

Identifying the Integration of Confucianism into Chinese Corporate Culture: A Referential Review

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Abstract

A corporate culture without core values to support it will only be a mere formality and suffer from lack of intrinsic vitality. This condition will make companies more vulnerable to market volatility and drowned in conflicts of interest, which will put the company at disadvantage. Chinese companies that are still growing need to explore and set their own core values that are crucial to the company's survival. Adhering to the moral and ethical principles established by the traditional Chinese culture, and at the same time, adapting with contemporary Chinese culture become the main challenge for the companies in developing their corporate culture. Confucianism, created by Confucius, is the core of traditional Chinese culture and plays an important role in the formation and development of Chinese society. It is important to refer to Confucianism as the foundation when building a Chinese corporate culture. This paper tries to answer two research questions: 1) Which elements of Confucianism play a role in Chinese companies; 2) What impact does Confucianism have on Chinese companies? This study concludes that a corporate culture that is well integrated with the traditional Chinese culture, like Confucianism, is likely to make the company stronger.

Keywords:

Confucianism, Chinese traditional culture, corporate culture, core values, and market volatility.

1. Introduction

Corporate culture is a cultural phenomenon and activity which reflects the economic behavior and condition of a company, a mix of significance of economy and culture, and a movement process where economy and culture pierce through and integrate into one. The future will become the era of global competition, and companies which would succeed are those which adopt new corporate culture and new cultural marketing strategy.

Corporate values are the cores of corporate culture which determine and influence the meaning and purpose of a company's existence, values and roles of various corporate regulations, relationship between various people's behaviors in the company and the company's interests and provide sustainability and development for the company. Basic instruction and guiding principles for action have placed foundations for the company's employees to shape the general code of conduct (Thomas, 2018; Eric, 2001).

Basically, shaping corporate culture is to refine corporate values. Corporate values refer to values in the community. Belief regarding certain corporate values, tendency, faith, proposition, and behavior is a summary, generalization, and refinement of the company's manager and employees to the activation of corporate values and value selection activity. Employee value activity and employees in a company have the regulation and controlling functions (Jin Wu, 2018).

The success of an organization lies on effective cultural management. Culture is viewed as a critical organizational development area or a strategic key (Thomas, 2018). Culture is related to the organization's core values. Values are critical aspects for the organization which support decision and behavior. All organizations have a set of cultures or values which affect behaviors in various fields, such as treatment towards customers, performance standard, innovation, etc. Corporate values without core values supporting them will only be a mere formality. This condition

will make the company more vulnerable to market volatility and drown in conflict of interest which will put the company at disadvantage (Thomas, 2018; Eric, 2001; Jin Wu, 2018; Keller and Richey, 2006).

China has arisen to become the new economic power with the launching of Belt Road Initiative Policy. This policy has boosted China's economic growth and played crucial role in the domestic politics (Tirta Nugraha Mursitama and Yi Ying 2021; Arnakim, Karim, and Pradipta, 2021; Pantea, 2018; Murphy and Contreras, 2022). Four Chinese companies are enlisted in the Big 15 according to 2022 Forbes' The Global 2000, they are ICBC, China Construction Bank, Agricultural Bank of China, and the Bank of China (Ying, 2020).

Forbes						
RANK ^	NAME	COUNTRY	SALES	PROFIT	ASSETS	MARKET VALUE
1.	Berkshire Hathaway	United States	\$276.09 B	\$89.8 B	\$958.78 B	\$741.48 B
2.	ICBC	China	\$208.13 B	\$54.03 B	\$5,518.51 B	\$214.43 B
3.	Saudi Arabian Oil Company (Saudi Aramco)	Saudi Arabia	\$400.38 B	\$105.36 B	\$576.04 B	\$2,292.08 B
4.	JPMorgan Chase	United States	\$124.54 B	\$42.12 B	\$3,954.69 B	\$374.45 B
5.	China Construction Bank	China	\$202.07 B	\$46.89 B	\$4,746.95 B	\$181.32 B
6.	Amazon	United States	\$469.82 B	\$33.36 B	\$420.55 B	\$1,468.4 B
7.	Apple	United States	\$378.7 B	\$100.56 B	\$381.19 B	\$2,640.32 B
8.	Agricultural Bank of China	China	\$181.42 B	\$37.38 B	\$4,561.05 B	\$133.38 B
9.	Bank of America	United States	\$96.83 B	\$31 B	\$3,238.22 B	\$303.1 B
10.	Toyota Motor	Japan	\$281.75 B	\$28.15 B	\$552.46 B	\$237.73 B
11.	Alphabet	United States	\$257.49 B	\$76.03 B	\$359.27 B	\$1,581.72 B
12.	Microsoft	United States	\$184.9 B	\$71.19 B	\$340.39 B	\$2,054.37 B
13.	Bank of China	China	\$152.43 B	\$33.57 B	\$4,192.84 B	\$117.83 B
14.	Samsung Group	South Korea	\$244.16 B	\$34.27 B	\$358.88 B	\$367.26 B
15.	ExxonMobil	United States	\$280.51 B	\$23.04 B	\$338.92 B	\$359.73 B

Source: The Global 2000, Forbes 2022

This shows China's success in building its economy. Corporate culture is the company's core value that is highly critical for a company's sustainability. Most Chinese companies are influenced by the philosophy of Confucianism. Confucianism power throughout history has been maintained through continuous strengthening in the state, family, and educational unit level; and the emphasis of Confucianism in education, social discipline, and character building can be seen in most of China's behaviors (Po Keung Ip, 2018).

The essence of Confucianism consists of three elements: *Ren*, *Yi*, and *Li*, which determines what is morally acceptable in the society. *Ren* is the capacity of compassion or virtue with each other. *Yi* is basically the sense of moral truth, the capacity to discern appropriateness and the right direction in human actions, relationships, and other problems. *Li* represents etiquettes, norms, and protocols, both in personal or institutional life. Confucianism is the core of Chinese traditional culture and plays essential role in the shaping and development of Chinese society. The values of Confucianism are represented in the management's style and characteristics in China (Wu J, 2018; Wang and Liu Xiangli, 2001; Hill, 2006).

The research questions are: 1) Which elements of Confucianism play a role in Chinese companies; 2) What impact does Confucianism have on Chinese companies? This study concludes that a corporate culture that is well integrated with the traditional Chinese culture, like Confucianism, is likely to make the company stronger.

1.1 Objectives

It is important to refer to Confucianism as the foundation when building a Chinese corporate culture. This paper tries to answer two research questions: 1) Which elements of Confucianism play a role in Chinese companies; 2) What impact does Confucianism have on Chinese companies? This study concludes that a corporate culture that is well integrated with the traditional Chinese culture, like Confucianism, is likely to make the company stronger.

2. Literature Review

Confucianism has a great influence to the world's civilization. The book of Lun Yu 论语 which explains how to regulate the state and the society has such enormous influence. In Confucianism, the interests of the people and the welfare of the state should be prioritized. Confucian Management is to create comfortable and relaxed work atmosphere for the employees, trusting employees, and at the same time thinking about the interests of the employees and the company. Therefore, there will be good results (Wang J, Wang G.G., Ruona and Rojewski, 2005). In general, Confucianism ideology is represented by five virtues which discern human relationships: humaneness and benevolence (仁 *rén*), righteousness (义 *yì*), propriety (礼 *lǐ*), wisdom (智 *zhì*), and faithfulness (信 *xìn*).

Rén 仁 starts by loving yourself. Confucius is a figure who pays great attention to himself. He promotes himself to others and emphasizes “not to do to others as you would not wish done to yourself”. He emphasizes that men must fight to keep improving oneself, to appreciate oneself, and to be confident. Self-appreciation is the starting point of Confucianism. This starting point enables people to self-identify and clearly distinguish themselves, their family members, and their friends. Under the Confucian thought, almost all Chinese people love their own children and parents than others' children and parents.

Rén 仁 determines that the ideal relationship between individuals is based on benevolence, humaneness, and love, and asks others to be diligent, polite, not selfish, and sympathetic in having relationship with others (Wang and Liu Xiangli, 2001; Hill, 2006; Wang J, Wang G.G., Ruona and Rojewski, 2005; Yan and Sorenson, 2004; 吴宝树, 2009).

Yì 义 or righteousness, the essence of which is to love others. The essence of righteousness is to love the world. Chinese people usually see loyalty of high value. It means that it is very important to have the value of whether someone loves others or not. After someone finished loving own self (benevolence) and ensured that they and their relatives can live without worry, loving others, helping others, and even ruling the country or the world is then a goal pursued by Chinese men, of course, those who have righteousness as the embodiment of loving others. According to Confucianism values, once we finished resolving our own problem, then we can help resolving others' problems based on the order of relationships with others, from the closer to the farther relationship (Wang and Liu Xiangli, 2001; Hill, 2006; Wang J, Wang G.G., Ruona and Rojewski, 2005; Yan and Sorenson, 2004; 吴宝树, 2009).

The essence of *Lǐ* 礼 is regulation and etiquette for interaction between people. This is like the law and morality, but a little bit different from those. *Lǐ* 礼 is soft, coming from the heart and agreed by everyone. From the level of state to a group of normal people, everyone must be polite and follow the ethics system. Norms and ethics need to be observed with a large set of rules such as self-reflection. 礼 *lǐ* is associated with politeness, respect, and obedience to seniors. In addition, there are five basic social roles: ruler to subject; father to son; older brother to younger brother; husband to wife; and friend to friend (Wang and Liu Xiangli, 2001; Wang J, Wang G.G., Ruona and Rojewski, 2005; Yan and Sorenson, 2004).

Zhì 智 or wisdom represents personal ability requirements. Wisdom is not about power and courage, nor cruelty, but one's ability to survive. Regarding wisdom, all Chinese dynasties viewed education and way of thinking very highly, although during Chinese Dynasty period wisdom was limited to agricultural civilization.

Xìn 信 or faithfulness is a part of belief. Someone is able to use absolute belief or strong faith to lead everyone out of hardships, help the world, and save people. Faith is the final chain link in Confucianism, and is the focus of the chain of benevolence, righteousness, propriety, wisdom, and faithfulness. In the end of the day, a man, who has the ability to love, understands ethics and norms, must start pursuing his dream, and must possess strong belief and faith, to implement and pursue his goals (Wang and Liu Xiangli, 2001; Hill, 2006; Wang J, Wang G.G., Ruona and Rojewski, 2005; Yan and Sorenson, 2004).

Finally, the conclusion is that benevolence is the beginning of Confucianism, and faith is its ending. This set of concepts was very educative for the Chinese people who were based on agricultural civilization, had very wide coverage, and was very advanced at the time. Therefore, Confucius boosted the ancient Chinese's agriculture civilization, and even influenced the national characteristics and orientation of modern China (Wang and Liu Xiangli, 2001). Confucianism virtues, as aforementioned, complement the interdependent concepts. In particular, Confucianism's roles about politeness (*Li*) and propriety with social hierarchy in pursuit of social harmony (吴宝树, 2009; Jenkins, 2002) complement each other with the concept of interdependence which allows: (a) the importance of status and relationship, (b) self-adjustment, (c) occupies proper place for individual, and (d) engaged in appropriate interaction (Yang, Zheng, and Li, 2006).

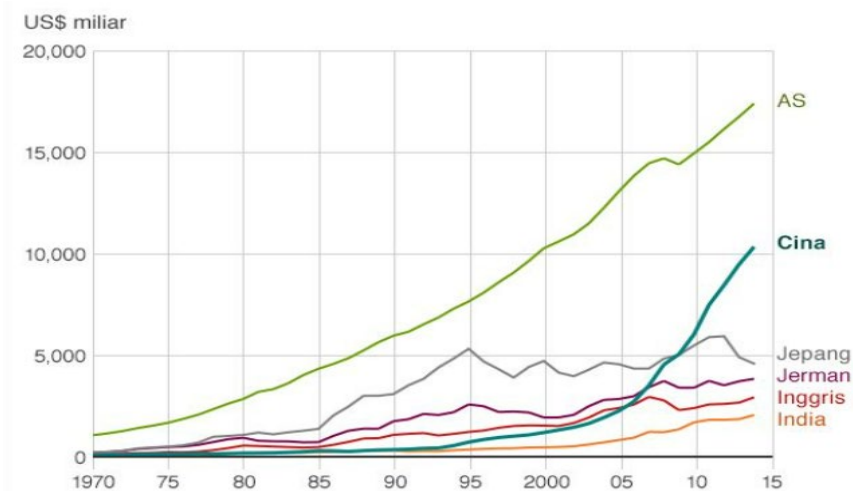
3. Methods.

This research used Library Research approach. The researchers used literature sources to conduct the research and answered the research questions. The researchers reviewed books, literatures, notes, and various reports related to Confucius teaching and the implementation of Confucian philosophy in company management.

4. Results and Discussion

The rapid growth of China's economy from 1970 until 2015 has brought China's economy beyond European states and Japan.

Picture 1 China's Economic Growth 1970-2015



Source: World Bank (https://www.bbc.com/indonesia/majalah/2015/09/150906_majalah_cina)

Although China's economy was disrupted due to COVID-19, China was able to rebound. World Bank forecasted China's GDP increase by 2022-2024.

Picture 2 China Economic Growth Forecast (f)

<i>China Economic Outlook</i>	2020	2021	2022f	2023f	2024f
Real GDP growth (%)	2.2	8.1	4.3	5.2	5.1
Consumer Price Index (CPI) (% change, average)	2.5	0.9	2.3	2.0	1.9
Current account balance (% of GDP)	1.9	1.8	1.3	1.2	1.1
Augmented fiscal balance (% of GDP) *	-8.6	-4.4	-7.1	-5.5	-4.4

Source: World Bank

(<https://documents1.worldbank.org/curated/en/099640106102210762/pdf/P17579708f26d5018098840f1ad978bb54b.pdf>)

4.1. Confucian Values which Influence Chinese Companies

China's rapid economic growth is inseparable from Chinese corporate values. These values are inseparable from the influence of Confucianism. Confucian morality and ethics play increasingly active roles in company management, especially the inclusive, realistic, and comprehensive Confucian essences. The entrepreneurs, who are the cores in a company's decision-making, have significant influence in the strategic selection and implementation of the company. In the company's strategic management process, comprehensive evaluation towards internal and external environment is a chain link that must be performed by the entrepreneurs, and this is also the best process to test their personal abilities, values, and way of thinking. In the last few years, more entrepreneurs have realized the special use of traditional values represented by Confucianism in Chinese company management, a subtle way to shape the values in society, and therefore influences the company management (Selvarajah, Chelliah J, and Lee H, 2001; Woods PR, 2011; Young, 2004). What Confucian values are influential in this research will be explained in Table 1.

Table 1 Confucian Values in Chinese Company

Value	Embodiment	Description
Benevolence (仁 <i>rén</i>)	The concept of "home" 家	Instilling awareness in the mind of the employees that their company is like their own home and they are part of the family/company.
Righteousness (义 <i>yì</i>)	Social human	Giving opportunity to the employee to develop their potential, showcase their talents, and try hard to go beyond their own limit, and give the best for the company.
Propriety (礼 <i>lǐ</i>),	Spirit of unity and teamwork	The company's order by growing the spirit of teamwork and unity among employees and avoiding conflict.
Wisdom (智 <i>zhì</i>),	Empathy	Focused on "human" and understanding the employees' feelings, and creating fun work environment for the employees.
Faithfulness (信 <i>xìn</i>).	Change of management functions	Moving and stimulating the spirit and dedication of the employees in decision-taking and company management.

4.2. The Influence of Confucian Values to Company

With economics development as its center, family awareness is expected to be instilled in the minds of the company's employees, thus it can become a spiritual power for China's economic revival, which determines whether the company is able to sustain and develop. In economy, companies and groups are like family. For the honor and dignity of the "family", for the welfare of "family", employees will have a strong sense of belonging, treating company as their own home, working hard without complain, finishing their duties, and even disregarding own self and own small family.

The development of a company which has good cultural relationship between the company and its employees (Selvarajah, Chelliah J, and Lee H, 2001; Allen, 2017) will bring upon material and spiritual boosts for the employees.

Large-scale companies with good division of works, like the head office which can be divided into several levels, like a parent company and its subsidiaries, they present vertical parents-children's relations. This parents-children relation acts like an adhesive that binds all of the company's aspects and departments into one and has strong cohesion. This family concept reflects the principal and spirit of collectivism in all aspects of the society, and represents the interests and value orientations of the society.

Driven by the "home 家" concept, which is a collective expression, when faced between individual or common interest, common interest will always be prioritized over individual interest, and individual value can only be realized through the common value. Building the concept of "home" is an important part of inculcating the moral qualities to employees for self-discipline and serves for public interest and cultivates professionalism at work.

Wisdom (智 *zhi*) and faithfulness (信 *xin*) are implemented in daily life in the company. Confucianism believes that human resources are better than material resources. Western traditional management theories perceive human as "economic people", a passive and negative factor. Humans are not mere "economic people" who creates material wealth, but also "social people" who wish to satisfy their self-awareness, develop their potentials, showcase their talents, and try hard to surpass their own limit. Therefore, in the operational and management process, corporate leaders should not only focus on capital, technology, and short-term income value, but should also focus on the "people" itself, learn to understand the employees' feelings, and create fun work atmosphere for them. It necessary to change the management function in accordance with the role of each person, event, and condition; from the system of instruction, supervision, and control to moving and stimulating the spirit and dedication of the employees in the company's decision-making and management. Confucianism has expanded our mindset in modern corporate management, emphasized human factor, and focused on building the sense of participation of the employees through ups and down, which can be considered a magical recipe in maintaining the company's youth vitality (Woods and Diamond, 2011; Young, 2004).

Propriety (礼 *li*) emphasizes that the society is a group of organizations, and company is an organization. Ensuring the order of an organization is essential premise for normal operation of a company. Confucianism believes that the purpose of organizational management is to grow the spirit of unity and teamwork between organization members, and hierarchy provides the communication bridge (Shen and Yuan Y, 2013).

6. Conclusion

Basically, companies need to give full trust to the internal employees. The appointed leaders should provide good example, create fun work environment for the employees, and avoid command management to make all the employees excited to develop their potential, showcase their talent, work hard to surpass their own limit, and do their best for the company. Furthermore, the leaders should also be able to promote others, let the employees manage themselves, and train the employees to consciously develop their behavior and habit to stay in healthy market competition corridor and protect the social and public interest.

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