a deceased person's close relatives over personal effects.

Conversely, the Theory of *Normative Possession*, despite its flexibility in responding to prevailing social norms and compensating for the shortcomings of *Factual control*, risks sliding into subjective speculation if completely detached from

the foundational possibility of *Factual control*. This would cause the concept of 'possession' to lose its objective boundaries, ultimately undermining the uniformity and predictability of criminal law application.

In light of this, this article advocates for constructing a comprehensive criterion for determination based on 'the possibility of *Factual Control* as the foundation, supplemented necessarily by societal normative recognition.' This criterion does not represent a simple compromise between existing doctrines but rather attempts to establish a test framework with a sequential order and internal logic. It can be developed concretely according to the following steps:

**Step One: Foundational Assessment of *Factual Control*.** The primary basis for determination is to examine whether a clear, stable, and exclusive physical relationship of dominion exists. For instance, this includes situations where property is carried on one's person, held in hand, or placed within a private domain under one's exclusive control, such as a residence, a locked vehicle, or a drawer. In such cases, the relationship of *Factual Control* is readily discernible, and the attribution of possession can be determined accordingly without needing to proceed to subsequent steps. This step aims first to confirm possession statuses that are beyond dispute, thereby safeguarding the objectivity and efficiency of the determination.

**Step Two: Supplemental Assessment Based on Social Norms.** When property departs from the close physical control of the right holder, rendering the relationship of *Factual Control* ambiguous, tenuous, or temporarily interrupted (e.g., mislaid property, lost property, or items temporarily left in a public space), it becomes necessary to introduce general social norms as a supplementary basis for determination. In such scenarios, possession cannot be negated solely based on the momentary lack of physical control. Instead, multiple factors should be comprehensively considered to ascertain who is regarded as the possessor according to general social norms. These factors primarily include:

First, the Nature of the Location: Whether it is a highly exclusive private sphere (e.g., a residence), a relatively enclosed space with some degree of managed order (e.g., a taxi, a restaurant private room, a hotel room), or a completely open, unmanaged public space. Second, the Time Interval: The length of time the right holder has been separated from control, and whether it falls within a reasonable scope for immediate or relatively easy recovery. Third, the Condition of the Property Itself: Whether the property was intentionally placed in a specific spot, concealed, or bears identifiable features, thereby manifesting the right holder's intention of continued control. Forth, the Existence of a Third Party with general management responsibility or reasonable control capability over the relevant space (e.g., a taxi driver, mall management, left luggage office staff). Fifth, through the holistic weighing of these factors, a judgment is made as to whether, according to general social norms, possession can be considered as either not having transferred or as having transferred to a managing party.

**Step Three: Recognition of Limited Exceptions for *Normative Possession*.** Based on specific legal relationships or firmly established general social norms, criminal law may, in exceptional circumstances, establish a legal fiction for the existence of certain forms of *Normative Possession*. However, its scope must be strictly confined to prevent undue expansion. Such legal fictions are typically supported by clear legal policy considerations or strong societal recognition. For example, regarding the contents of a sealed entrusted item, based on the bailor's explicit intention and the intention of control manifested through the act of sealing, the law may fictionally deem that possession remains with the bailor, while the bailee possesses only the external packaging. Similarly, property left by a deceased person in a non-public, relatively private location may, based on the needs of inheritance rights and social order, and under certain conditions (such as the heir's ability to become aware and take over in a timely manner), be fictionally deemed to be in the

*Normative Possession* of the heir. This aims to avoid a vacuum of possession, but such a fiction must be premised on the privacy of the location and the reasonable expectation of takeover, preventing its over-application in scenarios like property left in public spaces.

The core of this three-step criterion lies in anchoring the determination of 'possession' in the objective possibility of *Factual Control*, while employing social norms as a necessary adjustment and supplement, and recognizing legal fictions under strictly defined conditions. This approach offers a more operational and logically coherent path for resolving the various contentious scenarios discussed previously.

Compared with existing approaches, the proposed framework does not necessarily aim to produce different outcomes in standard cases. Its advantage lies in restructuring the reasoning process. Instead of relying on intuitive or parallel balancing between factual control and normative considerations, the framework introduces a clear sequence of analysis. This reduces arbitrariness, makes judicial reasoning more transparent, and allows similar cases to be handled with greater consistency. In borderline cases where existing doctrines may yield competing interpretations, the step-by-step method helps to clarify which factors should be considered first and which play only a supplementary role.

## 5. Testing and Applying the New Criterion to the Previously Discussed Contentious Scenarios

The three-step determination criterion, summarized as 'based on the possibility of *Factual Control*, supplemented necessarily by societal normative recognition,' was formulated to establish a clear, hierarchical, and logically coherent framework for determining possession. This chapter applies this criterion to re-examine the three typical contentious scenarios presented earlier, thereby assessing its practical utility.

### 5.1 Application to the Case of a 'Mobile Phone Forgotten in a Taxi'

The analysis using the three-step method proceeds as follows. First Step: The passenger exits the vehicle and leaves, thereby terminating the direct, close physical relationship of dominion over the mobile phone they carried. The state of *Factual Control* becomes ambiguous.

Second Step: As *Factual Control* is unclear, it is necessary to introduce general social norms as a supplement. A taxi compartment constitutes a relatively enclosed space under the operational management of the driver. According to general social norms, the driver bears a temporary duty of care and restitution for items left in the vehicle by passengers for a reasonable period, a managerial authority recognized in social life. Therefore, after the passenger alights, social norms dictate that the driver instantly acquires a general, temporary *Normative Possession* of the phone. The property does not instantly become an ownerless 'mislaid item.'

Third Step: This case does not involve rules of exception requiring special legal fiction for *Normative Possession*. Consequently, the conclusion becomes clear: when the driver discovers the phone and unlawfully appropriates it, this constitutes the misappropriation of another's property that they legitimately possess based on social norms, fulfilling the elements of embezzlement. A subsequent passenger who boards the taxi, knowing the phone is another's property under the driver's control, and secretly takes it, acts to break the driver's possession. This act should constitute larceny.

This judgment avoids the excessive rigidity in determining possession that the Theory of *Factual Control* might cause (by neglecting the driver's managerial position), while also guarding against the drawback of uncertain duration of possession that a pure Theory of *Normative Possession* might entail.

### 5.2 Application to the Case of a 'Courier Stealing Contents from a Sealed Container'

The analysis using the three-step method proceeds as follows. First Step: Examine the possibility of *Factual Control*: The courier, based on the transport contract, possesses exclusive physical control and factual dominion over the sealed parcel as a whole. However, regarding the contents inside the parcel, the sealing act (e.g., taping, locking) creates a clear physical barrier. Objectively, the courier does not have the factual possibility to directly control the contents without breaking the seal.

Second Step: Prevailing social norms generally hold that 'delivering the box does not equate to delivering the items inside.' The sealing serves as an external manifestation of the bailor's intention to retain control. Therefore, a distinction in possession attribution should be made between the parcel as a carrier and its contents.

Third Step: This case precisely qualifies for the application of the limited exception rule for *Normative Possession*, namely that 'the possession of the contents of a sealed container is legally fictionally deemed to remain with the bailor.' This rule is grounded in the special protection afforded to relationships of trust in bailment and clear societal consensus.

Synthesizing the above, the conclusion is as follows: The courier's unauthorized act of opening the seal and taking the contents does not constitute misappropriating property already lawfully in their possession. Instead, by breaching the seal, they infringe upon the *Normative Possession* that the law fictionally deems retained by the bailor. Therefore, the act should constitute larceny.

### 5.3 Application to the Case of 'Appropriating Property After Homicide'

The analysis using the three-step method proceeds as follows. First Step: The victim's death terminates their bodily and conscious *Factual Control* over the property on their person, separating the property from its original factual possessor.

Second Step: When the homicide occurs in a non-public, relatively secluded location (e.g., a private residence, a remote spot), prevailing social norms generally do not accept that property on the victim's person instantly becomes ownerless property subject to a first-come-first-served rule upon death. This is particularly true when the homicide and the subsequent appropriation of property are closely connected in time and place, forming an almost seamless sequence. In such a scenario, the perpetrator's act of killing has, in substance, precluded any possibility for others to establish new, stable possession over the property. The perpetrator, by virtue of the preceding violent act and their presence at the scene, factually establishes exclusive control over the property. At this point, the act of taking the property can be viewed as asserting and unlawfully converting a 'quasi-possession' status that is grounded in the *Factual Control* established through the perpetrator's preceding conduct.

Third Step: One could also consider, under strict conditions, applying a legal fiction deeming property left by the deceased in a private location to be in the *Normative Possession* of their heirs (premised on a clear inheritance relationship and a reasonable expectation of takeover). Under this view, the perpetrator's act breaks this *Normative Possession*. However, a more direct and less contentious interpretative path is to evaluate the closely connected homicidal act as the precondition and means by which the perpetrator subsequently acquires a position of exclusive *Factual Control* over the property, thereby negating the existence of any 'vacuum of possession.'

Accordingly, the conclusion is as follows: The perpetrator's act of taking the property after committing homicide constitutes larceny. This judgment overcomes the unreasonable conclusion of non-liability or liability only for embezzlement that an extreme Theory of *Factual Control* might yield. It also avoids the jurisprudential difficulties of fictionalizing 'possession by the deceased' inherent in the Theory of *Normative Possession*. Through a comprehensive consideration of factual and

normative elements, and by evaluating the preceding and subsequent acts as an integrated whole, the final conclusion aligns with the principle of proportionality between crime and punishment. It is also consistent with the common judicial practice of punishing such conduct with combined penalties for larceny and homicide.

## 6. Conclusion

At its core, the distinction between larceny and embezzlement hinges on determining the 'possession' status of property at the time of the act. By reviewing the theoretical doctrines of possession and analyzing three typical contentious scenarios in judicial practice, this article reveals the interpretive difficulties faced by a single criterion when dealing with complex cases. Neither the Theory of *Factual Control*, which prioritizes objective control, nor the Theory of *Normative Possession*, which emphasizes general social norms, can independently fulfill the function of unifying adjudication standards.

To resolve the aforementioned dilemma, this article advances a tiered analytical approach: the determination of possession should be grounded in the possibility of *Factual Control* and then supplemented, where necessary, by general social norms. By establishing a sequence of relatively clear

evaluative steps, this framework insists on the objective factual basis essential to possession, while also accommodating situations where judgment must draw upon common life experience. When applied to the representative cases discussed earlier—such as mobile phones left in taxis, couriers removing contents from sealed parcels, and property appropriation after homicide. This approach yields consistent conclusions that align with widely held practical judgments. This demonstrates its viability as a functional analytical tool.

In summary, the accurate distinction between larceny and embezzlement depends crucially on the interpretation of the concept of 'possession.' The discussion herein indicates that adopting a step-by-step, comprehensively considered method can provide a relatively clear framework for resolving common determination challenges, contributing to the formation of more uniform perspectives in practice. It must be recognized that property relationships in reality are increasingly complex, and new issues will continue to arise. Therefore, how to determine 'possession' remains a subject requiring continued in-depth reflection in future theoretical research and judicial practice.

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# An Analysis of Youth Mentality Within the Discourses of “Lying Flat” and “Involution” and Guidance Strategies for Ideological and Political Education

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**Abstract:** In the contemporary socio-cultural lexicon of China, the terms “lying flat” (“tangping”) and “involution” (“neijuan”) have transcended their origins as internet neologisms to become pivotal frameworks for interpreting the lived experiences, psychological states, and value orientations of a generation. These discourses encapsulate profound anxieties and adaptive strategies emerging against the backdrop of economic deceleration, intensified social competition, and the massification of higher education. This paper moves beyond superficial characterizations to undertake a rigorous analysis of the socio-structural genesis, psychological underpinnings, and ideological implications of these phenomena. It argues that “lying flat” represents not mere apathy but a complex, non-confrontational response to perceived systemic inequities and diminished social mobility. Conversely, “involution” delineates a state of hyper-competitive stagnation, where increased individual input fails to yield proportional rewards, leading to collective exhaustion and a crisis of meaning. Together, these patterns signify a critical interrogation of dominant “developmentalist” paradigms, a reevaluation of pathways to personal fulfillment, and a search for redefined conceptions of the “good life.” In response, this study advocates for a fundamental paradigm shift within university-based ideological and political education—from prescriptive critique to empathetic engagement, and from abstract idealism to grounded, pragmatic support. The paper proposes a comprehensive, four-dimensional intervention strategy termed “Meaning Healing – Career Reconstruction – Value Clarification – Action Empowerment.” This integrated model aims to equip youth with the analytical tools to understand structural constraints while fostering resilient agency, enabling them to navigate societal pressures, reconcile personal aspirations with collective well-being, and ultimately cultivate a sustainable and purposeful ethos of striving in the new era.

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## 1. Introduction: Discourses as Symptom and Mirror

The rapid ascent of “lying flat” and “involution” within Chinese public discourse is a culturally significant event (Zhu & Peng, 2024). Far from being transient slang, these terms have crystallized into powerful conceptual lenses through which millions of young people articulate their frustrations, navigations, and existential quandaries. They function simultaneously as a symptom of underlying socio-economic strains and a mirror reflecting the collective psyche of post-90s and post-00s generations navigating a rapidly transforming China.

This discursive emergence is contextualized by several intersecting macro-factors. First, China’s economic transition from high-speed to high-quality growth has recalibrated opportunity structures, with certain traditional avenues for upward mobility appearing to narrow. Second, the expansion of higher education has democratized access but also intensified competition for prestigious graduate positions and elite jobs, creating a bottleneck effect (Marginson, 2016). Third, the pervasive influence of digital media amplifies comparative social evaluation (Festinger, 1954), making visible both exceptional successes and widespread anxieties, thereby heightening perceptions of competition and relative deprivation. Within this crucible, “lying flat” and “involution” have emerged as two sides of the same coin—divergent yet interconnected coping mechanisms for a shared environment of pressure.

For higher education institutions, which serve as the primary congregating and socialization spaces for youth, these discourses present both a challenge and an imperative. Ideological and political education, a cornerstone of the Chinese university system, risks irrelevance if it fails to engage authentically with the

raw realities these terms represent. A pedagogy that merely dismisses “lying flat” as laziness or glorifies relentless “involution” as virtuous struggle will alienate the very constituents it seeks to guide. Therefore, a systematic, scholarly, and empathetic unpacking of these mentalities is not merely academically interesting but a matter of urgent practical necessity. This paper seeks to contribute to this effort by deconstructing the logics of these discourses and proposing a constructive framework for educational response.

## 2. Deconstructing “Lying Flat”: Beyond Passivity to Strategic Withdrawal

The discourse of “lying flat” is often interpreted in public commentary as a sign of passivity or declining work ethic among young people. Such readings are overly simplistic. A closer examination suggests that “lying flat” reflects a selective disengagement from forms of competition that are perceived as increasingly costly, unequal, or lacking in meaning, within a broader context of socio-economic insecurity (Standing, 2011).

At its core, “lying flat” is shaped by two interrelated psychological mechanisms: relative deprivation and declining effort–reward efficacy. Relative deprivation refers to the frustration that arises when individuals perceive a widening gap between their actual position and socially expected life outcomes, often in comparison with peers or public promises (Smith, Pettigrew, Pippin & Bialosiewicz, 2012). For many young people, the long-standing expectation that hard work and educational achievement will reliably secure upward mobility has weakened. When sustained effort does not translate into housing security, stable employment, or an improved quality of life, frustration and disillusionment accumulate.

At the same time, belief in effort–reward efficacy is weakened. The issue is not necessarily absolute deprivation, but the growing perception that additional effort no longer yields proportionate returns in life chances or social mobility. Under such conditions, continued over-investment in competition begins to lose its legitimacy in the eyes of many young people.

In this sense, “lying flat” may be understood as a form of strategic withdrawal rather than simple resignation. It reflects an attempt to reduce participation in forms of competition perceived as unsustainable or normatively unconvincing. Although this response may involve social and economic trade-offs, it also signals a re-evaluation of dominant success narratives and of the costs associated with constant striving.

### 3. Interrogating “Involution”: The Trap of Intensive Growth Without Progress

If “lying flat” represents a withdrawal from competitive structures, “involution” captures the experience of being trapped within intensified competition. Anthropologically, involution refers to a process where a system develops increasing internal complexity and sophistication without achieving substantive expansion or breakthroughs. Applied to social behavior, it describes a state of hyper-competition over fixed or slowly growing resources (Huang, 1985), leading to an escalation of input for stagnant or diminishing marginal output. The phenomenon is particularly visible in educational and early career contexts, where competition intensifies without clear expansion of opportunities, reinforcing a meritocratic logic in which individuals are compelled to continuously demonstrate their worth through performance (Sandel, 2020). Individuals are required to invest increasing levels of time and effort merely to maintain their relative position, rather than to achieve substantive advancement (Brown, Lauder & Ashton, 2011). Under such conditions, evaluative standards continuously escalate, reinforcing a cycle of self-intensifying competition (Collins, 1979/2019 ed.).

The consequences of involution operate at multiple levels. At the individual level, it is associated with burnout, anxiety, and the erosion of intrinsic motivation. At the collective level, it results in inefficient allocation of effort, as excessive competition is directed toward positional advantage rather than value creation. More critically, involution generates a crisis of meaning, as individuals struggle to articulate purposes beyond continuous competition (Pascoe, Hetrick & Parker, 2020).

Involution also produces a crisis of meaning. As competitive activity becomes an end in itself, the original purposes of education and work are obscured. Individuals may find it increasingly difficult to justify sustained effort beyond the immediate demands of competition.

### 4. Synergistic Dilemmas: The Shared Structural Roots

While appearing as opposites, “lying flat” and “involution” are symbiotic responses to a common set of structural conditions. They represent two points on a spectrum of adaptation to perceived systemic constraints. (Avent-Holt, et al., 2020) Together, they illuminate several synergistic dilemmas facing contemporary youth:

- 1). The Meaning Dilemma: The meaning dilemma reflects the erosion of stable value frameworks under conditions of intensified competition, leaving young people uncertain about what constitutes a meaningful life.
- 2). The Opportunity Dilemma: The opportunity dilemma arises from the coexistence of expanded educational access and limited high-quality career pathways, which intensifies competition at key transition points.
- 3). The Agency Dilemma: The agency dilemma reflects a perceived mismatch between large-scale structural forces and individual capacity to influence outcomes, contributing to feelings of constraint and reduced personal efficacy.
- 4). The Value Dissonance Dilemma: The value dissonance dilemma captures tensions between competing value orientations, such as collective

expectations and individual aspirations, or continuous striving and the need for personal well-being.

The four-dimensional strategy proposed below is analytically grounded in the structural dilemmas identified in the previous section. Specifically, the meaning dilemma gives rise to the need for meaning reconstruction; the opportunity dilemma points to the necessity of career reconfiguration; the value dissonance dilemma requires processes of value clarification; and the agency dilemma calls for forms of action empowerment. In this sense, the proposed framework is not a set of abstract recommendations, but a structured response to the conditions shaping youth mentality under the dual pressures of “lying flat” and “involution”.

## **5. Paradigm Shift in Ideological and Political Education: From Transmission to Translation**

Confronted with these complex mentalities, traditional modes of ideological and political education, often characterized by top-down moral exhortation and the presentation of idealized models, are increasingly ineffective. A paradigm shift is essential. The educator’s role must evolve from that of a transmitter of fixed truths to a translator and facilitator who helps students make sense of the dissonance between official narratives and lived experience (Baume & Kahn, (Eds.), 2003). This new paradigm is built on two pillars: deep dialogue and realistic care. Deep dialogue requires creating non-judgmental spaces where students can voice their doubts, fears, and frustrations about “lying flat” and “involution” without fear of reprimand. It involves listening to understand, not to immediately correct. Realistic care moves beyond praising abstract ideals of struggle to acknowledging the concrete difficulties students face—unaffordable housing, precarious employment, mental health struggles. It validates their challenges as real, not merely as failures of willpower.

The goal is not to endorse “lying flat” or condemn “involution” outright, but to use these discourses as entry points for critical thinking about society, self,

and the relationship between them. Education must equip students to analyze these conditions, not just endure or escape them. The following four-dimensional framework operationalizes this paradigm shift.

### **5.1 Four-Dimensional Guidance Strategy**

#### **5.1.1 Meaning Healing: Reconstructing Value Coordinates Through Existential Dialogue**

The first task is to address the crisis of meaning. This dimension is theoretically grounded in existential psychology and narrative identity theory, which emphasize the reconstruction of meaning under conditions of uncertainty and disruption. Facilitating Existential Conversations: Courses and workshops can explore fundamental questions: What makes a life meaningful beyond external achievements? How do we find purpose in conditions of uncertainty? How can we balance acceptance of life’s limitations with commitment to valued action? Broadening Success Narratives: Move beyond a monolithic “rags-to-riches” or “serve the nation” template. Introduce students to diverse biographies—artists, community organizers, skilled technicians, caregivers, entrepreneurs—who have found fulfillment on different paths. Highlight the concepts of eudaimonia (flourishing) versus mere hedonia (pleasure). (Ryan & Deci, 2001) Connecting Micro and Macro: Help students build a personal narrative that connects their skills and passions to larger social needs. This is not about grand, sacrificial gestures, but about seeing how one’s unique contribution, however modest, fits into a broader tapestry. Project-based learning that addresses community issues can make this connection tangible, transforming a sense of powerless alienation into one of grounded agency.

#### **5.1.2 Career Reconstruction: Mapping a Pluralistic Landscape of Possibility**

This dimension is informed by career construction theory and research on career adaptability, which view career development as a dynamic process

shaped by individual agency and changing opportunity structures. To counter the funnel effect that drives involution, students need a genuinely expanded vision of possible futures. Systematic Career Exposure: Integrate comprehensive, longitudinal career education from the first year. This should go beyond annual job fairs. It involves: Alumni Networks: Showcasing diverse career trajectories of graduates, not just the most visibly successful. Industry Immersion: Short-term site visits, shadowing programs, and project collaborations with a wide range of sectors, including non-profits, cultural institutions, and grassroots innovation. Deconstructing Prestige: Critically examine why certain careers are deemed “prestigious” and explore the hidden rewards (autonomy, mastery, balance, community impact) of others. Cultivating Career Adaptability: In a volatile job market, the goal is not to prepare for a single job but to develop meta-skills: self-awareness, opportunity recognition, strategic networking, and resilience in the face of setbacks, consistent with career construction theory (Savickas, 2013; Ammons, 2013). Teach students to think of their career as a portfolio of skills and experiences they curate over time, not a linear ladder to climb. Validating Alternative Rhythms: Challenge the “social clock.” Educate students about non-linear paths—gap years, mid-career pivots, portfolio careers, social entrepreneurship. Reduce the stigma around taking time to explore or choosing a slower-paced, lower-pressure life if it aligns with personal values.

### 5.1.3 Value Clarification: Discernment Between Healthy Striving and Pathological Competition

This dimension draws on value theory and self-determination theory, which distinguish between intrinsic and extrinsic motivations and highlight the importance of internally endorsed goals for sustainable engagement. This dimension involves sharpening critical thinking to distinguish between different modes of engagement. Conceptual Triangulation: Lead students in analytically comparing “Healthy Striving,” “Involution,” and

“Lying Flat.” Create definitions: Healthy Striving: Goal-oriented, intrinsically motivated, sustainable, allows for recovery, aligned with personal values, and open to multiple definitions of success. (Deci & Ryan, 2000) Involution: Extrinsically motivated, compulsive, focused on relative position over absolute growth, unsustainable, leads to burnout and cynicism. Lying Flat: A disengagement from specific competitions perceived as unjust or meaningless, which can range from passive defeatism to active pursuit of alternative values (simplicity, autonomy, peace of mind). Promoting a Sustainable Ethic: Advocate for a balanced, holistic view of success that integrates professional achievement with physical health, mental well-being, rich relationships, and civic engagement. Critically discuss the “hustle culture” and its human costs. From Individual Competitor to Civic Actor: Expand students’ sense of agency beyond personal competition. Introduce them to social theory, political economy, and grassroots organizing. Help them understand that while they must navigate existing structures, they can also be agents in shaping fairer systems. This transforms frustration with “the system” into a motivation for informed civic participation.

### 5.1.4 Action Empowerment: Micro-Practices for Regaining Agency

This dimension is grounded in theories of agency and experiential learning, which emphasize the role of action, reflection, and situated practice in rebuilding a sense of efficacy. The final dimension translates insight and clarified values into concrete, manageable actions that rebuild a sense of efficacy. Micro-Impact Projects: Design curricula that require students to identify and address a small, local problem—improving a campus facility, teaching a skill to community children, creating a public history exhibit. The focus is on the complete cycle: ideation, planning, execution, and reflection. Success is measured by learning and completion, not scale, fostering a sense of competence. Innovation Sandboxes: Provide low-stakes platforms for experimentation. This could be a social

innovation fund for student proposals, a makerspace for prototyping ideas, or a digital platform for sharing creative work. The goal is to cultivate a mindset of “doing and making” outside the grade-driven economy. Skill-Building for Resilience: Offer mandatory or widely available workshops on practical life skills: financial literacy, time and energy management (not just efficiency), mindfulness and stress-reduction techniques, and assertive communication. These are tools for managing the pressures of modern life, increasing students’ sense of control over their immediate environment. Reflective Practice Integration: Build structured reflection into all dimensions. Use journals, portfolio assessments, and group debriefs to help students articulate their evolving understanding of meaning, career, values, and agency. This metacognitive process solidifies learning and fosters intentional living (Schön, 1983).

## 6. Conclusion: Towards a Resilient and Purposeful Ethos

The discourses of “lying flat” and “involution” are more than complaints; they are diagnostic tools illuminating the fault lines in contemporary social and economic life for Chinese youth. They represent a generation’s groping for authenticity, fairness, and

meaning in a context of high-pressure transition. A punitive or dismissive response from educational institutions would be a profound mistake.

The proposed four-dimensional strategy—Meaning Healing, Career Reconstruction, Value Clarification, and Action Empowerment—offers a constructive path forward. It recognizes the structural origins of youth distress while affirming their capacity for resilient agency. It seeks not to produce a generation of uncritical strivers nor disengaged cynics, but one of reflective agents. These are individuals who can critically analyze social pressures, consciously define their own values and goals, navigate structures with pragmatic wisdom, and contribute to their communities from a place of grounded purpose rather than anxious competition or resigned withdrawal.

This also requires helping youth develop the capacity to understand the structural conditions underlying “lying flat” and “involution,” rather than reducing these phenomena to individual attitudes. It involves supporting the formation of flexible value orientations that balance collective expectations with individual aspirations, as well as achievement with well-being. In this process, educators need to shift from transmitters of fixed norms to facilitators of meaning-making and adaptive development.

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# Strategies for Social Response to Risk: Research on the Connotation and Operational Mechanism of Digital Governance

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**Abstract:** In response to multifaceted crises arising from a risk society, transforming the current governance model through digital governance to achieve “decentralization” should be a key priority for the nation. By clarifying that digital governance involves collaborative participation of the government and other social governance entities, guided by civil society needs, and optimized through modern information technology to enhance governmental functions, this model aims to improve governance efficiency, unleash social governance potential, and advance the modernization of governance capabilities. It proposes establishing a digital governance framework comprising open decision-making mechanisms, citizen awareness cultivation mechanisms, digital evaluation systems, multi-stakeholder participation mechanisms, information resource allocation mechanisms, and institutional and legal frameworks. This framework provides actionable recommendations for digital governance development, driving the modernization of the national governance system and capabilities.

**Keywords:** risk society; digital governance; connotation; operational mechanism

## 1. Introduction

With the advancement of productivity and technology, humanity has entered the post-industrial era, and human society has transitioned into a risk society. While nations have experienced rapid development over the past century, risks have accumulated at an unprecedented pace, gradually positioning them at the epicenter of this global risk wave. Under the dual influence of continuously emerging risks and the shifting risk transfer

structure from core to periphery, risks are accumulating across various sectors. Society now faces intangible crises in economic, political, technological, and informational domains, making it increasingly challenging for governments to manage risks alone. To better fulfill people’s aspirations for a better life and achieve the goal of building a socialist harmonious society, the Party Central Committee has proposed a more proactive approach to confronting and resolving contradictions. Addressing the issue that outdated

governance systems struggle to cope with the advent of a risk society, this paper explores the essence and operational mechanisms of digital governance in the new era, seeking pathways to address risks in this context.

## 2. Literature Review on Digital Governance

The concept of digital governance emerged alongside the expansion of digital technology and networked social relations. In both international and Chinese scholarship, it has gradually developed from earlier discussions of e-government and e-governance into a broader framework for understanding how digital technology reshapes public affairs, governance structures, and state-society relations. Against this background, domestic research has increasingly focused on the connotation, governance orientation, and practical operation of digital governance. (Zhu, Z., & Chen, D., 2014)

The integration of multi-stakeholder governance and modern information technology represents a key element of digital governance widely recognized by Chinese scholars. On one hand, the dynamic interactions among social governance actors—including governments, enterprises, citizens, and social organizations—are considered defining features of digital governance. These ongoing exchanges enable coordinated actions among stakeholders, enhance governance effectiveness, and drive social governance toward greater efficiency, scientific rigor, transparency, democracy, diversity, and inclusivity (Wei, L., Gu, C., Ni, G., Wang, Y., & Li, T., 2021). On the other hand, modern information technology serves as the foundational framework for digital governance. The rapid advancement of information technology has undoubtedly facilitated sustained connectivity among stakeholders, playing an irreplaceable role in resource sharing, interconnectivity, and knowledge integration processes within digital governance systems.

However, there remain some disagreements within academia regarding governance targets, priorities,

and objectives, giving rise to several representative viewpoints.

Regarding the object of digital governance, existing research mainly presents two views. One view understands it primarily as the governance of digital resources and data, emphasizing data preservation, archiving, and reuse in the digital era. The other view understands it as the governance of public affairs under digital conditions, stressing the integration of digital technology with governance structures and public problem-solving. Compared with the former, the latter places greater emphasis on the governance process itself and provides a broader basis for explaining how digital governance responds to social risks.

In terms of value orientation, current studies also show two main tendencies. One treats digital governance mainly as a means of improving governmental operation, with emphasis on administrative efficiency, process optimization, and service delivery. The other stresses a citizen-centered orientation, arguing that digital governance should respond to public needs and expand citizens' channels of participation. The difference between the two is not simply one of emphasis. It reflects a deeper divergence over whether digital governance should be understood primarily as government reform or as a broader reconstruction of public governance relations. (Jia, K., 2020; Fan, B., & Wang, Y., 2021)

With regard to long-term objectives, one line of research highlights efficiency gains, viewing digital governance as a way to improve administrative coordination and governance effectiveness (Fan, B., & Wang, Y., 2021). Another line places more emphasis on governance modernization, arguing that digital governance is significant not only because it enhances efficiency, but also because it reshapes governance concepts, institutional arrangements, and the overall capacity of the governance system. This difference shows that existing scholarship has not yet formed a fully unified understanding of the ultimate direction of digital governance (Wei, L., Gu, C., Ni, G., Wang, Y., & Li, T., 2021).

Existing studies have provided important discussions on the object, value orientation, and developmental goals of digital governance, but three limitations remain. First, much of the literature stays at the level of concept description and element listing, while the author's own analytical position is often not clearly separated from the review of existing views. Second, although digital governance is frequently linked to governance modernization, the specific logic through which it responds to the conditions of a risk society has not been sufficiently clarified. Third, discussion of operational mechanisms is still relatively limited, and existing accounts often remain at the level of functional classification rather than mechanism analysis in a stricter sense. Accordingly, this paper re-examines the connotation of digital governance from the perspective of risk society and further discusses its operational mechanism.

### 3. The Connotation of Digital Governance

Conceptually, digital governance developed out of earlier discussions of e-government and e-governance. Early discussions of e-government mainly focused on the use of information and communication technologies to improve administrative efficiency, optimize governmental structures, and enhance public service delivery (Yang, Y., 2015). As the discussion developed, the notion of e-governance extended beyond government informatization and placed greater emphasis on interaction among multiple actors, public participation, and the use of technology in the governance of public affairs (Huang, H., 2018).

This paper understands digital governance not simply as the digital upgrading of governmental administration, nor merely as the governance of data and digital resources. Rather, it refers to a governance process in which the government and other social actors make use of digital technology to identify, coordinate, respond to, and regulate public risks and public affairs. In this sense, digital governance is defined not only by its technical basis, but also by its multi-actor structure, public orientation, and capacity for risk response.

More specifically, the connotation of digital governance in this paper can be understood through four dimensions. First, in terms of actor structure, it involves not only government, but also enterprises, citizens, and social organizations. Second, in terms of governance object, it is oriented toward public affairs and public risks rather than toward data management alone. Third, in terms of operational basis, it relies on digital technology, data connectivity, and platform-based coordination to reorganize governance processes (Han, Z., & Shan, T., 2015). Fourth, in terms of value orientation, it aims at improving governance capacity, strengthening public responsiveness, and advancing the modernization of the governance system (Wei, L., Gu, C., Ni, G., Wang, Y., & Li, T., 2021).

Under the conditions of a risk society, this understanding of digital governance highlights not only the application of digital tools, but also the reorganization of governance capacity through coordination, participation, information sharing, and institutional response.

### 4. Digital Governance Mechanism

In sociological analysis, a mechanism refers not simply to a list of institutional elements, but to the way different elements are connected and made to function together in a relatively stable process. From the perspective of a risk society, the significance of digital governance lies not only in the use of digital tools, but also in the formation of an operational structure through which risks can be identified, coordinated, responded to, and regulated. For this reason, the operational mechanisms of digital governance should be understood as a dynamic system in which different components perform distinct functions while remaining mutually connected (Zheng, H., & Li, Q., 1993).

#### 4.1 The Basic Structure of the Mechanism System

The operational mechanisms of digital governance are not a set of isolated institutional arrangements. Rather, they form a connected process through which public risks enter the governance agenda,

governance actors are mobilized, information and digital resources are coordinated, governance outcomes are evaluated and adjusted, and the whole process is stabilized through civic support and institutional safeguards. In this paper, this mechanism system includes six interrelated components: open decision-making, multi-stakeholder participation, information resource

allocation, evaluation and feedback, civic awareness cultivation, and institutional-legal safeguards. These components do not operate at the same level, but together form a mechanism chain that links agenda setting, participation, coordination, correction, motivation, and stabilization. The relationships among these components may be summarized as shown in Figure 1.

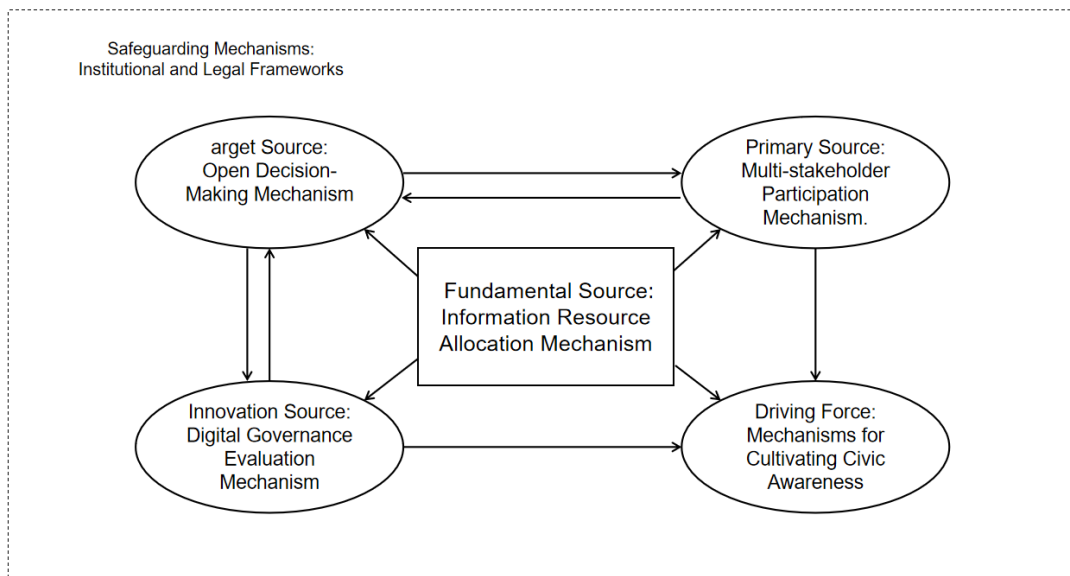


Figure 1. Digital Governance Mechanism System

4.2 Mechanism System of Digital Governance Model

(1) Target Source: Open Decision-Making Mechanism. In the context of a risk society, the first task of digital governance is to make risks visible and bring them into the governance agenda in a timely manner. The open decision-making mechanism refers to a shift from relatively closed governmental decision-making to a more open structure in which government departments, enterprises, social organizations, and citizens can participate in the identification of issues, the expression of demands, and the discussion of policy options through digital platforms. Its core function is to broaden the channels through which information enters the decision-making process, thereby improving the responsiveness and inclusiveness of governance. At the same time, this mechanism provides the entry point for the

subsequent participation, coordination, and feedback mechanisms.

(2) Primary Source: Multi-stakeholder Participation Mechanism. Once public risks and governance issues enter the decision-making agenda, digital governance requires the coordinated participation of multiple actors. This mechanism refers to the involvement of governments, enterprises, citizens, and social organizations in governance processes that can no longer be effectively managed by the state alone. Its significance lies in transforming governance from a government-centered model into a collaborative structure in which different actors contribute information, resources, and problem-solving capacity. In this sense, multi-stakeholder participation is not a symbolic supplement to governance, but a necessary condition for expanding governance capacity under complex risk conditions.

(3) Fundamental Source: Information Resource Allocation Mechanism. Collaborative governance in digital settings depends not only on the willingness of actors to participate, but also on their access to relevant information and digital resources. The information resource allocation mechanism refers to the process through which data, platform access, and informational resources are distributed, shared, and connected among different governance actors. Its function is to reduce information asymmetry, improve coordination efficiency, and provide the material basis for cross-sector collaboration. Without such a mechanism, participation may remain formal, while actual coordination capacity remains weak.

(4) Innovation Source: Digital Governance Evaluation Mechanism. Because risks are dynamic and governance conditions constantly change, digital governance cannot rely on one-time decision-making alone. The evaluation and feedback mechanism enables governance actors to assess outcomes, identify problems in implementation, and adjust subsequent action on the basis of performance information, public response, and coordination effects. Its role is therefore not merely evaluative, but corrective. By linking governance outcomes back to the decision-making process, this mechanism helps digital governance maintain adaptability under uncertain conditions.

(5) Driving Force: Mechanisms for Cultivating Civic Awareness. The long-term operation of digital

governance also depends on whether citizens are willing and able to participate in public affairs. The civic awareness cultivation mechanism refers to the gradual formation of citizens' awareness of rights, obligations, public responsibility, and participation (Shi, L., 2009). Its function is to provide a relatively stable motivational basis for digital governance, so that participation is not limited to temporary mobilization or technical access alone. In this sense, civic awareness cultivation is not external to the mechanism system, but an important condition for sustaining participation and enhancing the social foundation of governance.

(6) Safeguarding Mechanisms: Institutional and Legal Frameworks. The operation of digital governance must ultimately be stabilized by institutional and legal arrangements. This mechanism defines the boundaries of authority, regulates the collection and use of data, clarifies responsibilities among governance actors, and provides protections for citizens' rights. In the absence of such safeguards, digital governance may increase efficiency while simultaneously generating new risks related to power concentration, data misuse, and weak accountability. Institutional and legal safeguards therefore provide the normative and procedural boundaries within which the other mechanisms can operate in a stable and legitimate manner.

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# Research on the Economic Consequences of S Company's Fraudulent Issuance in Refinancing Under the Registration System

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**Abstract:** In the process of the capital market's comprehensive shift from the approval system to the registration system, the focus of supervision has moved from ex-ante examination and approval to in-process and ex-post supervision, and "taking information disclosure as the core" has thus become the core logic of the reform. Against this background, the importance of the construction of corporate integrity and the quality of information disclosure of listed companies has become increasingly prominent, which is not only related to the effective operation of the capital market, but also has a significant impact on the in-depth advancement of the registration system reform. This paper selects the fraudulent issuance incident in S Company's refinancing after the implementation of the registration system as the research object to investigate the economic consequences caused by such behavior. The study finds that in the refinancing process, S Company misled the market through means such as fabricating transactions and concealing risks, resulting in direct damage to investors' interests, abnormal stock price fluctuations, and the company itself falling into operational difficulties with a sharp decline in reputation. The incident has impacted the market order of the medical informatization industry and also put the regulatory efficiency under the registration system to the test. It can be seen that improving the regulatory system of the registration system and strengthening the protection of investors' rights and interests are the key paths to promoting the steady progress of the registration system reform.

**Keywords:** registration system; fraudulent issuance; economic consequences

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## 1. Introduction

With the comprehensive transformation of China's capital market from the approval system to the registration system, the focus of supervision has shifted from ex-ante examination and approval to in-process and ex-post supervision, and "taking information disclosure as the core" has become the core logic of the reform. In this context, the integrity construction of listed companies and the quality of information disclosure are directly related not only to the effective operation of the capital market, but also to the continued advancement of the registration system reform. Against this institutional background, S Company's fraudulent refinancing issuance did not merely constitute an individual violation. It also undermined market fairness, weakened the effectiveness of the registration system, and posed practical challenges to in-process and ex-post supervision as well as accounting supervision. From the industry perspective, the medical and health care sector is characterized by high R&D investment, long project cycles, and strong refinancing demand. At the same time, under the combined influence of medical insurance supervision and special rectification, compliance risks in this field have become increasingly prominent. Therefore, the fraudulent refinancing incident of S Company has certain representativeness for examining the economic consequences of disclosure violations during a period of institutional transition.

Regarding the economic consequences and governance measures of fraudulent issuance, existing studies mainly focus on the negative effects caused by fraudulent issuance and the exploration of corresponding governance paths. Wang Zhixiang (2025) distinguished the circumstances of fraudulent issuance and the issuance of documents with serious inaccuracies, thereby providing support for clarifying legal boundaries and liability identification in institutional implementation. The case of Devon Archer being sentenced for fraudulently issuing and selling more than 60 million US dollars of bonds, as recorded in Department of Justice (DOJ) Documents / FIND

(2022), also reflects the seriousness with which such conduct is treated in an international context. In addition, Wang F S et al. (2024), in their research on refinancing risk, earnings management, and stock returns, pointed out that earnings management under refinancing pressure affects stock prices, and that fraudulent issuance not only intensifies the market trust crisis and raises financing costs, but also distorts resource allocation. On this basis, they proposed governance measures such as strengthening information disclosure supervision, implementing dynamic monitoring of refinancing risks, improving internal control mechanisms, and refining the punishment system. Wang Zhaohuan (2025) further suggested incorporating fraudulent issuance into the scope of financial fraud crimes so as to consolidate the institutional foundation of the registration system reform and investor protection. A review of the existing literature shows that current studies have already formed a relatively solid basis for understanding fraudulent issuance from the perspectives of system design, legal regulation, intermediary responsibility, and consequence governance. However, there are still two shortcomings. First, there are relatively few special studies on fraudulent refinancing issuance under the registration system, as most existing research focuses on the IPO stage and lacks targeted discussion of the refinancing link. Second, studies on the economic consequences of individual fraudulent refinancing cases remain relatively scattered, and systematic analysis of the transmission of such consequences is still insufficient. Based on the existing research results at home and abroad, this paper focuses on the fraudulent issuance problems exposed in S Company's refinancing process. Combined with the industry characteristics of the medical technology sector and relevant financial data, the paper examines the economic consequences of the case from the perspectives of information disclosure distortion, agency conflict, and governance failure. On the one hand, this study seeks to enrich the discussion on information disclosure violations and corporate governance failures under the registration system framework. On the other hand, it aims to

provide a more case-oriented reference for improving the regulatory mechanism and protecting investors' rights and interests.

## **2. Description of S Company's Fraudulent Issuance Incident in Refinancing**

### **2.1 Background and Financing Status of the Refinancing Project**

From 2020 to 2021, S Company planned and carried out refinancing by issuing convertible corporate bonds to unspecified objects on the ChiNext Market. The intended use of the raised funds announced by the company was mainly for the "Internet of Things Smart Medical Traceability Management Project" and supplementing working capital, with a promising project prospect depicted. In 2021, S Company successfully issued convertible corporate bonds with a total par value of 817 million yuan (bond abbreviation: Sichuang Convertible Bonds), which were listed and traded on the Shenzhen Stock Exchange in July 2021. At that time, this financing was an important financial support for the company to expand its smart medical business.

### **2.2 Means of Fraudulent Issuance and Problems of Information Disclosure Violations**

The superficial success of S Company's financing was essentially built on systematic financial fraud. According to the facts ascertained in the Administrative Penalty Decision later issued by the Zhejiang Regulatory Bureau of the China Securities Regulatory Commission (CSRC), S Company engaged in systematic financial fraud and illegal information disclosure behaviors in the process of issuing these convertible bonds, whose core means include the following aspects:

(1) Inflating revenue and profits, mainly through fictitious business activities. From 2019 to 2020, S Company carried out the so-called "commercial project cooperation" with several external companies through its wholly-owned subsidiaries. Investigations revealed that such cooperation had no real commercial substance, nor corresponding logistics and capital flow. By virtue of these

fabricated transaction contracts, the company directly recognized a large amount of sales revenue and profits.

(2) There were also illegal advance recognition of revenue. In some real transactions, S Company failed to abide by the provisions of the Accounting Standards for Business Enterprises on the timing of revenue recognition, and artificially recorded the relevant revenue in advance when the control of goods had not been transferred or the services had not been completed. It can be seen that the scale of operating income and profits in the reporting periods of 2019 and 2020 was significantly exaggerated, and the financial performance was seriously false.

(3) Directly leading to false records in issuance documents. The above-mentioned financial fraud behaviors directly resulted in serious inaccuracies in the financial data disclosed by S Company in key issuance documents and periodic reports such as the Prospectus for the Issuance of Convertible Corporate Bonds to Unspecified Objects on the ChiNext Market (2020 and 2021 annual reports). After verification by the CSRC, the company accumulated inflated operating income of more than several hundred million yuan through the above means in 2019 and 2020, with a huge proportion of inflated profits. Among them, only from January to September 2020 (the key reporting period for the issuance of convertible bonds), the amount of inflated profits accounted for as high as 56.81% of the total disclosed profits in the current period. This means that most of the "profitability" presented by the company to investors and regulatory authorities for judging its issuance conditions was essentially a castle in the air.

### **2.3 Regulatory Investigation and Subsequent Penalties**

The truth will eventually come out. Under the continuous supervision system of the registration system with "information disclosure as the core", regulatory authorities have strengthened the review and on-site inspection of annual reports and refinancing matters of listed companies. The

abnormal financial data of S Company finally attracted regulatory attention, and the company received the Notice of Case Filing from the CSRC at the end of 2022 and was placed under investigation on suspicion of illegal information disclosure.

In 2024, after an in-depth investigation, the Zhejiang Securities Regulatory Bureau officially issued the Administrative Penalty Decision. The documents disclosed by S Company in the process of convertible bond issuance were found to contain false records, constituting the fraudulent issuance behavior stipulated in the Securities Law. Severe administrative penalties were imposed on the company and relevant responsible persons, including the then chairman, general manager, chief financial officer and others. A huge fine was imposed on S Company, a number of responsible persons were given warnings and fined different amounts; in addition, some personnel were subject to market access restrictions, and were not allowed to hold the positions of directors, supervisors and senior managers of listed companies or engage in securities-related businesses within a limited period. It can be seen that regulatory authorities hold a zero-tolerance attitude towards illegal information disclosure behaviors. Examples show that such penalties have become an important means to standardize the order of the capital market. Due to the serious nature of the case and suspicion of a crime, the case was transferred to the public security organ in accordance with the law. The relevant criminal investigation procedures are currently under way, and the responsible persons may face criminal liability, which shows the seriousness of the situation.

### **3. Analysis of the Causes of S Company's Fraudulent Issuance in Refinancing**

The fraudulent refinancing issuance of S Company was not the result of a single compliance failure. Rather, it emerged from the interaction between internal governance defects and external monitoring constraints under the registration system. In essence, the case reflects the joint operation of

governance failure, incentive distortion, and insufficient supervisory restraint.

#### **3.1 Internal Causes**

##### **3.1.1 Severe Defects in the Corporate Governance Structure Constituted the Fundamental Internal Condition for the Fraudulent Refinancing Issuance**

Effective corporate governance depends on institutionalized checks and balances among management, the board, internal audit, and supervisory bodies. In S Company's case, however, this internal restraint mechanism was substantially weakened. The independent directors failed to raise effective objections to aggressive financial practices, the internal audit function did not identify or stop the manipulation of financial information, and the board of supervisors failed to perform meaningful oversight. As a result, key financial information related to refinancing was dominated by management and became vulnerable to intentional distortion. Therefore, the problem was not merely the existence of inaccurate disclosure, but the breakdown of the internal governance structure that should have prevented management from using financial reporting as an instrument for refinancing objectives.

##### **3.1.2 Profit Incentives and Refinancing Pressure Directly Intensified the Motivation for Managerial Manipulation**

When a listed company faces capital demand, expansion pressure, or performance shortfalls, management may have strong incentives to present an improved operating picture in order to satisfy refinancing conditions and stabilize market expectations. In the case of S Company, financial manipulation appears to have served more than one purpose. It helped create the appearance of profitability required for convertible bond issuance, while also supporting the stock price and thereby protecting the interests of controlling shareholders and management in matters such as share reduction, equity pledge, and equity incentive exercise. In this

sense, fraudulent issuance was not simply a temporary accounting irregularity, but a strategic response to financing pressure and self-interested managerial incentives under performance constraints.

### **3.1.3 The Lack of Integrity Culture and Compliance Awareness Lowered the Internal Moral and Institutional Threshold for Fraud**

Fraudulent issuance on this scale is difficult to explain only by short-term financial pressure. It also reflects a deeper weakness in the company's internal culture. The core management team showed insufficient legal awareness and weak commitment to truthful disclosure, and the fraudulent conduct displayed collective and systematic characteristics rather than isolated personal misconduct. This suggests that the company had not established a compliance culture in which false disclosure would be identified and rejected at an early stage. Instead, fraudulent behavior was tolerated or even implicitly accepted in pursuit of financing and performance goals. Under such conditions, the probability of disclosure violations increased substantially, because the internal environment no longer provided either normative restraint or organizational resistance.

## **3.2 External Causes**

### **3.2.1 The Transitional Regulatory Environment Under the Registration System Increased the Difficulty of Timely Identification of Fraudulent Refinancing Behavior**

The registration system places greater emphasis on continuous supervision and the truthfulness of information disclosure, but in the early stage of institutional transition, regulatory capacity, technological support, and accumulated enforcement experience may not yet fully match the complexity of new forms of fraud. Concealed practices such as fabricated transactions and other non-transparent arrangements make fraudulent disclosure more difficult to detect through routine review alone. In S Company's case, the misconduct

continued over a period of time and was not exposed until after the completion of the issuance, which indicates the practical difficulty of identifying sophisticated financial fraud in a timely manner under a disclosure-centered regulatory framework. Therefore, the case reflects not the failure of the registration system as such, but the tension between the logic of ex-post supervision and the reality of increasingly concealed fraudulent practices.

### **3.2.2 The Failure of Intermediaries to Perform Effective Gatekeeping Functions Weakened External Verification of Disclosed Information**

Under the registration system, intermediaries such as sponsors, accounting firms, and law firms are expected to serve as important external verifiers of issuer information. Their role is not limited to formal participation in the issuance process, but extends to substantive due diligence and risk identification. In the case of S Company, however, the intermediaries involved in the convertible bond issuance failed to identify or disclose the large-scale fraud in a timely manner. This suggests that their verification procedures either lacked sufficient depth or failed to penetrate complex transaction arrangements. As a result, the gatekeeping mechanism that should have filtered out false information before or during refinancing did not function effectively, thereby facilitating the completion of the fraudulent issuance.

### **3.2.3 The Deterrent and Timeliness of the Legal Accountability Mechanism Still Need to Be Strengthened**

Although the revised Securities Law has increased the penalties for fraudulent issuance and introduced mechanisms such as representative litigation, the practical deterrent effect of the legal system still depends on the certainty, severity, and speed of enforcement. If the expected cost of violation remains lower than the potential benefits of successful refinancing, some issuers and responsible individuals may still be tempted to take risks. In S Company's case, the relatively long interval between

the misconduct, investigation, and final penalty exposed the lag of accountability to some extent. This weakens the immediate restraining effect of the law and reduces its preventive function in similar cases. Therefore, the problem is not only whether penalties exist, but whether the accountability system can form a sufficiently prompt and credible deterrent against fraudulent issuance.

#### 4. Economic Consequences of S Company's Fraudulent Issuance in Refinancing Under the Registration System

The economic consequences of S Company's fraudulent refinancing issuance were not limited to direct corporate losses. Rather, they were transmitted across multiple levels, including the company itself, investors, intermediaries, and the broader securities market, forming a cumulative chain of financial, governance, and market effects.

##### 4.1 Negative Impact on the Company's Financial Performance

For the issuing company, fraudulent refinancing issuance does not only create short-term legal and reputational risks. Once the misconduct is exposed,

it may further trigger financial deterioration, liquidity pressure, governance instability, and even listing risk, thereby transforming an earlier financing strategy into a long-term operational burden.

##### 4.1.1 Sustained Decline in Cash Flow

From the perspective of financial consequences, the short-term financing effect created by fraudulent disclosure lacked a sustainable operating foundation. Once the violation was investigated and penalized, the company faced direct cash outflows such as administrative fines, as well as indirect liquidity pressure caused by reputational damage, tighter external financing conditions, and subsequent compliance costs. The cash flow ratio data from 2019 to 2024 reflects this process clearly. The ratio rose briefly to 0.09% in 2021, during the peak period of the fraudulent issuance, but fell sharply to -0.084% in 2022 after the violation was verified, indicating a significant net cash outflow. Although slight fluctuations appeared from 2023 to 2024, the indicator remained at a relatively low level. This suggests that the misconduct did not merely lead to one-time financial punishment, but produced a sustained weakening of the company's liquidity position and capital reserve capacity.

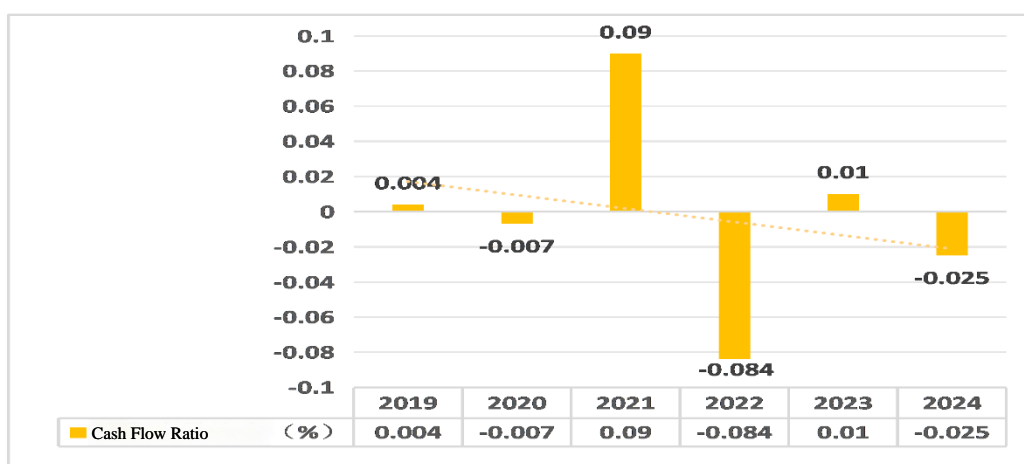


Figure 1. Changes in S Company's Cash Flow Ratio from 2019 to 2024

Data source: East Money Information Co., Ltd.

#### 4.1.2 Triggering a Debt Crisis

After fraudulent refinancing behavior is exposed, the company may face a rapid deterioration in its external financing environment. Credit institutions tend to become more cautious, commercial counterparties may tighten transaction conditions, and potential investor claims further increase expected liabilities. Under these combined pressures, liquidity strain can gradually evolve into broader debt pressure, and the firm's going-concern capacity may also be affected. The changes in S Company's financial performance indicators before and after the fraudulent issuance illustrate this process.

Table 1 shows the intuitive deterioration process of financial performance before and after fraudulent issuance. In 2019, before the occurrence of fraudulent behaviors, the company's operating income and net profit indicators performed well, with an asset-liability ratio of only 30.58%, and the financial situation was relatively healthy. By 2020, the implementation stage of fraud, the operating

revenue dropped to 1.375 billion yuan, the net profit plummeted to 15 million yuan, and the asset-liability ratio rose to 38.17%. In 2021, when the violation was initially exposed, the operating revenue further dropped to 963 million yuan, the net profit turned into a huge loss of -685 million yuan, and the asset-liability ratio exceeded 50% to 55.96%. After the administrative penalty was issued in 2022, the net profit loss expanded to -878 million yuan, and the asset-liability ratio climbed to 65.23%. In 2023, the company was put under delisting risk warning, and the asset-liability ratio soared to 80.41%, almost on the verge of insolvency. During the continuous loss in 2024, the operating revenue was only 691 million yuan, the net profit still recorded a loss of -502 million yuan, and although the asset-liability status slightly rebounded, it still remained at a high level. These indicators show that the fraudulent issuance was followed by a continuous weakening of profitability and a rising debt burden, indicating that the economic consequences of the misconduct extended well beyond regulatory punishment itself.

**Table 1.** Changes in Key Financial Performance Indicators of S Company from 2019 to 2024

Year	Operating Income (100 million yuan)	Net Profit (100 million yuan)	Asset-Liability Ratio (%)
2019 (Before Fraud)	15.39	1.14	30.58
2020 (Fraud Implementation Period)	13.75	0.15	38.17
2021 (Initial Exposure of Violation)	9.63	-6.85	55.96
2022 (After Administrative Penalty)	11.16	-8.78	65.23
2023 (Delisting Risk Warning Period)	10.06	-8.74	80.41
2024 (Continuous Loss Period)	6.91	-5.02	73.11

Data source: East Money Information Co., Ltd.

#### 4.1.3 Leading to Going Concern Difficulties

The chain impact caused by fraudulent issuance is confirmed by this series of data: a significant reversal of performance, a sharp decline in net profit, and even sustained huge losses are all clearly visible. The market value evaporation caused by the sharp drop in stock price further erodes the company's net assets, leading to operational and financial difficulties.

Devastating damage to market reputation and brand value. Labeled as a "fraud subject", S Company's commercial reputation almost collapsed due to its involvement in fraudulent behaviors. The trust relationship with customers and suppliers was broken, and business cooperation came to a standstill. In the medical industry, which is highly sensitive to reputation, the revenue of its smart medical sector dropped by more than 40% in 2022, and the number of cooperative hospitals decreased

from 120 to less than 50, which shows the actual impact of the lack of trust.

Prolonged chaos in operation and management. The former chairman was detained in criminal custody, the core management was severely punished, and three independent directors were subject to market access restrictions, resulting in a serious shortage of management personnel. It can be seen that there has been a drastic change in the company's senior personnel. Relevant examples show that there is an obvious fault in the corporate governance structure. The new management team took eight months to rebuild the internal control system. During this period, the "Regional Medical Cloud Platform" project came to a standstill, the R&D investment of 12 million yuan in the early stage was basically lost, and the overall strategic promotion rhythm of the company was completely disrupted.

#### 4.1.4 Impact on Listing Qualification

According to the listing rules of the stock exchange, fraudulent issuance is a major illegal and irregular act, which may trigger the mandatory delisting clause. At present, S Company has been placed under investigation by the CSRC. If the final punishment determines that it constitutes a major violation, it will directly face the risk of delisting, and the status of the listed subject is in jeopardy.

## 4.2 Triggering an Investor Trust Crisis

Among the external parties affected by fraudulent refinancing issuance, investors are the group that most directly bears the consequences of distorted disclosure. Their losses are reflected not only in the decline of asset value, but also in weakened trust in market information and the practical difficulty of obtaining effective compensation after the misconduct is exposed.

### 4.2.1 Sharp Drop in Stock Price

The most direct consequence after the punishment for fraudulent issuance is a sharp drop in stock price. From the emergence of fraud suspicions in 2021 to the official punishment by regulatory authorities in 2022, S Company's stock price plummeted from a high of 14.25 yuan per share to 2.86 yuan per share, with an overall drop of nearly 80% (see Table 2). Estimating the losses of individual investors, if a small and medium-sized investor bought 10,000 shares at a high of 14 yuan, the floating loss in the account exceeded 110,000 yuan after the regulatory punishment was issued, and the principal loss was also nearly 80%. The performance of "Sichuang Convertible Bonds" was the same: the price of bonds with a par value of 100 yuan plummeted rapidly from 120 yuan to 45 yuan, and the floating loss per share for holders exceeded 60%.

**Table 2.** Annual Stock Price Changes of S Company from 2019 to 2024 (Yuan)

Year	Opening Stock Price	Closing Stock Price	Annual Highest Price	Annual Lowest Price	Annual Price Change Range
2019	8.18	12.88	14.41	8.07	+57.46%
2020	11.03	9.05	14.25	7.55	-17.95%
2021	9.05	7.38	9.08	5.98	-18.45%
2022	7.38	4.96	8.42	3.58	-32.79%
2023	4.96	4.49	6.18	3.52	-9.48%
2024	4.49	4.13	5.76	2.86	-8.02%

Data source: Financial Market Quotation Database.

### 4.2.2 Weakening the Foundation of Market Trust

S Company's fraudulent issuance incident has seriously shaken the overall market confidence. It has also exacerbated the information asymmetry between investors and the company. According to

the information asymmetry theory: if the authenticity of financial information cannot be verified, it is difficult for investors to distinguish the quality of companies. They either choose to withdraw from the market or demand higher risk

compensation. Market data can also confirm this impact. In the third quarter of 2022, the average daily turnover of the medical and health sector decreased by 23% compared with the first quarter. Many institutional investors have significantly reduced their allocation ratio of medical technology stocks. For example, a fund company reduced its holdings of such stocks from 15% to 8%. Individual investors have also expressed their views on public platforms. They generally questioned the quality of information disclosure of ChiNext companies.

This trust crisis also has obvious contagion. Even in the same sector, the stock prices of three medical informatization enterprises not involved in violations were still dragged down in the month when the incident was exposed, with their cumulative decline exceeding 10%. This shows that the fraud in a single case will weaken the credit foundation of the entire market, and investors will adopt an evasive attitude even towards compliant enterprises.

This case shows that once the information disclosure mechanism fails, market trust will collapse rapidly, which in turn will distort the resource allocation function of the market and make compliant enterprises also bear valuation pressure.

#### **4.2.3 Highlighting the Lag of the Shareholder Rights and Interests Protection System**

The case of S Company's fraudulent issuance exposes the significant deficiencies in the implementation of China's securities investor protection mechanism. Although the class action system has been incorporated into the Securities Law, in practice, investors' rights protection is often trapped in difficulties of proof, long cycles and low compensation, and the protective effect of the system has not been fully realized.

More than 200 investors filed a class action in this case. Due to the difficulty in proving the direct causal relationship between the fraud and investment losses, it took as long as 11 months from case filing to the first court session. In the end, only 37 investors were compensated, and the total

compensation amount was less than 30% of the actual losses.

Even under the new institutional framework, the rights protection procedure is still complicated and time-consuming. In this case, more than 60% of the damaged investors voluntarily gave up their rights due to cumbersome procedures and high time costs, which fully shows the obvious gap between the system design and its actual operation.

From the perspective of information asymmetry and corporate governance, the lag of the investor protection mechanism is likely to lead to lower illegal costs and weakened regulatory deterrence, thus shaking the market's trust in institutional guarantees. It can be seen that the current mechanism urgently needs to be optimized to improve the efficiency of rights protection, enhance the effectiveness of compensation, and effectively safeguard the legitimate rights and interests of investors.

#### **4.3 Holding Derelict Intermediaries Accountable**

In fraudulent refinancing issuance cases, intermediaries are not only external participants in the issuance process, but also important bearers of subsequent economic and reputational consequences when their gatekeeping functions fail. Once a major fraud is exposed, the resulting losses are transmitted to sponsors, accounting firms, and other service institutions through reputational damage, legal liability, and increased compliance costs.

##### **4.3.1 Damage to Reputation and Brand**

The exposure of S Company's fraudulent refinancing issuance also damaged the professional reputation of the intermediaries involved in the transaction. As the lead underwriter, audit institution, and other service providers failed to identify or disclose the large-scale irregularities in a timely manner, the market began to question not only their professional judgment, but also the reliability of their due diligence procedures. In financial service industries, where credibility is closely linked to future business opportunities, such

reputational impairment may weaken client confidence, reduce competitiveness in subsequent project acquisition, and impose a longer-term negative effect on brand value. Therefore, the consequence for intermediaries is not limited to temporary criticism, but may extend to a sustained weakening of market trust in their professional services.

#### **4.3.2 Legal Liability and Economic Penalties**

In addition to reputational loss, intermediaries involved in the issuance may also face substantial legal and economic consequences. When regulatory authorities determine that sponsors, accounting firms, or other service institutions failed to perform their duties with due diligence, these institutions may be subject to administrative penalties such as warnings, fines, business restrictions, or even suspension of relevant qualifications. At the civil level, they may also become co-defendants in investor compensation litigation and bear corresponding compensation liability. These legal consequences are likely to generate direct financial losses and indirect cost increases, including litigation expenses, compliance rectification expenses, and higher future risk-control input. From this perspective, the fraudulent issuance of a listed company may transform an intermediary's professional failure into a broader operational burden.

#### **4.4 Pushing up the Operation Cost of the Securities Market**

The consequences of S Company's fraudulent refinancing issuance were not confined to the firm and its direct counterparties. Once such misconduct enters the public and regulatory domain, it may also impose broader costs on the operation of the securities market by weakening the credibility of the disclosure system, increasing supervisory pressure, and reducing the efficiency of market resource allocation.

#### **4.4.1 Eroding the Integrity Foundation of the Registration System Reform**

The effective operation of the registration system depends on the credibility of information disclosure and on the expectation that most market participants will comply with disclosure obligations in a truthful manner. In this sense, major fraudulent refinancing cases such as that of S Company may weaken the credibility foundation on which the registration system relies. When a serious case of false disclosure occurs during the refinancing process, market participants may begin to question whether disclosure-based regulation is sufficient to identify high-risk issuers in a timely way. The resulting doubt does not necessarily negate the institutional value of the registration system itself, but it does increase the difficulty of maintaining confidence in a disclosure-centered market framework. Therefore, one important market-level consequence of the case lies in the weakening of confidence in the effective operation of the disclosure regime.

#### **4.4.2 Exacerbating the Implementation Pressure of the Regulatory System**

Another broader consequence of fraudulent refinancing issuance is the increase in supervisory and compliance costs across the market. After a major fraud case is exposed, regulatory authorities often need to devote additional enforcement resources to case investigation, post-event verification, investor protection coordination, and the review of similar risk patterns in other issuers. At the same time, listed companies and intermediaries may also face a stricter compliance environment, with higher disclosure verification costs and more cautious transaction review procedures. Although these responses may help reduce future risks, they also indicate that fraudulent issuance imposes external costs on the operation of the market as a whole. In this sense, the harm of the case is not limited to the violating firm, but extends to the increased regulatory and

compliance burden borne by the securities market system.

#### **4.4.3 Fraudulent Issuance Distorts the Capital Market's Resource Allocation**

Fraudulent issuance will distort the resource allocation function of the capital market and weaken the core efficiency of the market. The core value of the capital market is to guide funds to gather to high-value subjects, but fraudulent issuance will misallocate scarce financial resources to inferior subjects engaged in financial fraud, while high-quality enterprises operating in compliance may miss financing opportunities due to capital diversion, forming a "bad money drives out good money" effect.

#### **4.4.4 Fraudulent Issuance Pushes up the Overall Operation Cost of the Market**

S Company's fraudulent issuance has significantly raised the overall operation cost of the capital market. Investors have initiated large-scale civil claims due to the sharp drop in stock price from 15.20 yuan to 2.80 yuan, thus increasing judicial litigation costs. Intermediaries have also seen a substantial rise in compliance costs. CITIC Securities is a case in point — it received a regulatory warning for failing to perform its due diligence obligations, leading to the ratio of the industry's due diligence costs to project income rising from 13.30% to 20.70%. To prevent financial fraud, investors have invested more resources in information screening, with the proportion of research costs increasing from 12.30% to 18.50%. The regulatory resources consumed in case investigation, administrative punishment and subsequent system construction are also huge. The process from case filing to criminal investigation has gone through multiple stages, with continuous increase in public expenditure. The above costs are ultimately shared by all market participants. What the case of S Company's fraudulent refinancing issuance reveals is that the consequences of the incident are systematic and chain-like. Its profound impact confirms the practical warning of the information asymmetry and

principal-agent theory in the registration system environment. With the new institutional logic taking information disclosure as the core, fraudulent behaviors not only directly plunder investors' wealth, destroy corporate value and punish derelict intermediaries through information manipulation, but also seriously erode the trust foundation of market operation at the macro level. The information gap between investors and issuers is thus exacerbated, principal-agent conflicts are amplified, the risk of adverse selection rises, the operation cost of the entire market is pushed up, and ultimately the resource allocation efficiency of the capital market is distorted.

### **5. Countermeasures and Suggestions for Preventing Fraudulent Issuance by Listed Companies**

The foregoing analysis shows that the economic consequences of S Company's fraudulent refinancing issuance were transmitted through several interconnected channels, including internal governance failure, investor losses, intermediary dereliction, and increased market-wide operating costs. Therefore, the response to such misconduct should not remain at the level of general policy advocacy. Instead, it should be designed in a way that directly corresponds to the specific mechanisms through which the case generated harm.

#### **5.1 Optimizing the Legal Accountability and Investor Compensation Mechanism**

As shown in the S Company case, one important reason why the consequences of fraudulent refinancing issuance continue to expand lies in the limited timeliness of accountability and the practical difficulty of investor compensation. Therefore, the legal response should focus not only on increasing formal penalties, but also on improving compensation effectiveness and the credibility of liability enforcement.

### **5.1.1 Further Improve the Securities Civil Compensation System**

The S Company case shows that investor protection in fraudulent issuance cases depends not only on the recognition of liability, but also on the practical accessibility of compensation mechanisms. For this reason, the operation of special representative litigation should be further regularized, and the threshold and cost of investor rights protection should be reduced. At the same time, a more effective diversified dispute resolution mechanism for securities disputes should be developed so as to improve compensation efficiency in cases involving a large number of affected investors. In addition, the scope of joint and several compensation liability of controlling shareholders, actual controllers, senior executives, and intermediaries in fraudulent issuance cases should be further clarified, so as to enhance the effectiveness and predictability of investor compensation.

### **5.1.2 Strengthen the Connection Between Administrative Law Enforcement and Criminal Liability**

Another issue revealed by the S Company case is that the deterrent effect of legal accountability depends not only on the severity of sanctions, but also on the timeliness and coordination of enforcement. For fraudulent issuance cases suspected of constituting crimes, administrative enforcement and criminal justice should be connected more effectively, so that relevant cases can be transferred for criminal investigation in a timely manner where necessary, rather than being handled only through administrative penalties. In addition, judicial standards for the identification of key elements such as materiality in criminal cases of fraudulent issuance should be further clarified, so as to improve the consistency and predictability of legal accountability. Where new forms of refinancing fraud or new questions of liability identification arise in practice, relevant legal rules and judicial interpretations should also be updated

in a timely manner to preserve the adaptability of the accountability system.

## **5.2 Improve Corporate Governance and Cultural Construction**

As indicated by the S Company case, fraudulent refinancing issuance cannot be explained only by external regulatory deficiencies. More fundamentally, it is rooted in weak internal checks and balances, distorted managerial incentives, and an insufficient compliance culture. For this reason, prevention at the corporate level should focus on strengthening governance structure, correcting short-term value orientation, and embedding integrity and compliance into daily management.

### **5.2.1 Improving the Corporate Governance Structure and Strengthening Internal Checks and Balances**

The S Company case shows that when the board of directors, the board of supervisors, and internal audit fail to perform substantive oversight, management may gain excessive control over financial reporting and refinancing decisions. Therefore, listed companies should further improve their governance structure and strengthen internal checks and balances. In particular, the genuine independence and effective performance of duties of the board of directors and the board of supervisors should be better secured. The proportion of independent directors with financial and legal expertise may be appropriately increased, and their rights to information and supervision should be effectively guaranteed. At the same time, the authority and independence of the internal audit department should be strengthened, so that it can report directly to the board of directors or the audit committee and identify material risks in a timely manner. Internal control should also be reinforced in key areas such as financial reporting, fund flows, and related-party transactions.

### **5.2.2 Establish a Long-Term Value Orientation and Reducing Short-Term Incentive Distortion**

Another lesson of the S Company case is that fraudulent refinancing is often closely linked to excessive short-term performance pressure and financing incentives. When management places too much emphasis on maintaining stock prices, meeting aggressive targets, or securing refinancing approval within a limited period, the probability of financial manipulation increases significantly. Therefore, listed companies should establish a stronger long-term value orientation and avoid governance arrangements that overemphasize short-term market performance. Correspondingly, performance appraisal systems should be adjusted to reduce unrealistic short-term targets and to place greater weight on sustainable operation, compliance quality, and long-term value creation. In this way, the incentive basis for fraudulent disclosure can be weakened at the source.

### **5.2.3 Cultivating an Organization-Wide Integrity and Compliance Culture**

The case also suggests that fraudulent issuance on a large scale is difficult to sustain without a permissive internal environment. Therefore, integrity and compliance should be incorporated into the company's routine governance logic rather than treated as symbolic values. Listed companies should strengthen legal awareness and professional ethics training for directors, senior executives, financial personnel, and other key employees through regular training and case-based warnings. At the same time, whistleblower protection and internal reporting mechanisms should be improved so that employees are encouraged to identify and report irregular conduct at an early stage. A more credible internal compliance culture would help form organizational resistance to fraudulent behavior before it escalates into systematic disclosure violations.

### **5.3 Improve the Investor Rights and Interests Protection Mechanism**

The S Company case shows that investor losses caused by fraudulent refinancing issuance are not limited to market value decline. In practice, affected investors also face difficulties such as high rights-protection costs, lengthy procedures, and limited compensation coverage. Therefore, the investor protection mechanism should be improved not by placing excessive responsibility on individual investors, but by reducing the institutional barriers to relief and increasing the efficiency of compensation.

#### **5.3.1 Reducing the Cost and Threshold of Investor Relief**

A major problem exposed by the case is that many affected investors may choose not to pursue claims because of complicated procedures, long cycles, and uncertainty of outcome. Therefore, the investor relief mechanism should be designed to reduce the cost and threshold of participation. In particular, more accessible procedural arrangements should be provided for small and medium-sized investors in fraudulent issuance cases, so that rights protection does not depend excessively on individual litigation capacity. This would help narrow the gap between formal rights and actual remedies.

#### **5.3.2 Improving the Efficiency of Collective Compensation Mechanisms**

Given that fraudulent issuance often affects a large number of investors simultaneously, collective compensation mechanisms should play a more central role in post-event relief. On the basis of existing arrangements such as special representative litigation, the procedures for investor registration, evidence recognition, and loss calculation should be further streamlined. At the same time, the coordination between administrative findings and subsequent civil compensation should be strengthened, so that investors can rely more effectively on already established facts of violation when pursuing compensation. Improving the

efficiency of collective relief would help increase the actual coverage and timeliness of investor compensation.

### **5.3.3 Restoring Investor Confidence Through Clearer Liability Allocation**

The case also indicates that effective investor protection depends on clear and credible liability allocation among issuers, controlling shareholders, senior executives, and intermediaries. Where the scope of liability remains unclear or fragmented, compensation recovery becomes more difficult and investor confidence is further weakened. For this reason, the rules on compensation liability in fraudulent issuance cases should be made more transparent and predictable, especially with regard to the joint responsibility of key actors involved in false disclosure. A clearer accountability structure would not only improve post-event compensation, but also contribute to restoring investor trust in the fairness of the market.

## **5.4 Strengthening Continuous Supervision and Gatekeeping Restraint**

The S Company case also shows that under a disclosure-centered regulatory framework, the effectiveness of prevention depends not only on formal rules, but also on the timeliness, penetration, and deterrent force of supervision in practice. Therefore, continuous supervision should be strengthened together with intermediary restraint and enforcement efficiency.

### **5.4.1 Strengthening Continuous Supervision Centered on Information Disclosure**

Since fraudulent refinancing often relies on the concealment of abnormal financial and transaction information, continuous supervision centered on disclosure should be further strengthened. In particular, data-based monitoring tools may be used more effectively to identify suspicious signals such as abnormal financial indicators, unusual media exposure, and sharp stock price fluctuations. At the same time, on-site inspections should become more targeted and risk-oriented, so as to improve the

capacity to identify complex and concealed fraud in a timely manner.

### **5.4.2 Promoting a Normalized Penetrating Supervision Mechanism for Intermediaries**

The failure of intermediaries in the S Company case suggests that disclosure-based regulation cannot function effectively unless gatekeeping institutions are also subject to sustained supervision. For this reason, a more normalized penetrating supervision mechanism should be established for sponsors, accounting firms, and law firms involved in refinancing projects. Where intermediaries fail to perform their duties, penalties should not be limited to economic sanctions alone, but may also include qualification-based measures and corresponding individual accountability for directly responsible persons. In addition, a longer-term linkage between practice quality evaluation and market access should be developed, so that intermediaries face continuous incentives to maintain professional diligence.

### **5.4.3 Promoting a More Timely and Credible Enforcement Mechanism**

Another issue revealed by the case is that the deterrent effect of supervision depends heavily on the timeliness and credibility of enforcement. If serious violations such as fraudulent issuance are punished only after a long delay, the preventive effect of the law is weakened. Therefore, enforcement procedures and inter-agency coordination should be further optimized so as to shorten the investigation and punishment cycle where possible. At the same time, diversified accountability tools, including economic penalties, market access restrictions, criminal liability, and integrity records, should be applied in a coordinated manner to increase the real cost of violation. A more timely and credible enforcement mechanism would help transform formal regulatory authority into effective market deterrence.

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# Research on Optimization Path of Living Inheritance of Red Spirit: Empowering the Integration of Red Memory Transmission and Spiritual Reinvestment for Veterans Through Language Services

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**Abstract:** The red spirit, a patriotic ethos that manifests through dialogue between individuals and their historical context, has shared characteristics across eras. As living embodiments of revolutionary heritage, veterans serve as invaluable “living textbooks”. This study employs field research from a language service perspective to explore how linguistic support can integrate with veterans’ red memory preservation and spiritual nourishment. Findings reveal challenges in red spirit inheritance: urgent need to preserve veterans’ historical narratives, limited diversity in red education formats, unmet spiritual needs among veterans, and insufficient innovation-driven practices. To address these, the research proposes a “Six-in-One” approach: establishing intergenerational communication platforms, AI-enhanced educational tools, expanded learning environments, spiritual support mechanisms, a red spirit practice ecosystem, and industry-academia collaboration models. This framework enables dynamic inheritance and evolution of veterans’ red memories, allowing youth to receive education through language services while fulfilling veterans’ spiritual needs, ultimately achieving cross-temporal resonance and mutual enrichment of the red spirit.

**Keywords:** language services, red spirit, living inheritance, integrated development

## 1. Research Background

The Fourth Plenary Session of the 20th CPC Central Committee emphasized “leveraging red resources to strengthen ideological education for youth” and called for “deepening the implementation of the

national strategy to actively address population aging”. The Outline of the Education Power Construction Plan (2024-2035), jointly issued by the CPC Central Committee and the State Council, identifies “fully utilizing the educational potential of red resources” as a key measure to cultivate new

generations capable of shouldering the mission of national rejuvenation. Language services play an indispensable role in integrating the dissemination of veterans' red memories with spiritual nourishment, primarily through two functions: effective communication and emotional resonance. Effective communication focuses on precise information delivery and semantic exchange, while emotional resonance centers on fostering empathetic connections and shared emotional experiences between communicators.

Early language services primarily focused on translation. As population aging intensifies, language service challenges have garnered increasing academic attention. Scholars such as Zhuo Xiang et al. (2022), Shen Qi et al. (2023), Teng Yanjiang (2024), and Chen Lianwen et al. (2024) have defined elderly language services from perspectives of content, scope, and objectives. Concurrently, research has expanded to explore bilingual services, healthcare-associated language services, and digital-intelligent language services. Scholars aim to mitigate cognitive decline through bilingual training programs. Valis et al. (2019) demonstrated that regular foreign language practice maintains cognitive function in healthy seniors. He Wenguang et al. (2011) concluded bilingualism delays cognitive deterioration in older adults. Amid advancing healthcare integration, researchers seek to enhance elderly well-being through language services within medical care systems. Corwin (2018) advocated communication training for healthcare professionals to improve language interaction with seniors. Wang Ling (2024) identified language barriers during medical consultations and proposed solutions at individual, corporate, governmental, and policy levels. Hou Saining et al. (2024) emphasized multidisciplinary communication strategies between caregivers and elderly patients. With rapid advancements in information technology and AI, scholars focus on digital-era language services for seniors. Chen et al. (2016) confirmed communication technologies' impact on language use and social interaction among older adults, enhancing cognitive engagement. Shen Qi et al. (2023) analyzed issues

such as language ability decline in digital elderly language and proposed solutions including resource integration, service orientation, and information support. Huang Lihe et al. (2024) argued that artificial intelligence and information technology can address the physiological and psychological needs of the elderly population through dynamic monitoring, cognitive intervention, and emotional care.

Theoretically, current research on language services covers a broad scope with diverse content, yet few studies integrate language services with the inheritance and spiritual nourishment of revolutionary legacy. More specifically, limited attention has been paid to how language services may function as a bridge between veterans' memory preservation, intergenerational storytelling, and the living inheritance of the red spirit. Existing studies on cultural memory, oral history, and intergenerational storytelling suggest that memory transmission is not merely a matter of information preservation, but also a process of narrative construction, communicative mediation, and cross-generational meaning-making (Assmann, 2008; Portelli, 1991/2006; Charise et al., 2022). Against this background, these considerations form the core research questions of this study. The paper seeks to address: What are young people's needs regarding revolutionary education? What spiritual requirements do veterans possess? How can we explore dynamic approaches to preserving and implementing revolutionary spirit practices?

## 2. Study Design

### 2.1 Study Subjects

This study primarily focuses on veterans and young students residing in elderly care facilities. The selection of veterans as participants is based on two key considerations: First, the demographic's relative concentration. Veterans' revolutionary memories tend to fade over time, and elderly care facilities serve as hubs for veterans and seniors, facilitating language services. Second, ensuring data completeness. By volunteering at these facilities,

researchers can gather detailed firsthand information. In addition to interviews, participatory observation methods are employed to conduct immersive research, ensuring data consistency and mutual reinforcement.

## 2.2 Research Methods

This study employs a combination of methods including field investigation, observation, interviews, and questionnaire surveys to investigate young students' needs for red education, veterans' spiritual requirements, and explore dynamic inheritance and practical approaches for the red spirit.

## 2.3 Research Procedures

- (1) Questionnaires were distributed to young students through both online and offline methods.
- (2) Interviewing veterans to uncover red stories.
- (3) Conduct research on psychological needs among veterans and elderly individuals in nursing homes.
- (4) Analysis of survey data.

## 3. Research Findings

### 3.1 Survey Results Targeting Young Adults

A total of 1,130 questionnaires were distributed through online and offline channels, with 1,104 returned, achieving a response rate of 97.7%. The demographic breakdown showed 54.95% female participants and 45.05% male participants. Educational backgrounds included 45.05% holding bachelor's degrees, 37.84% with associate degrees, and 17.12% possessing master's degrees. Survey results revealed that 38.74% of respondents demonstrated comprehensive understanding of China's Red Spirit, 38.74% had moderate knowledge, 14.41% possessed partial awareness, while 8.11% showed complete ignorance. Regarding veteran stories, 45.05% reported thorough familiarity, 32.43% indicated moderate understanding, 15.32% demonstrated partial knowledge, and 7.21% showed no awareness. The data indicates widespread dissemination of Red Spirit and Red Stories, with most participants

showing basic comprehension, though a minority exhibited limited or no understanding. Future efforts should focus on enhancing public awareness campaigns about Red Spirit and veteran narratives to establish a solid foundation for its cultural preservation and promotion.

Over time, veterans' revolutionary memories tend to fade with natural aging. A survey revealed that 85.59% of participants emphasized the need to preserve these historical memories. Through volunteer interviews and documentation of oral histories, 64.21% of respondents supported this approach, while 57.89% favored organizing revolutionary-themed lecture groups. Regarding participation in ideological education micro-lectures and related activities, 30.63% expressed "strong willingness", 48.65% chose "willing", 11.71% responded "depending on circumstances", and 9.01% indicated "unwillingness". Overall, most participants demonstrated positive engagement. When evaluating teaching effectiveness, 71.17% of respondents considered "practical study tours" most impactful, followed by "artistic performances" (49.55%) and "smart classrooms" (41.44%), with only 23.42% recognizing "theoretical lectures" as the most effective. Data suggests immersive practical teaching methods significantly enhance ideological education outcomes compared to traditional lectures. Regarding memorable micro-lectures, 61.11% of participants prioritized "innovative formats", while 50% favored "focused themes with profound messages". Only 11.11% found micro-lectures with "more narration than commentary" particularly memorable. Overall, innovation, the ability to reveal profound insights through simple examples, and clear communication are key factors in enhancing the effectiveness of ideological and political micro-lectures.

### 3.2 Visiting Veterans and Investigating Needs

During visits to elderly care facilities, we interviewed 16 veterans. Through their narratives of revolutionary stories, we immersed ourselves in the patriotic values, unwavering loyalty to the Party, and enduring fighting spirit embodied by these

veterans during wartime. Simultaneously, aligning with the national strategy to address aging challenges through red spirit practices, we conducted research on elderly care needs, expanding our survey scope from veterans to all seniors. Interviews with 136 elderly participants revealed: 34.56% reported loneliness, 36.03% identified as local residents who struggle with Mandarin due to dialect barriers, while 23.53% expressed feelings of being “useless” and finding daily life meaningless in old age.

## 4. Research and Analysis

### 4.1 Diverse Needs of Youth for Red Education

(1) Demand for immersive participation. Young people tend to respond more positively to immersive forms of red education, such as volunteer interviewing, field-based research, and VR-supported learning. Compared with one-way knowledge delivery, these forms enable them to approach veterans’ experiences through concrete scenes, personal narratives, and embodied participation. In this process, the “small perspectives” of individual veterans can be more effectively connected with the broader historical narrative. This not only strengthens young people’s understanding of the red spirit, but also increases the possibility that they move from passive recipients to active participants in its transmission.

(2) Demand for integrating knowledge and action. College students generally seek educational experiences that combine understanding with practice. After learning about red stories, they are more likely to deepen their engagement through forms of secondary creation, such as ideological and political micro-lectures, short videos, stage performances, and script-based activities. This indicates that red education is more effective when it allows young people not only to receive historical knowledge but also to reinterpret and express it in forms that fit their own communicative habits.

### 4.2 Spiritual Needs of Veterans

According to Maslow’s hierarchy of needs, human needs develop from basic material security to higher-level emotional and self-fulfilment needs. Field findings show that elderly care institutions have generally met veterans’ physiological and safety needs through integrated medical and nursing services, regular meals, safety monitoring, rehabilitation support, and related protective measures. Their basic daily care is therefore relatively well guaranteed.

By contrast, higher-level spiritual needs remain less fully addressed. On the one hand, because most veterans live away from family members in institutional settings, 28.57% reported that their need for love and belonging could be better met. On the other hand, although care staff maintain frequent contact with them, heavy workloads often leave limited room for sustained emotional communication or personalised support. As a result, 42.86% of veterans believed that their need for self-actualisation still had room for improvement. These findings suggest that the main gap in current services lies not in material provision, but in emotional companionship, meaningful expression, and opportunities for continued social contribution.

### 4.3 Existing Issues

Based on the above findings, four main issues can be identified in the current practice of red memory transmission and veterans’ spiritual support.

(1) The preservation of veterans’ red memories is increasingly urgent, but existing mechanisms remain fragile.

Veterans are firsthand witnesses of revolutionary history, and their personal memories constitute irreplaceable resources for the living transmission of the red spirit. These memories are not merely individual recollections, but also important carriers through which personal experience may be preserved, communicated, and gradually transformed into shareable cultural memory across generations (Assmann, 2008; Long et al., 2021). However, with advanced age, declining health, and weakening memory, the difficulty of conducting

effective interviews is increasing. Some veterans also face communication barriers caused by language habits, cognitive decline, or psychological factors. As a result, the preservation of red memory is constrained not only by time pressure, but also by the lack of stable and professional mechanisms for sustained oral recording, communication support, and volunteer participation.

(2) Red education for youth shows clear demand for participation and expression, but current formats remain relatively homogeneous.

The findings indicate that young people prefer interactive, experiential, and creative forms of red education. Yet in practice, current approaches still rely heavily on relatively conventional activities such as memorial visits, documentary viewing, classroom instruction, and report sessions. While these forms retain educational value, they often provide limited space for dialogue, role participation, or narrative reconstruction. The insufficient use of digital tools and immersive technologies has further reduced the ability of red education to connect historical content with the communicative preferences of younger generations.

(3) Veterans' higher-level spiritual needs are recognised, but current services are still oriented mainly toward daily care rather than meaningful communication.

Although elderly care institutions have achieved relatively complete material and safety support, their service model remains focused mainly on standardized management and daily life assistance. In comparison, veterans' needs for emotional companionship, social recognition, self-expression, and value realisation receive less sustained attention. This weakens the possibility of transforming veterans from passive service recipients into active participants in red memory transmission. It also means that a considerable part of their life experience and spiritual legacy remains insufficiently activated in current practice.

(4) Practical and institutional innovation remains limited, resulting in weak long-term linkage between memory transmission and youth development.

At present, many activities related to red spirit inheritance still take the form of short-term participation, with limited follow-up mechanisms and insufficient continuity. In some cases, interaction ends once an interview or visit is completed, leaving no stable framework for long-term companionship, psychological support, or feedback evaluation. At the same time, links between red education and young people's real developmental concerns, such as professional growth, public service capacity, and innovation practice, remain underdeveloped. Broader collaboration across universities, elderly care institutions, communities, and research teams is also still insufficient, which limits the sustainability and practical reach of existing work.

## 5. Optimization Path of Living Inheritance of Red Spirit

In response to the problems identified above, the living inheritance of the red spirit should not rely solely on short-term educational activities or fragmented commemorative practices. Instead, it should be built on a more stable mechanism that connects veterans' memory preservation, youth education, emotional support, and public communication. From the perspective of language services, this requires not only the recording and dissemination of veterans' narratives, but also the facilitation of intergenerational dialogue, the adaptation of revolutionary stories to youth communication habits, and the development of sustainable platforms for expression, participation, and support. On this basis, a "six-in-one" optimization path can be proposed.

### 5.1 Establishing an Intergenerational Communication Platform

This path mainly responds to the fragility of current memory-preservation mechanisms and the lack of sustained intergenerational dialogue. Since veterans' revolutionary memories are embedded in personal narration, the preservation of red spirit requires platforms that support oral expression,

listening, recording, and communication across generations.

A practical approach is to establish intergenerational platforms such as Red Oral History Education Studios. Through structured oral history interviews, video documentation, and thematic archiving, veterans' revolutionary experiences can be preserved in a more systematic way. In this process, language services are not limited to simple recording. They also include narrative elicitation, interview guidance, communication assistance, and the transformation of fragmented recollections into accessible historical narratives. For veterans with difficulties in expression caused by age, dialect use, or emotional barriers, appropriate linguistic support can improve both the quality of communication and the completeness of memory preservation. (Li et al., 2020)

Physically capable veterans may be invited to participate in visits to revolutionary education bases together with young people. Compared with one-way patriotic education, such face-to-face encounters create a dialogic setting in which historical memory is transmitted through interaction rather than only through symbolic display. For young participants, this helps connect abstract historical knowledge with lived experience. For veterans, it creates opportunities for expression, recognition, and continued social participation.

### 5.2 AI Empowered Platform

This path mainly responds to the limited use of digital tools in red education and the insufficient sustainability of current preservation methods. Since traditional red education formats often lack interaction and continuity, digital platforms can extend the scope, accessibility, and expressive forms of red memory transmission.

An "AI + Red Spirit + Veteran Memory" model can be developed to support this process. Dedicated digital platforms, such as red culture apps, online forums, and cloud-based memory archives, may be used to preserve, organize, and disseminate veterans' narratives. From the perspective of

language services, AI is valuable not simply because it is technologically advanced, but because it can assist with speech recognition, oral-history transcription, dialect processing, subtitle generation, semantic tagging, and corpus construction. These functions can reduce the difficulty of preserving elderly narratives and improve the accessibility of red memory materials for broader audiences.

Immersive tools such as VR and AR may also be introduced to reconstruct historical scenes and enhance young people's engagement. However, their role should not be understood only as technological spectacle. More importantly, they allow historical narratives to be re-presented in forms that align with contemporary youth communication habits. In this way, digital technology serves as a medium for narrative translation and public communication, rather than as an end in itself.

### 5.3 Expanding the Field of Education

This path mainly responds to the mismatch between youth educational preferences and the relatively homogeneous forms of current red education. The findings show that young people prefer participatory, expressive, and practice-oriented approaches. Therefore, the educational field of red spirit inheritance should be expanded from conventional classroom teaching to a broader range of communicative and creative settings.

Schools can integrate veterans' narratives and red memory materials into ideological and political education, but the key is not merely to "add content." What matters is the linguistic adaptation and pedagogical transformation of these materials. Through language services, veterans' stories can be converted into youth-oriented forms such as micro-lectures, short-video scripts, stage performances, podcast content, and campus media materials. This allows historical memory to enter young people's everyday communicative environment in forms they are more willing to receive and reproduce.

Activities such as filming veterans' portraits, compiling oral history collections, organizing

storytelling events, and developing red-themed campus media projects can create multiple channels for youth participation. These practices do not only preserve memory. They also enable students to reinterpret and communicate red narratives through their own expressive forms. In this sense, the expansion of the educational field is also the expansion of the communicative field of the red spirit.

#### **5.4 Establish a Spiritual Support Mechanism**

This path mainly responds to the insufficient attention currently paid to veterans' higher-level spiritual needs. The findings suggest that the main gap in existing services lies less in material provision than in emotional companionship, meaningful communication, and opportunities for self-expression and self-actualisation.

To address this, the existing pattern of "brief contact before an interview and immediate departure afterward" should be replaced by a longer-term follow-up service mechanism. Volunteers, especially students and professionals in language-related disciplines, can provide regular communication-based support in elderly care institutions. Such support may include conversational companionship, narrative therapy, life-story interviewing, reading activities, and guided storytelling. Here, language services function not only as a tool of information collection, but also as a means of emotional support, identity reinforcement, and interpersonal connection.

For veterans who experience communication barriers due to language decline, dialect differences, or psychological withdrawal, personalized linguistic support can reduce obstacles to social participation. Based on individual interests and life histories, care institutions may also organize suitable cultural activities, such as calligraphy, singing, painting, and storytelling groups, so that veterans can maintain a sense of expression and social presence. In this process, what matters is not only participation itself, but also the creation of communicative spaces in which veterans continue to be heard, understood, and valued.

#### **5.5 Building a Practice Ecosystem for the Red Spirit**

This path mainly responds to the weak continuity of current practical activities and the insufficient connection between red memory transmission and young people's real developmental concerns. If the red spirit is to achieve living inheritance, it must move beyond isolated commemorative practices and become part of a broader practice ecosystem.

Such an ecosystem should involve coordinated participation by governments, universities, elderly care institutions, communities, veterans, and youth. Governments can provide policy support and organizational coordination. Universities can mobilize students to participate in oral history projects, digital archive construction, and public communication initiatives. Institutions and enterprises may contribute technical or financial resources. Veterans can serve as narrators, mentors, and participants in cultural memory transmission. Young people, in turn, can act not only as listeners but also as organizers, translators, and disseminators of red narratives.

From the perspective of language services, this ecosystem is valuable because it creates a sustained communicative structure rather than a one-off event. Veterans gain channels for expression and social recognition, while young people develop practical capacities through interviewing, recording, editing, interpreting, and public communication. Through this process, red memory is no longer preserved only as static historical material, but is continuously reactivated through social interaction and practice.

#### **5.6 Advancing the Collaborative Study Model**

This path mainly responds to the current lack of professional and interdisciplinary support for language services in the preservation of veterans' red memory. Since veterans are also part of the broader aging population, many of the communication challenges involved in red memory transmission intersect with wider issues of language aging, intergenerational communication, and elderly discourse support.

A collaborative research model should therefore be advanced. First, dynamic language data from elderly populations can be collected to examine everyday communication patterns, age-related language change, and barriers in intergenerational interaction. This would help identify more suitable communication strategies for elderly speakers and provide a basis for practical service guidelines. Greater attention should be paid to dialect use, Mandarin adaptation, bilingual or mixed-language practices, and communication differences across regions and contexts. On this basis, regional and age-specific language databases may be established, along with a dedicated corpus for veterans' red memory narratives.

Universities should strengthen interdisciplinary training in language, communication, aging, and health-related service fields. A more integrated model of "practice–research–application–training" would help cultivate professionals capable of conducting oral history interviews, designing communication support programs, building digital corpora, and participating in public cultural transmission. In this way, language services can become not only a practical aid for red memory preservation, but also a stable research and training field that supports the long-term inheritance of the red spirit.

## 6. Conclusion

This study examined the living inheritance of the red spirit from the perspective of language services, focusing on how veterans' red memory transmission can be connected with youth education and spiritual support in an aging society. The findings show that young people tend to prefer participatory, immersive, and expressive forms of red education, while veterans' unmet needs are concentrated mainly in emotional companionship,

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meaningful communication, and opportunities for self-expression and self-actualisation.

Based on the empirical findings, the study identifies four main problems in current practice: the increasing urgency yet fragility of veterans' memory preservation, the relative homogeneity of red education formats for youth, the insufficient response to veterans' higher-level spiritual needs, and the lack of sustained practical and institutional support. In this sense, the inheritance of the red spirit is not only a question of historical preservation, but also a question of communication, participation, and long-term social support.

The paper proposes a six-in-one optimization path through language services, including intergenerational communication platforms, AI-empowered digital support, expanded educational fields, communication-based spiritual support, a practice ecosystem, and a collaborative research model. Nevertheless, this study remains limited by its sample scope and application-oriented focus. Future research may further strengthen the theoretical discussion of language services in relation to cultural memory, narrative transmission, and public communication.

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# Hegel, Habermas, and the Discourse of Modernity

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**Abstract:** This paper examines the central place of G.W.F. Hegel in Jürgen Habermas's *The Philosophical Discourse of Modernity*, a work that has had a lasting impact on debates concerning the fate of the modern project. Against the backdrop of disputes surrounding modernity and its critics, Habermas presents Hegel as the first philosopher to grasp modernity as a distinct philosophical problem, while also treating his system as an unsuccessful attempt to overcome the contradictions of subject-centered reason. This paper reconstructs Habermas's interpretation of Hegel's account of modernity, analyzes the two main lines of his critique, and then offers a critical response. It argues that Habermas's reading does not fully capture several central features of Hegel's philosophy, especially the concept of Geist, and that the model of communicative rationality, while intended as an alternative to subject-centered reason, does not entirely avoid the difficulties it is meant to address.

**Keywords:** Hegel; Jürgen Habermas; modernity; critical theory

## 1. Introduction

The status of the modern project remains a major issue in contemporary philosophy. Debates over modernity, postmodernity, Enlightenment, and deconstruction have generated an extensive and often divided body of discussion. Within this context, Jürgen Habermas's *The Philosophical Discourse of Modernity*, first published in German in 1985, occupies a distinctive place. In this work, Habermas moves beyond sociological or historical description and locates the problem of modernity within a continuing philosophical debate extending from the Enlightenment to contemporary French thought. For Habermas, modernity is bound up with the normative aspirations of cognitive

rationality, moral autonomy, and collective self-determination. These aspirations require neither uncritical affirmation nor simple rejection, but sustained philosophical clarification.

A central feature of Habermas's account is the role he assigns to G.W.F. Hegel. On Habermas's reading, Hegel is the first philosopher to treat modernity as a distinct philosophical problem and to confront the tensions internal to its principle of subjectivity. Hegel therefore occupies a privileged position in the narrative of modern philosophy developed in *The Philosophical Discourse of Modernity*, including Habermas's account of the paths that lead from Hegel to later critiques of modern reason. This paper examines Hegel's place in that narrative. It first reconstructs Habermas's reading of Hegel's theory

of modernity, then analyzes the main lines of his critique of Hegel's system, and finally offers a critical response. The paper argues that Habermas's interpretation does not fully account for several important features of Hegel's philosophy, especially the concept of Geist, and that his alternative framework leaves unresolved some of the difficulties it seeks to overcome.

## 2. Hegel as the Philosopher of Modernity

While the Renaissance, Reformation, and early Enlightenment heralded a definitive break with classical and medieval thought, Habermas argues that it was Hegel who first articulated the philosophical meaning of modernity in its full scope. For Hegel, the core of modernity lies in the principle of subjectivity—a principle that encompasses three defining commitments of modern life: individualism, critical rational competence, and the autonomy of action (Habermas, 1987, p.27). This principle had already been central to Enlightenment thought, and Immanuel Kant had systematized it with unprecedented rigor by grounding the separate spheres of modern science, categorical ethics, and aesthetic judgment in the structure of the transcendental subject. For Kant, reason was differentiated into distinct moments of theoretical cognition, practical reason, and judgment, each with its own legitimate domain and governing rules. (Habermas, 1987, p.29)

Yet Habermas points to a critical limitation in Kant's account: while Kant analyzed the differentiation of reason into separate value spheres, he did not grasp this differentiation as a problem. He failed to recognize the divisions and cleavages—the Entzweiungen—that this differentiation introduced into modern social and spiritual life, and thus ignored the urgent need for synthesis and reconciliation that emerged inevitably from his own system. This is precisely the starting point of Hegel's philosophical intervention. While Hegel fully accepts the principle of subjectivity and the emancipatory gains of modernity, he is the first thinker to confront its fundamental ambivalence: the

principle of subjectivity, for Hegel, explains both the superiority of the modern world and its crisis character, its promise of unending progress and its reality of alienated spirit (Habermas, 1987, p.27). In this sense, Hegel's conceptualization of modernity is simultaneously the first immanent critique of modernity.

Habermas traces the development of Hegel's attempt to reconcile the contradictions of modernity through successive stages of his thought. In his early theological writings, developed alongside his Tübingen seminary friends Friedrich Schelling and Friedrich Hölderlin, Hegel appealed to a purified public faith and civil religiosity as a bond to reconcile the fragmented segments of modern society. He countered both the dogmatism of established religion and the abstractness of Enlightenment rationalism with a vision of an ethical totality (*sittliche Totalität*) rooted in the lived experience of community, and articulated a "causality of destiny" that framed reconciliation as the recognition of self-injury in the harm done to others (Habermas, 1987, p.41). Yet Habermas argues that this early vision of reconciliation was fatally flawed: it relied on pre-modern forms of life, idealized from the Greek polis and early Christian communities, that modernity's own reflective logic had rendered irrecoverable (Habermas, 1987, pp.42-43).

Hegel quickly abandoned the aesthetic solution to modernity's divisions outlined in the so-called "oldest system program," which had attributed the work of reconciliation to artistic imagination, following the lead of Friedrich Schiller. For Hegel, given modernity's foundation in critical reflection and subjectivity, only philosophical reason—a thought that moves within subjective reflection while also transcending its limits—could achieve genuine reconciliation. This insight led to Hegel's conception of absolute spirit. For Hegel, absolute spirit is not a static metaphysical entity, but the dynamic, self-mediating process of the relation between finitude and infinity, the "unconditionally self-productive self-relation" that overcomes all finite absolutisms and positivities (Habermas, 1987,

p.46). Crucially, Habermas emphasizes that Hegel does not abandon the principle of subjectivity here; instead, he deploys the philosophy of subjectivity with the very aim of overcoming subject-centered reason. The mature Hegel criticizes the defects of modernity without appealing to any premise outside the immanent principle of modern subjectivity itself (Habermas, 1987, p.46).

This immanent self-transcendence of modernity is also central to Hegel's political philosophy, particularly his account of the modern state in the *Philosophy of Right*. Hegel's key innovation here is his formulation of civil society (*bürgerliche Gesellschaft*) as a distinct domain, differentiated from and mediating between the family and the state. Civil society, for Hegel, is the sphere of private interest and market exchange, the domain where the principle of subjective freedom unfolds in its distinctively modern form. Habermas notes that Hegel here acknowledges both the progressive advances of modernity and its divisive, atomizing effects: he recognizes that the classical ideal of the polis cannot be restored in modern depoliticized social life, while also retaining his commitment to the ethical totality that he had first thematized in his early writings (Habermas, 1987, p.51). For Hegel, the modern state has "immense strength and depth" in that it allows the principle of subjectivity to unfold to the extreme of individual self-sufficiency, while simultaneously guiding it back into substantive ethical unity (G. W. F. Hegel, 1967, p.161).<sup>1</sup> In this way, Hegel's theory of the state seeks to achieve the self-transcendence of modernity under strictly modern auspices, avoiding both the restoration of pre-modern hierarchy and the unconstrained reign of private interest.

### 3. Habermas's Critique of Hegel's Account of Modernity

Despite his recognition of Hegel's groundbreaking account of modernity, Habermas argues that Hegel's system is ultimately a failed attempt to

resolve modernity's contradictions. His critique rests on two core, interrelated arguments.

The first line of critique targets Hegel's continued entrapment in the philosophy of the subject. For all his efforts to overcome the limits of subject-centered reason, Habermas argues, Hegel remains hostage to a self-enclosed model of subjectivity. With the concept of absolute spirit, Hegel "regresses behind the intuitions of his youth," conceiving the overcoming of subjectivity only within the bounds of the philosophy of the subject itself (Habermas, 1987, p.33). Hegel's claim that absolute reason can reconcile the divisions of modernity, Habermas contends, is a philosophical sleight of hand: he presupposes, rather than demonstrates, that absolute reason can unify the very divisions that discursive reason must disassemble (Habermas, 1987, p.35). This flaw is equally evident in Hegel's theory of the objective spirit and the modern state. The state can only serve as the site of reconciliation for modernity's divisions if we presuppose an absolute modeled on the self-relation of a cognitive subject. Only when the absolute is framed as infinite subjectivity can universality and particularity be reconciled in the monological self-knowledge of the state—a framework that subordinates the subjective freedom of individuals to the "higher subjectivity" of the state (Habermas, 1987, p.53). For Habermas, this means that Hegel never truly escapes the aporias of subject-centered reason; he merely inflates the subject into an absolute, rather than moving beyond the paradigm of consciousness altogether.

Habermas's second critique focuses on the abstract, contemplative character of Hegel's mature philosophy, which he argues evacuates the critical and practical dimension of his early thought. Retreating into the absoluteness of philosophical system-building, Hegel's reason achieves at best a "partial reconciliation"—one confined to the realm of philosophy itself, divorced from the lived public religiosity and communal ethical life that he had once seen as the core of social unity (Habermas,

<sup>1</sup> G. W. F. Hegel. (1967). *Philosophy of Right*. Trans. T. M. Knox. Oxford: Oxford University Press, p. 161 (§ 260).

1987, p.56). In his mature system, Hegel's philosophy no longer seeks to criticize and transform existing reality, but only to "grasp reality as it is." This "muffling of critique," Habermas argues, is the direct corollary of the devaluation of actuality by absolute philosophy: the modernity conceptualized in Hegel's system permits a "Stoic retreat" from the concrete struggles and contradictions of real social life (Habermas, 1987, p.57).

As an alternative to Hegel's failed framework, Habermas proposes his well-known model of communicative rationality. In place of the monological self-knowledge of the absolute subject, he turns to the intersubjectivity of uncoerced communicative interaction. Reconciliation between universality and particularity, he argues, cannot be achieved by the higher subjectivity of the state, but only through the "higher intersubjectivity of an uncoerced will formation within a communication community" (Habermas, 1987, p.54). The synthesis that Hegel attributed to absolute reason, Habermas reassigns to the universal, uncoerced consensus achieved between free and equal individuals in communicative action. This model, he contends, escapes the aporias of subject-centered reason by grounding rationality in the intersubjective structure of language, rather than the self-relation of the solitary subject.

#### 4. Rethinking Habermas's Interpretation: A Critical Rejoinder

Habermas's reading of Hegel has been enormously influential in discussions of modernity and remains an important point of reference for later debates (Bernstein, 1985). Even so, some central features of that reading call for reconsideration. This is especially the case with his strong distinction between the early and the mature Hegel, as well as with his presentation of Geist as a figure that ultimately remains confined within the horizon of the philosophy of subjectivity. These interpretive moves do bring out real tensions in Hegel's thought,

but they also risk fixing those tensions in an overly determinate form.

Habermas is right to note that Hegel's intellectual development involves a marked shift in emphasis (Beiser, 2005). The early writings place greater weight on religion, communal ethical life, and forms of reconciliation that have not yet assumed a systematic philosophical shape. The mature works articulate these concerns within a different conceptual register. Still, the contrast should not be drawn too sharply. The later Hegel does not abandon the earlier concern with ethical unity so much as relocate it within a more developed speculative framework (Houlgate, 2005). The place assigned to art, religion, and philosophy in the exposition of absolute spirit, together with the account of ethical life in the Philosophy of Right, suggests that the mature system preserves rather than simply discards decisive elements of the earlier project (Hegel, 1967). On this point, Habermas captures a genuine transformation in Hegel's thought, but presents that transformation in a way that tends to understate the continuity of the project as a whole.<sup>2</sup>

A related problem appears in Habermas's treatment of Geist. At certain points, Hegelian reason is presented as an intensified form of self-relation, a movement in which subjectivity seeks reconciliation through its own expanded activity. At other points, Hegel's mature position is characterized as if spirit had congealed into a contemplative order detached from the critical movement that first animated it (Habermas, 1987). This contrast allows Habermas to explain why Hegel both radicalizes and neutralizes the principle of subjectivity. Yet the contrast is rendered in terms that are too rigid (Stern, 2009). It makes Hegel appear suspended between two one-sided determinations that his own philosophy is explicitly meant to mediate (Habermas, 1987, p.46). Hegel's concept of Geist is not adequately grasped through either of these determinations taken in isolation. Geist is neither a self-producing subject nor a fixed objective principle standing over against

<sup>2</sup> Hegel. (1967). *Philosophy of Right*, pp. 165–174 (§ 270).

subjectivity (Stern, 2009). It names a speculative structure within which subjectivity and objectivity are both differentiated and reconciled (Pippin, 1989). The movement from subjective spirit to objective spirit and absolute spirit should therefore not be understood as a linear sequence of self-production, nor as a transition from activity to mere contemplation (Hegel, 2011). It designates the process through which spirit comes to itself by passing through these moments without being exhausted by any one of them. Read in this way, Geist cannot be identified with sheer subjective productivity, but neither can it be reduced to an inert order of objective rationality. Habermas does identify a real tension in Hegel's system, but his formulation does not fully account for the speculative unity within which that tension is meant to be aufgehoben. (Martin, 1980; Pippin, 1989; Stern, 2009)

If this line of reading is plausible, then Habermas's first criticism of Hegel requires a more qualified formulation. His objection does bring into view a genuine difficulty in Hegel's attempt to reconcile reflection, freedom, and ethical unity. Yet that difficulty cannot be fully captured by the claim that Hegel merely elevates the structure of subjectivity into an absolute subject (Habermas, 1987). Such a formulation isolates one aspect of the problem, but leaves out the extent to which spirit, in Hegel's own presentation, is intended to move beyond the opposition between subject and object rather than simply reproduce it at a higher level.

Habermas's turn to communicative rationality is best understood as an attempt to avoid what he takes to be the central weakness of Hegel's solution to modernity (Habermas, 1984). If reconciliation is vested in the self-mediation of absolute spirit or in the ethical unity embodied by the state, then the risk remains that intersubjective plurality will be subordinated to a higher totality. Habermas seeks to resist precisely this outcome. He relocates the possibility of rational reconciliation from the self-knowledge of spirit to processes of communication

among free and equal participants. In this respect, his position is not simply an affirmation of individual particularity against ethical life. It is an effort to preserve universality in a form that no longer depends on a substantive conception of collective unity (Seyla Benhabib & Maurizio Passerin d'Entrèves, 1997).<sup>3</sup>

Even so, this shift does not fully overcome the difficulty that Habermas attributes to Hegel. In separating the validity of rational will-formation from the stronger ethical substance of *Sittlichkeit*, Habermas secures greater room for plurality, but he also weakens the account of how freedom acquires concrete institutional form. From a Hegelian perspective, freedom cannot be understood as the outcome of procedures of agreement alone. It requires objective embodiment in institutions, practices, and forms of life in which the individual no longer confronts the universal as an external limit. For this reason, Habermas's model risks preserving the formal conditions of rational agreement while leaving insufficiently explained the thicker ethical conditions under which such agreement becomes socially actual.<sup>4</sup>

This difficulty also bears on Habermas's account of the public sphere and the lifeworld. His theory rightly emphasizes that rational legitimacy cannot be grounded in monological consciousness or imposed unity. Yet the communicative framework tends to treat shared forms of life primarily as background conditions for discourse, rather than as moments of ethical actuality internal to freedom itself. From this angle, the appeal to an unconstrained communication community does not so much escape the abstractness of reflective philosophy as relocate it. What appears as an alternative to Hegelian totality may therefore remain vulnerable to a different kind of abstraction: universality is preserved at the level of discursive validity, but its reconciliation with the institutional and ethical substance of social life is left unresolved. On this point, Habermas's alternative does not

<sup>3</sup> Hegel, *Philosophy of Right*, p. 156 (§ 258).

<sup>4</sup> Hegel, *Philosophy of Right*, p. 156–157 (§ 258).

simply reverse Hegel's difficulty, but reproduces it in a transformed register.

## 5. Conclusion

Hegel occupies a unique and foundational place in the philosophical discourse of modernity. As Habermas rightly recognizes, he was the first philosopher to grasp modernity as a distinct philosophical problem, to confront its fundamental ambivalence, and to attempt an immanent reconciliation of its contradictions without abandoning the core emancipatory aspirations of the Enlightenment. Habermas's reading of Hegel offers profound insights into the tensions at the heart of Hegel's system, and his critique of subject-centered reason has reshaped contemporary debates about modernity.

Yet, as this paper has argued, Habermas's interpretation of Hegel is marked by fundamental distortions. His sharp split between young and mature Hegel obscures the continuity of Hegel's

project, while his dual portrayal of Hegelian reason as either pure subjective activity or passive contemplation misrepresents the ontological meaning of Geist. His proposed alternative of communicative rationality, meanwhile, fails to escape the aporias of modern philosophy that he identifies, and falls back into positions that Hegel himself had already decisively criticized.

The contemporary crisis of the modern project does not allow for a simple return to Hegel's system, nor for a facile dismissal of his insights. As Habermas's work makes clear, we cannot evade the questions that Hegel first posed about modernity's contradictions. But neither can we chart a path beyond Hegel by simplifying or distorting his thought. Any viable response to the dilemmas of contemporary modernity must begin with a rigorous, nuanced engagement with the depth of Hegel's philosophical achievement—an achievement that remains the touchstone for all subsequent debates about the fate of the modern project.

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