

As the business world plans to enter the next millennium, many eyes are turned towards China. Even the Chinese themselves, an introspective people for a long time, wonder as to where the future will take them as the world changes. While Marx, Lenin and Mao Zedong remain political centerpieces within China, the more pragmatic question is what world view should best guide business relations between China and the capitalists. Indeed, the search may be afoot and in earnest for a new model of international relations, and the man of the decade may well be Kong Fu Zi (551-479 B.C.), or *Confucius* as he is better known to the world through his Latinized name.

# Confucius-

The Key For Doing  
Business in the  
Pacific Rim in the  
Twenty First Century

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## Association of Confucius with the Economic Miracle of the Pacific Rim

**In** light of the remarkable economic transformation that has taken place in the Confucian world in the past few decades, significant business opportunities will present themselves to the West. By "Confucian world," we refer to China herself, and just as importantly, all those societies outside China that share the Confucian way of thinking, whether they be other countries, communities, or clans.

Confucianism, far from being an outdated tradition, has great relevance to international business. The reason is that Confucian values, in tandem with modern capitalism, have reshaped the Pacific Rim economies into a new form that must be reckoned with. The economic miracles of Japan, Singapore, Hong Kong, South Korea and Taiwan are examples of successful business practices based on Confucian thinking. All these countries achieved spectacular economic recovery from the fallout of war and poverty. Business leaders of the Confucian world have succeeded in developing a management style of their own based on an innovative blending of Confucianism and Western scientific management. Confucian thinking subtly but surely guides governments and businesses of the Pacific Rim.

## China and Confucius

**After** having consigned Confucius to the political dustbin during the period of "Cultural Revolution," China now is looking back to her ancient sage for moral and pragmatic guidance as to her own economic renaissance. While facing a tidal rise in entrepreneurship and free-wheeling *laissez faire* economics, China is concerned about a moral and philosophical emptiness that is left unfilled by Marx-Lenin-Mao. By now, it is well accepted that out of the barrel of the gun may very well grow political power, but not so economic wealth. Now, it is not quite enough for the party to have control of the gun, but there is need of something loftier. China's trading partners know this too—and hence a mutual search for a new world view of business relations between East and West that transcends political power and the gun.

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## The Need to Reconcile Confucius with the Twenty First Century

**It** is meaningful and profitable to reconcile the fundamental philosophies of Confucian teachings with managerial practices in the Confucian world. We also need to understand how the Confucian world view can determine the outcome of a business relationship with the Confucian world. Over the thousands of years, the influence of Confucian values on personal conduct has become deeply ingrained and now constitutes a revealed blessing. Confucian values have created a world view distinct from, and as this article will show, yet similar to that of the West. The business practices of the Confucian world are something distinct yet similar to the business values of the Western world.

## Confucius Started with Politics

**In** his own time, Confucius' goal was to teach war dukes to become enlightened rulers of state through the use of personal moral example and superiority. Because Confucius emphasized the importance of stability, order, and respect for a government based on moral supremacy, we saw South Korea, Singapore and Taiwan flourishing under strong governments that drafted plans and carried them out with authority. Japan's success was largely charted by government technocrats who are Confucian in moral values.

With respect to business, the Confucian ethics of responsibility, reciprocal relationships, respect for leaders and ethical superiority have been successfully integrated into the business practices of the Pacific Rim. These countries certainly appear different from those of the Western culture, where cultural pluralism, human rights, individualism, competition and personal success are the defining values. These seemingly different cultures of East and West should be made to complement each other and the way may be through a suitable appreciation of Confucius.

## (1) Restoration of Confucianism in Japan

**In** Japanese companies, management generally follows the Confucian way of "cultivating his own character such that he can govern other men." Public humility is still a essential part of business life for junior employees, even though these younger employees enter work with broader outlooks on life and less devotion to the corporate cause. Confucianism places a more benevolent spin on capitalism within the corporate state. Business leaders try to earn employee loyalty with benevolent policies that include lifetime employment and long-term benefits to promote health and welfare.

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Confucian values as respect for age and authority, a sense of place and self-discipline with enthusiasm for work. There is a quest for restoration of Confucian values in Japanese government and public life. They still believe here that if the government is well-ordered, the people will follow. If not, the people will find other ways to realize their ambitions.

## (2) *Singapore's Confucian values*

**In** recent years, political leaders like Singapore's retired Prime Minister, Lee Kwan Yew, and the Chief Executive of Hong Kong, Tung Chee-hwa, have spoken glowingly of "Asian values," by which they mean Confucianism. Under the 30-year rule of Li Kuan Yew, Singapore has been transformed from Sir Stamford Raffles' colonial harbor to a prosperous and enterprising Nation state. Singapore is a country with the potential for full employment and is famous for its virtually zero crime rate. This economically aggressive city-state is a high-tech power of the 21st century.

## (3) *Confucius in Late Modernism in South Korea*

**South** Korea had the world's fastest economic growth in the 70s and currently exhorts "discipline, self-help and cooperation." Its sustained economic growth is also traced to its cultural heritage of Confucius. Even the social and moral climate has changed in South Korea since its opening to the world; Confucian thinking is still prevalent in all fields of activity and thought, and reigns over all strata of society. The Korean version of Confucianism—a system of thought, ethics and education—promotes a rigid respect of ancestry, reverence of superiors and the firm belief that harmony emerges from submission to the orderly ritual.

## (4) *Hong Kong*

**Hong Kong** has historically been the place where East met West. Free trade and all that is associated with *entrepôt* are the hallmark of Hong Kong. As a former British colony, it nonetheless is part of the Confucian world as a result of the presence of the Chinese. In Hong Kong, many of the leading Chinese-owned corporations and trading houses adhere to fundamental Confucian thinking. The Confucian world view of these corporations promises to have a deep impact on how China itself will view international trade.

## (5) *Taiwan*

**Taiwan**, while being a political Doppelgänger, is a solid bastion of free enterprise and a major force in international trade. Its basic values are classic Confucian and its

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people, through the diligent application of such values, have built a dynamic and prosperous economy.

## (6) *Vietnam*

**It** should come as no surprise that the moral and social fabric of Vietnam is cut from the Confucian cloth. The manifested goal of contemporary Vietnam is to re-integrate itself into the international community, and a promising path is through international trade. Confucius will serve Vietnam well in this respect.

## (7) *Malaysia*

**Malaysia** is somewhat set apart from the Confucian world because the Chinese population constitutes a minority and its official religion is Islam. However, Chinese companies and businesses occupy a major position in the Malaysian economy, and the contributions of Confucian values to Malaysian society are recognized by all Malaysians.

## (8) *China*

**Economists** project that China will be one of the world's four largest economies by the year 2010. If China's economy were to be combined through open trade with that of Hong Kong and Taiwan, the financial implications would be even more impressive. Although the Confucian system is not now in official vogue in China, it still forms the underlying basis of most business practices in China and holds the potential for future domination of business thought.

After having its value system thrown into chaos by the Cultural Revolution, China seeks to rebuild some basic values into Chinese business management. The goal is to continue economic reform and to continue to move from a planned economy to a market economy. While the ethical prescriptions associated with Confucius do stress hierarchy, obedience to authority, and social order, they also reflect a deep respect for morality and humanism. Chinese managers today have begun to rethink the Confucian classics carefully, and to link them to the modern concept of management. Re-interpretations will provide new meaning to these teachings so as to keep them at a par with Chinese modernization.