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## Confucius principles as an essential element of Chinese management culture

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### Abstract

China is known for its diverse philosophical heritage. 2500 years ago in China at the end of the period of "one hundred schools" more than 10 philosophical doctrines were formed and Confucianism became the most prominent and widespread philosophical teaching. In this article core Confucius principles and their importance in modern Chinese management culture are discussed. Confucius philosophy is distinguished by its vitality – it survived throughout the 2500 years of history and was given a status of national ideology in various Asian societies. Moreover, the Confucian system of values is recognized as the main cultural component of the rapid economic progress of China and other Asian countries. Confucianism is a system of ethical and social behavioral norms and advocates the principles of harmony, benevolence, and hierarchy. In modern China, Western management principles are gradually being introduced, new ideological attitudes are emerging, and a new Chinese-Western management style is being formed. However, many elements of the Confucian value system will be popular regardless of anything: Confucian principles serve as ethical guidance for Chinese business society and are key in building successful cooperation with members of Chinese culture.

*Keywords:* Confucianism, management philosophy, Chinese management culture, Chinese society;

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### 1. Introduction

Management is an integral part of the socio-cultural reality and plays an important role in the processes of transformation of society. Currently, managerial practices are often modified by the transfer of practices from other countries and cultures, the ideology and axiology of managerial discourse is changing.

The philosophy of management aims to understand and interpret management processes, studying the prerequisites for their occurrence. It is difficult to define the universal philosophy of management. According to Diev V.S., “Management philosophy should be considered only in the context of national culture, traditions and mentality” [1]. As a conclusion, a deep socio-philosophical analysis of the cultural heritage and value system is necessary to understand the management discourse of a particular region.

The economies of the “four Asian tigers”, namely Hong Kong, Taiwan, Korea and Singapore, in the 1960-1990s showed steady annual GDP growth above 7%, which was called the “economic miracle”. Among other factors, the Confucian value system was recognized as the main cultural component of the rapid economic progress of these Asian countries.

As for China, the modern management model can be described as “management with Chinese characteristics”, meaning adoption of Western management while retaining traditional management philosophy and practices. What is meant by the Chinese characteristics? According to the author and other researchers, this is, first of all, the Confucian heritage in the form of moral principles and ethics. Secondly, collectivist culture as opposed to an individualist model of governance in the West. Third, the unifying and controlling role of the state in a social market economy. Fourth, the entrepreneurial spirit of the nation, symbolizing the emergence of unique innovative practices and products. Without doubt, along with Confucianism, communist and capitalist ideologies play an important role in shaping Chinese society, but in this article we will only analyze Confucian values.

For understanding the connection between the philosophical schools of China and management, the results of numerous studies of Russian sinologists and researchers were used: Malyavina V. V., Minervina I. G., Vinogradsky B. B., Burova V. G., Maslova A.A., Lomanova A.V., Titarenko M.L., and also Chinese scientists: Du Weiming, Liang Shumin, Feng Yu-lan and foreign – Geert Hofstede, Senger H. von, Alicia Hennig, Laurence Jacobs, John S.Hill, Martin Locket. Chinese management principles were described by Lobanova T.N., Popovich N.A., Ying Fan, David A. Ralston, Kylie Heffernan, Guoquan Chen, and Chunhong Liu.

Method of socio-cultural and historical-philosophical analysis of literary sources was selected. The research materials were scientific publications, abstracts and dissertations of domestic, Chinese and other foreign researchers, available in Russian and foreign electronic databases, as well as works of Chinese philosophical literature and commentaries to them.

## 2. Confucianism

China is known for its diverse philosophical heritage. 2500 years ago in China at the end of the period of “one hundred schools” more than 10 philosophical doctrines were formed. Many of them dealt with issues of governance: Confucianism, Taoism, Legism, Buddhism, the school of strategists, and others, by forming their own unique management culture. The understanding and application of managerial philosophical concepts were constantly revised, but a number of fundamental principles, mainly Confucian, took root in the world of modern Chinese management. In the literature one can find such concepts as “Confucian management”, i.e. management in accordance with Confucian principles, or “Confucian entrepreneur”, i.e. entrepreneur, showing humanity and striving for harmony, even “Confucius capitalism” introduced in 1979 by the American futurologist Hermann Kahn. It is important to note that many theoretical Confucian principles have transformed into established business practices in the business world of China, in which many Western managers have expressed interest.

Confucianism is a religious-philosophical system of China’s moral, ethical and political beliefs. The ideas of Confucianism were formalized in the work “Analects of Confucius” (Chinese: 論語), and Mencius and Xunzi were recognized as one of the brightest followers of Confucius. In the 11th century A.D. Neo-Confucian thinkers have completed the formation of Confucian principles known to us today.

This doctrine is distinguished by dynamism and vitality: after passing through difficult stages of historical development, it flourishes in modern Asian societies, having the status of a national ideology, especially in China and Taiwan. At the beginning of the twenty-first century, the Chinese Communist Party proclaimed the policy of “governing the state through morality” (Chinese: 以德治國) and a call was made to “put antiquity in the service of modernity” (Chinese: 古為今用), in other words, the restoration of previously lost cultural values. Positioning itself as the basis of state administration and the social system, Confucian principles also reveal themselves in relationships in the family, at work, among friends — in other words, affect all areas of life activity. The central concept is *daode*, which means “ethics” and consists of two characters – *dao* (path) and *de* (virtue), so Confucian postulates can be called the “moral compass” of the life of society. The famous classic Confucian quotation states: “If there is righteousness in the heart, there will be beauty in character. If there is beauty in character, there will be harmony in the house. If there is harmony in the house, there will be order in the whole country. If there is order in the country, there will be world peace.” [5, p. 178] Confucianism calls for self-improvement by cultivating the five virtues and respecting the social hierarchy, building and maintaining five basic types of relationships. In general, it is a philosophy of moral and social behavior for achieving and maintaining a harmonious state in society and the state: “a social ideal is achieved through a combination of moral principles and hierarchical order.” [4]

## 3. Confucius principles in management culture

### 3.1. Moral and ethical behavior

In Confucian teaching, the basis of management is ethical behavior and five virtues: respect, courtesy, truthfulness, sharpness, kindness. Traditionally, such qualities as non-conflict, respect, a sense of responsibility and duty are highly praised. [5] In addition, the principle of harmony and balance is observed in relations with colleagues or subordinates – open criticism, conflicts or clear refusal are not accepted due to the fact that this can lead to the “loss of the face” of another person, which is unacceptable in Chinese culture. In traditional Chinese companies work ethic is paramount. To make an example, despite the completion of the assignments, employees do not leave the workplace until the manager has finished working.

Much attention is paid to self-development of the leader, as well as his human and professional qualities. Respect deserve such business qualities as diligence, perseverance, restraint, love of self-education, modesty. The prototype of an ideal leader is a noble man (Chinese: 君子). In Confucian works, he is presented as an ideal of highly moral behavior, showing condescension and care for his subordinates: “A caring leader treats his people and environment with kindness and sympathy. He tries to cause them as little harm as possible and at the same time give them the opportunity to achieve happiness and a good life in a favorable environment ... Thus, a leader who demonstrates care and participation in relation to his employees or supporters can actually influence their motivation.” [3] Following the leader of high moral standards is an essential criterion when choosing a leader. On the part of subordinates, obedience and respect are expected. However, this strict internal hierarchy between directors and employees often negatively affects the freedom of organizational culture, impeding creativity and initiative.

### 3.2. Social hierarchy and *guanxi*

The importance of interpersonal relationships and their relationship is emphasized, and five main types of relationships are identified, so-called “five basic relationships”: sovereign-citizen, parents-children, husband-wife, senior-junior, friend-friend [3]. For each type of communication, a specific code of behavior is implied. In general, the family-clan system of organization in Chinese companies means a clear subordination according to age and status and values the contribution to collective work above individual merits.

Another important aspect is that future cooperation is impossible without trusting relationships, and building and maintaining *guanxi* (relations) is still an integral element of the management culture. *Guanxi* is one of the central concepts of the corporate world of China and is considered one of the most crucial element in the success of doing business with Chinese partners. Relations are lined up carefully, with the prospect of long-term cooperation and act as a guarantor against deception. “Correct” connections between people mean responsibility, sense of duty, understanding, reciprocity in communication. As for reciprocity, there is a separate term – *renqing* (favor) and, if someone helped you, you need to “return” *renqing*. Open conflict is undesirable – even in the presence of an obvious conflict, emotions are controlled, the interlocutors adhere to polite tone and restrained behavior. However, at the same time, behind the back, the conflicting parties can actively criticize each other. But still prevention of conflict is considered a more effective measure, for this purpose a person, his behavior and relations with him are subject to prolonged observation. After mutual examination and following acceptance, the parties can proceed to discuss the signing of the contract, since “if the person is correct, then things will turn out well” (Chinese: 人對了 , 事情就對了). In addition, responsibility is taken for the people recommended by you to others. Apparently, this explains the popularity of business clubs and communication groups – only selected people are accepted.

In modern China, Western management principles are gradually being introduced, new ideological attitudes are emerging, and a new Chinese-Western management style is being formed. It is noted that in the younger generation, some interest in Confucianism is lost due to the increasing popularity of such Western ideas as creativity, flexibility and autonomy. However, the monolithic type of Chinese culture ensures the immutability of values — many key elements of the Confucian value system, like the five virtues, the five types of relationships or *guanxi*, will be popular regardless of time – they form the moral and ethical base of the country family and self. We agree with Geert Hofstede’s statement on managerial practices: “Practices change depending on the needs of the day and the resources available, but they do not necessarily affect basic values.”[2]

## 4. Conclusion

Confucianism is the spiritual and value core of traditional Chinese culture and modern Chinese society. Ethical behavior, social hierarchy, maintaining harmony in the group – the main constants of the Confucian management culture, which determines the modern business environment of China, of the Chinese diaspora around the world, and especially of Taiwan.

Chinese cultural heritage, including Chinese, is finding more and more followers around the world, the idea of the superiority of Chinese values is flourishing, the Chinese management style is being adopted. To conclude, the ontological foundations of management culture in the form of Confucian philosophy have not changed, but the forms of certain management practices have changed. Historically, China, as a rule, assimilates and transforms new knowledge and thinking embracing it into its well-built internal ideological system. Understanding the philosophical foundations of Chinese management culture will certainly help uncover the

main barriers in the communication interaction of business partners of modern China and the West and thus build an effective dialogue.

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