



A STUDY ON APPLYING THE CULTURAL ESSENCE FROM  
CONFUCIAN VIRTUES IDEOLOGY TO BUSINESS MANAGEMENT

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## Abstract

The best approach to enhance business performance relies on management, so we often crave for the management art with sophisticated techniques. This study incorporates the essence of Chinese "virtues" to explore management skills by examining the spontaneous courses of how things evolve. The objective of this study is to investigate this progress in order to take full advantage out of management benefits. As presented in this study, the cultural essence based on "virtues" is beneficial for people to achieve success, gain insights into things' development, and attain management goals. According to Keyūra sutra, "Those who know the progress of how natural things develop can understand the heavenly world and those who show the characteristics of wisdom can attain the level of well-roundedness." If one can successfully get along with others on the basis of ten virtues, he can definitely attain the utmost efficiency and create sustainable development for business. The study explores the cultural essence of "virtues" and applies it in human resources management. It is rather difficult to achieve the utmost level of "virtues", but it is believed that benevolent persons who consistently put these virtues into practice over a long time can almost attain this level to achieve outstanding management art. It is exciting the current study can provide more insights for relevant management study focusing on "behavioral essence" and usher in a new page for business management.

Keywords: Confucian ideology, virtues, human resources management, management art

## Introduction

Since the mid-19<sup>th</sup> century, China has been stepping towards the path of "modernization", and the key to enhancing its modernization performance relies on management. In such an enormous country with complex organizations, management is of great importance to orchestrate the deployment and distribution of talents, resources, and investment in

order to achieve modernization. Likewise, countries and enterprises worldwide all encounter management-relevant issues. Moreover, management is the primary focus of modern social development as well as a significant problem in contemporary international circumstances. This study examines whether Confucian ideology can still provide inspiring and timeless insights in modern society and to correspond well to the

modernization needs. Therefore, "Confucian management philosophy" is proposed against this background to provide new interpretation in new forms with new concepts. The current research aims to explore the application of Confucian virtues to business management in order to fulfill the value of management, enhance business performance management, and further drive companies' competitiveness.

#### Literature Review

From the perspective of modernized needs, "Confucian management philosophy" is a branch of humanistic management philosophy which incorporates scientific management and philosophical essence. Its basic spirits rely on human-centered, ethic-based, and cultivation-oriented factors as well as having positive influences on everyone (Liu, 2016). Furthermore, this philosophy provides its unique insights in terms of mediums, skills, and operation based on its essential concept — to comply with natural courses. For further illustration, based on Chan (2017), "Confucian management philosophy" includes the ontology for management (i.e. humanity is the guiding principle), the epistemology for management

(which means taking actions consistent with knowledge), the methodology for management complying to natural courses (which means holding certain principles while reserving the flexibility to respond to changes), the axiology for management (which means profits can be attained via abiding by the rule of justice), the metaphysics for management (i.e. the value of life), the humanity-based management theory (which means humanity can be shaped), the organization-based management theory (i.e. the organizations can be operated by individuals or by a group of people), and the behavior-based management theory (which means being operated with minimal rules).

For the culture of Chinese business management, Aoki (1988) & Womack, Jones, and Roos (1990) instigated into the Confucian philosophy. The trustworthy and well-established Confucian theories were originated from the 5<sup>th</sup> century BC and formulated by Confucius and his disciples. All the behaviors should be guided by this set of Confucian theories and Confucian ethics. In the Confucian philosophy, great people should have several brilliant characters, such as outstanding ethics and authentic principles, to showcase their benefits to the world and to at-

tain great achievements.

For Chinese enterprise leaders, their social networks are profoundly influenced by ethical values such as benevolence, fidelity, and senses of propriety and justice from Confucian ideology. The concept of managing businesses and treating others based on benevolence results in the emergence of the Chinese economy (Lin & Liu, 2011).

The academic principle in Chinese history: The "Unity" of knowledge and action. As elaborated in *the Analects*, the traditional Confucianism emphasized the concept that knowledge should align with practices. Besides, the well-known Chinese philosopher Wang Yangming also advocated "the unity of knowledge and action." This concept not only prevails in China but also affect Japan and Korea (Chen, 2016). With this concept in mind, scholars and educators not only pursue the integration of research teaching but also the integration of academia, enterprises, and social practices.

Based on Chen (2016), the art of management solely counts on humanity and Confucian ethics and follows natural courses in combination with management principles, and the

"Ten Principles for Management" based on Confucianism are outlined as follows:

The first principle is "One heart can respond to numerous situations in this world." One heart refers to all thoughts, inner ideology, and outer surroundings and it can generate countless situations in the future. However, certain rules can be employed to review this heart and subsequently light up the bright and dark roads as well as provide insights for future decisions.

The second principle is to differentiate *yin* from *yan* (i.e. identify dark and light) in a dichotomous manner, where *yin* and *yan* stands for specific tendency (growing, declining; upward, downward; rigid, and soft), a certain nature (male, female, the elder, and the younger), and an obvious relative relationship. This principle can be utilized to determine the time for advancement and retreat. In addition, the principle can serve as the basis for business arrangement. The success and failure for business management all depend on this principle.

Many things can be examined from three dimensions, to name but a few examples: In the industry, there

is a close relationship between upstream, midstream, and downstream; For the timing and the situations change in the past, present, and future, rules can be discovered in different temporal and spatial circumstances; For humanistic relationships, others, you and me are relevant stakeholders. Regarding management techniques, there are scientific management skills, the art of humanistic behavior management, and the cultural and business management styles with corporate characteristics; If one can leverage the opportunities from three aspects to understand the trends of the four seasons, he can make plans to attain a sustainable and long-term undertaking.

The ethic of the four seasons is the basis for *yin* and *yan*, and it can be used to explore the situations change over seasons (which means the period of the initial development, the accumulation of growth, the period of success and prosperity, the period of declining prosperity, such as sprout in spring, growth in summer, harvest in autumn, and storage in winter) and to manage actions accordingly (the opportunities emerging from the four times can be continued sustainably, including plan, execute, check, and take actions). When one can judge things appropri-

ately and act upon the rule of *yin* and *yang*, he can definitely reach the utmost level of cultivation and great achievements.

The virtues of five elements (i.e. earth, metal, fire, woods, and water) can supplement each other to drive great causes. The foundation of all creation is that earth can produce all things. The clear understanding towards local features can facilitate the establishment of solid structure for industry, and it is as priceless as metal. Taking positive actions is as bright as fire, and it can benefit many people. The connection among industries is like woods grow into a forest; wisdom is like water and encourages endless creativity to create sustainability. To summarize, the five elements altogether can form well-rounded meanings and things.

The essence of Liuhe (six combinations) is like a detailed review on the virtues of the four seasons and provides insights into the three dimensions of things, and the opportunities of *yin* and *yan* can be employed to complete the work of Liuhe. However, it is difficult to take full control of seven aspects.

These seven aspects involves "why, how, people, events, time,

places, and things". When one can handle the emotions, context, and situations seamlessly, he can excel in the seven aspects and further proceed to the 8<sup>th</sup> principle.

The focus of the 8<sup>th</sup> principle is all about institutionalized rules. When the standards are clearly understood and can be achieved effortlessly, they can easily drive real progress by putting these virtues in right places and in proper order based on nine-rank system.

In the nine-rank system, all the things in heaven, on earth, and for people are arranged properly according to their own cause. Everyone and everything has their own motives that drive their behaviors in an appropriate manner. In this way, all the individuals can show a good complexion and energetic aura. When one attains the virtues in this system, he has the potential to understand the 10<sup>th</sup> principle and to fulfill their undertaking.

People may possess ten virtuous characters, including moral injunction of fidelity to one's parents and brothers and to the monarch and friends, the sense of propriety, justice, integrity, shame, benevolence, and compassion. If one is equipped with

the ten virtues, he certainly is an outstanding person who can accomplish great achievements – this fact can be evidenced by countless cases in the past and present, at home and abroad. The essence of management is people-oriented and rooted in the inspiration of virtues. To take a comprehensive overview of great figures of ancient and modern times, it is discovered the great figures of ancient and modern times all exhibit these ethical and honorable traits. They benefit from these characters and thus can exercise their wisdom and perseverance to bring welfare to countries and human beings. The aforementioned ten characters can encourage people to cultivate virtues to achieve great undertakings. Applying the ten virtues that originated from Chinese culture to the management field is the embodiment of humanistic managerial essences. If one can excel at one of the ten virtues, he can understand all the principles and things without difficulty and thus can fulfill his goal with managerial art. Moreover, he can make contributions to opening a new chapter for management.

According to Huang (2016), enterprises are managed by people, so the ethical and righteous concepts that reside in people's hearts are the

internal factors influencing the efficacy of corporate ethics. When one was faced with the tug of war between personal interests and justice, his ethical concepts can guide him to conduct proper behaviors. Shen (2013) stated that scholars, enterprises, and religionists came up with solutions based on Eastern and Western philosophies and religious ethics system respectively. Stan Shih, the founder of Acer, advocates the Confucian philosophies for business management. He focuses on the balance between stakeholders and takes into account the interests of all parties in order to achieve the goal of sustainable operation.

#### The Historic Evidence for the Values of Ethic Essences

There are quite a few examples that can show the value of ethic essences in history at home and abroad. Qi (2016) In the fight for Qi throne, Guan Zhong (i.e. Guan Zi) had nearly killed Duke Huan of Qi, who was the 15<sup>th</sup> ruler of the State of Qi (from 685 to 643 BC) during the Spring and Autumn Period. After Duke Huan of Qi succeeded the throne, he attempted to kill Guan Zhong but was strongly persuaded by the famous official Bao Shuya, who was Duke Huan of Qi's mentor and

Guan Zhong's friend and he devoted his own life and possessions. Finally, Duke Huan of Qi granted amnesty to Guan Zhong. With national interests and fidelity to a friend in his mind, Bao Shuya must bear profound morality and righteous virtues to achieve success. After Duke Huan of Qi discerned Guan Zhong's outstanding tactics from their conversations, he assigned Guan Zhong as the chancellor to fully exercise his talents. Guan Zhong helped Duke Huan of Qi to conduct a series of political, economic, cultural, and military reforms, and he indeed displayed brilliant management skills. He achieved the great cause of convening a meeting of 9 dukes in Chinese history, and consequently enabled the State of Qi to become the first leader among all states during the Spring and Autumn Period.

Take another Chinese ancient figure for example. Yan Ying (i.e. Yan Zi), the Qi diplomat and thinker in the late Spring and Autumn Period, led an honest and disciplined life. He served three lords with "one heart" in his lifetime and contributed all his wealth for the good of the nation and people. What does "one heart" mean? It stands for the devoted heart for the nation and people, instead of being loyal to a specific lord. Yan Ying

held a loyal spirit and served the nation whole-heartedly all his life and exhibited profound "loyal" virtues. He is an exemplary figure with "loyal" virtues for life education which we can learn from (Hou, 1981).

Take another example, Mother Teresa is a well-known figure. She once said not to think about doing great things, but to do ordinary little things with great love (Fowers, 2011). Mother Teresa's love provided shelter for poor people worldwide and patients who suffered from AIDS, leprosy, tuberculosis, and other diseases (Zhu, 2007). What she did was to dedicate herself silently. Such behaviors were just like the "benevolent" virtues in Chinese culture. Because of her selfless dedication out of love, she won the Nobel Peace Prize in 1979, and her "benevolent" acts were recognized by the whole world.

The management system with Chinese cultural management features is built on the core Confucian ideology, which means the Confucian "virtues", the ethical values of "altruistic courtesy and justice", and nationality are integrated with suitable Western or Japanese management concepts, mechanism and system. In other words, the humanistic management is considered as the guiding

principle, and the scientific management is for application use. This combination has internal and external advantages and can be employed as a perfect management art (Liu, 2017). In Taiwan, Wowprime adopts Confucianism as the blueprint for corporate governance. Its former chairman Dai Shengyi once indicated that he draws lessons from *the Analects* to manage the company and incorporates Confucian ideas into the corporate culture, with simplicity, the sense of sharing, and the emphasis on the virtue of "courtesy". By applying these rules to food service industry and implementing in the company's internal culture and management, the spirit of the service-oriented catering industry can be further enhanced (Chen et al., 2017).

## Conclusion

To summarize, management involves the orchestration of the three critical elements including people, events, and things. The fundamental aspects of management can be divided into "humanistic management" and "scientific management", and there are two primary dimensions for the former: "cultural management" and "behavioral management". For further elaboration, humanistic management relies on "hearts", and the



driving force of "hearts" originates from "virtues". As demonstrated in the exemplary cases over history, numerous great people achieving great causes had shown their utmost virtues to attain remarkable achievements. "Scientific management" has to combine with "humanistic management" in order to exhibit its utmost effectiveness. In other words, the virtues emphasized by "humanistic management" should be the guiding principles, and the management tools proposed by "scientific management" should be put into practice. With the integration of the two dimensions, the art of management can reach an extraordinary level and achieve fabulous accomplishments, and therefore open a new chapter for business management.

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