

Confucianism in chinese business culture

Religion



**ASSIGN
BUSTER**

History of Chinese Business Lecturer: PU Hualin (George PU) PhD in Economics Associate Professor By: FERENDY BUDIANTO (SIMBA 2012)

CASING ARGUMENTS: How does Confucius teaching reflect on ancient Chinese business culture and practice and today Chinese business Culture and practices? DUE: 28th November 2012 Introduction

China as a civilization is one of the oldest that has lived in the face of the earth, through out history they can pride themselves with abundance of technological and sociological breakthrough that are ahead from the rest of the civilization in the ancient times. As its best China was the most prosperous and highly intellectual civilization especially during the Tang Dynasty, which were synonymous with the golden era of ancient Chinese history.

Nowadays, as a citizen in this modern civilization we can never hide away from the impact of china in the global economy, based on a personal point of view the superpower of China today has always maintain the same philosophy, culture and tradition as they have always have which could that back the most ancient of times, none more apparent than the language that has been honed and maintain to this day, and also business culture that has always been distinct from the rest of the world.

The China of today root back to the beginning of their civilization, therefore the history of China business is a subject that should be keenly approach as the basis of understanding the China of today. In this particular paper we will focus on the root of Chinese business philosophy that branch from Confucianism, we will discuss how Confucianism came to influence the everyday business culture in china lay foundation to the modern Chinese

<https://assignbuster.com/confucianism-in-chinese-business-culture/>

society, from this objective we will then discuss Confucian ideology on harmony, hierarchy, collectivism and reciprocity within his philosophy. The principles makes up the differences of how Chinese approach business, we can take an analogy of how Chinese pervasiveness in saying 'no' in which Westerners are likely to find it different the way how things come about, but it roots back to Confucius teaching of humanity and etiquettes which consider the embarrassment and potential awkwardness such situations may create and do not want to make others feel ashamed or rejected.

In this paper we will research the parameters of the philosophy and how it came to be to further convey the understanding of Chinese business culture. Outline Confucianism is something that embodied China, it is everywhere and it stick to every aspect of a Chinese person daily life, therefore to search on this topic of how to understand what role does Confucianism have in influencing the Chinese Business culture it is to be more aware of what is the philosophy is all about.

Firstly we learn the basic of this philosophy, which are the principles that Confucius has laid and preached. These information are attainable through books, websites in the internet, databases, journals and personal observation that are carried out during the whole process of the making of this paper. Once we get the basic understanding of Confucianism, we will then try to see how it fits into the Chinese business culture in the past. Literature review

The first and foremost literature we will review is the textbook 'An introduction to Chinese Business culture' by Xu Huifen, which is the preferred text for the course. The text will be use as the basis of <https://assignbuster.com/confucianism-in-chinese-business-culture/>

understanding the background and teaching of Confucius, the book provide a good information to help understand the basic philosophy of Confucius and also relate them to other lateral disciples of his teaching such as Mencius and Xun Zi. In addition we will use the text to gain more understanding of the relation of Confucius' teachings and his follower in relations to conomic thoughts and business culture. Although there a concise amount of knowledge and information on this text we it lacks literal view on the actual business culture and examples on how the philosophy is being practiced, therefore in this particular issue we will try to use other sources. The second source will be the different article and point of views that taken from the Internet. One of the sources that are selected is a presentation titled ' East meet West: Understanding Cultural Differences when Doing Business in China' by Dr. Eugene Chang.

This source will be use as a guideline to common Chinese business practice and culture, to get us more accustomed to the reality side of the study, and from it we will find connection to Confucianism from the business practice and culture in China. The third source is anacademicpaper titled The Influence of Confucianism and Buddhism on Chinese Business: the Case of Aveiro, Portugal by Tianbo Li and Gillian Owen Moreira of the University of Aveiro, Portugal. The text gives us great insight to China business today, with data from questionnaires and how Confucianism exists in the world today. he source will be useful affirm hypothesis with real data and also provide knowledge on the Confucianism that is being practice today. Through out the paper we will use several other references and literature that are not as significant as the above texts, these sources and references

will further aid our paper. Argument: How does Confucius teaching reflect on ancient Chinese business culture and practice and today Chinese business Culture and practices? History Commerce and trade has always been part of the social system in China for as long as we can remember, and as we know back in the ancient times, usinessman are not as highly regarded during the ancient times when compared to today, as in the ancient times commercial success had never won therespectof the society and Scholars, farmers and artisans was ahead in the social rank based on Confucian scheme of social stratification (xu, 2007) . But still, it doesn't deter businessmen during that time from being wealthy and rich, Chinese businessmen has a long history of being smart, strategic, and agile thinker, which makes them as we can still aware today that they are great businessmen.

The beginning of Commercial prominent with the merchant groups that started in Shanxi, Anhui and Zhejiang and Guangdong province, as the former two take advantage of the strategic location in which they were in that became eventually the hub for trading between the north and south part of the country. But the good times for commerce as for other old Chinese tradition were negatively affected when the monarchy came to an end.

But the latter two merchants (Zhejiang and Guangdong) has different approach to the trend of decline mainly helped by the strong international influenced and investment put towards coastal and southern cities of Guangzhou and shanghai that resulted with the trade network for these merchant that expand to the western region bring prosperous times for these merchants as well. As two merchant groups fell out of their luck the

other face a different fate and from then we came to know that the ancestral root of China's modern merchant were the Zhejiang and Guangdong merchants.

Business culture in the ancient times for china as mention earlier were divided by four merchant groups that were originated from four different areas, we come to know that Shanxi and Anhui merchant were a more traditional merchant groups, due to ancient China emphasis on political influence more than economical benefits these two merchant groups become the more prominent merchant groups compared to the others due to their close relations with the government therefore ensuring their prosperity with favorable policy by the government to them, and for a long time this has become a huge part of the traditional business model in China until the monarchy ended, which turn its favor to a more to the more independent merchant of Zhejiang and Guangdong merchants. As these two merchants lay the oundation for the modern Chinese business culture we will explore more the how the teaching of Confucius influenced them. Confucius concept in Business Confucius may not rank businessman in in high society rank, but there is no doubt that his teaching influence the many generation of businessmen up until today. There are many ways in which Confucianism affected how Chinese approach business practice. We start with ideology which we must first understand that Confucian theory work on three principles which were ' ren' (humility), ' yi' (collectivism) and ' li'(etiquette), these three concepts run like the blood though the vein within Confucius' teachings.

We can learn from the littlest action to the biggest and most controversial business practice can leads its way to Confucius teachings, but it is still by no means that Confucianism is in every business practice. Within Confucius teachings of harmony are taken and instill into business culture in the same way that he believes that society need to maintain harmonious relationship within each other, and also it can apply in finding the correct balance in ethics versus profits. To achieve these harmony there are always ways in which 'ren', 'li' and 'yi' is incorporated and be use as the doctrine to act upon, in ways that 'ren' which were filled with kind heartedness, benevolence and goodness, act upon to bring restraint on bad motives to gain profits in ways such ascheating, corrupting and manipulation.

As for 'li', which brings order, rituals, and hierarchal importance, it is definitely a prominent source to the reason for Chinese importance of politeness, and hierarchical relationship is more importantly emphasized than anywhere else in the world. And lastly 'yi' which requires the promotion of collectivism to achieve social stability, we can definitely notice this in the way Chinese consider a proposal from a wider point of view, which consider the impact as a whole. Action influence by 'yi' sometimes does not easily received in the West where individualism is more prominent (secondchina.com, 2012). When all 'ren','li', and 'yi' were achieve harmony within the system will be achieved.

Second important concept that Confucius based his teachings on is the hierarchical relationships. Within China generally all tend to center around politeness and respect for the dominant figure in the relationship. Confucius specified the relationship of ruler-subject, husband-wife, parent-child, the

elder-younger brother, and the friend-friend relationship. Within this concept we feature 'li' as the dominant doctrine as it is the source of order, and hierarchical concept aim to achieve order, to apply this concept within the business practice in china, we can see that through the hierarchical status within the the management of a business, or even the relationship within the government and the people.

Unlike the more egalitarian approach of the western society, where you can find managers try to break the formalization of ranks by asking a subordinates to call them by the first name, within china this situation will be hard to come by, as this teaching has been invested so deep into Chinese culture. In other example where hierarchical system is important for Chinese is that, we might notice Chinese businessmen reluctant or offended when a more lower rank personnel is assign to handle his matter, and also within a family business which were very common in China, the elder son might take over the management of the company while the father have less responsibility, but when it comes to any important decision it is likely that the son will console the father to make final say.

Third concept is Collectivism, which is the power of group over individualism as mention above collectivism is also 'yi' which states that social stability, in part, depends upon the co-dependence and focus on the family unit. Collectivism is inherent in a Confucian society. In order for Chinese society to operate smoothly, it was necessary to subject one's own desires to the greater good of the group. In other words, people didn't exist independently of one another. Instead, an individual was defined by his or her relationship to the group (Chang, 2011). In a business environment especially in the

modern times, this is apparent in how there are more emphasis being put to the group performances when it comes to projects within the company and While the opinions of elders have great influence, decisions are often made collectively and reached through a consensus.

Lastly there is reciprocity, which is in general definition the practice of exchanging benefits or things. It is in fact something in most western country known as the term ' the golden rule' which is to do unto other, as you would want to be done to you. Within the Chinese business culture, it is to always act with respect toward each other, may it be to a subordinates or superior. This last concept in a way balances collectivism and hierarchical concept, with which it provides boundaries that a businessman should conduct themselves, with reciprocity businessmen is preach to always have respect towards everyone whether your in a position of power or not. Confucius in today's world

Now that we have connected in some dots that connect Confucianism from the realm of philosophy and politics to the business culture that still persist today, we will now try to further understand on how important is Confucianism in today's world and especially the business world. As we know China has grown rapidly over the past 30 years and it has establish itself as the factory of the world and its just a matter of time until it stake claim to be the largest economy in the world. But among this highlights we also can see from the what's happening with this growth that Chinese businessmen were again on the raise, not since the cultural revolution that halted the economy so much and causing many businessman to flee to country outside of China

has businessmen of China has this much claim their respected status of being great businessman.

It is comebacks that may have been predicted since the opening of china to the world, a philosophy that during the Mao Zedong Cultural Revolution the philosophy was believe to be the main culprit for China not moving forward. But, it is an underestimation that a philosophy that was created in china and for what it seems a eternity that the basis of Chinese culture surround upon this philosophy, to be replaced by another philosophy of an alien kind. Nowadays Confucianism is everywhere, and it seems the nations supports and feels the needs to rekindle their old philosophy, with books, films, and study programs within the Chinaeducationsystem on Confucianism, but the most intriguing aspect of the manifestation is its recent adoption by the communist party.

As an article from the economist explains since becoming China's top leader in 2002, President Hu Jintao has promoted such slogans, which include “ Harmonious Society” and “ Xiaokang Shehui” (“ a moderately well off society”) which possessed hints of the philosophy of Confucianism. (economists, 2007) Taken from source on the study of the ‘ influences and Buddhism and Confucianism on Chinese business’ by Li Tianbo and Gillian Owen Moreira, it is revealed on the importance of Confucianism philosophy are for Businessmen of china considered guanxi which are ‘ connections’ as an important part of business in china, along with other Confucius teaching of harmony, politeness etc. n their studies Li and Moreira set out a questionnaires to 550 to 59 different company to each of their personnel and received 288 valid questionnaires back, their result are indicative to

<https://assignbuster.com/confucianism-in-chinese-business-culture/>

Confucianism in Chinese business culture with, as the result show when asked about cultural values considered important, “ 68. 7% of the respondents selected interpersonal harmony, 62. 6% considered trust, 50. 8% included collectivism, and 46. 5% chose guanxi (??), followed by endurance, social status, thrift, face and others. These results demonstrate how much importance is attributed to the role of interpersonal harmony, trust, collectivism and guanxi (??) in successful business in China. ” (Li and Moreira, 2007)

The study from Li Moreira goes beyond just how Confucianism is perceived today but also how it works in managing a company and its contribution to the Chinese business culture, with many acknowledging its presence, and ready made ideology, that can fit in any business day to day running's. Conclusions Based on the process of understanding the background of Confucius teachings and the application it has on the business culture in china through out the civilization our argument of how Confucius teaching reflect on ancient Chinese business culture and practice and today Chinese business Culture and practices can be conclude that Confucianism does have a significant impact on the business culture in china, and how businessmen of China mold their thoughts, from simple transactions, managements and ethical view of the company.

For me the whole idea of Confucianism is something that has been invested for too long within the Chinese culture that it makes what Chinese people, not just the Mainland Chinese people but also any nationalities with Chinese origins who they are. Even during the times of cultural change something that defines a race cannot be change. The modesty, hierarchical thinking

and collectivism is something that cannot be taken away, and for me personally, being a person of Indonesian nationalities with Chinese origin it something that you grown up with, albeit I never actually thought specifically what it was, but it felt like it is our identity to act upon Confucianism idea. Having experience a fair share working and understanding with people of two different mindset of both western and Chinese, I notice many differences in approaches that they go about when they do business.

I can confirm based on personal experience from the above statement that Guangxi is the most important philosophy ahead of harmony within chinese businessmen, having experience first hand of how connection can get you further ahead than the rest in business but also for western culture I experience and witness how individualism is promoted, having seen this in many western fast food chain where employee of the month award was given and etc. In conclusion, Confucianism I believe was, is and will be everywhere in Chinese business culture, the nature of Chinese culture that support and accepted it are always going to be there as it is a philosophy that has become the norm within everyday life in China. as the future tilt closer to favor China as the world biggest economy it will only be the matter of time when Confucianism business culture spread and no longer be seen as a culture shock by the western civilizations. References

Economist, ' Ideology in China Confucius makes a comeback', Beijing, May 2007, ' <http://www.economist.com/hk/node/9202957>' Chang, E. , ' East Meets West: understanding cultural differences when doing business in china', April 20th , 2011, MeteringChina.com Li and Moreira, ' The Influence of Confucianism and Buddhism on Chinese Business: the Case of Aveiro, <https://assignbuster.com/confucianism-in-chinese-business-culture/>

Portugal', university of Aveiro, Portugal, 2007, ' <http://www.immi.se/intercultural/nr19/tianbo.htm>' University of Florida, ' CHINESE BUSINESS CULTURE? Confucian Business Ethics - General', 2009, ' http://secondchina.com/Learning_Modules/BUS_web/content/BUS_confucian_ethics.html' Xu , ' An introduction to Chinese Business culture', 2007, Jinan University Press.