



Business Ethics and Confucian Thought

Speaker: Ms. Poonam Surie

01 May 2013

Institute of Chinese Studies

Delhi

The speaker started her presentation by referring to her latest book 'Buddhism and Taoism'. The Buddhism, Confucianism and Taoism were the basics required to understand Chinese ethos. The recent Confucian revivalism is only revival of 'scholarship of Confucianism' and many aspects in Confucianism are still considered to be a challenge against the Party's principle. The Chinese state or the Communist Party of China (CPC) played a major role in the revival process because they realised that in order to pose China as a great power it would require promoting an icon which is purely Chinese. Confucianism gained more significance compared to Buddhism because of its Indian origin and Taoism is vaguely understood even in China. Confucianism could also be utilized as soft power in promoting Chinese value to the world. Another key reason for the revival of Confucianism is to temper the rising materialistic urge of the Chinese society through the lessons derived from old Chinese value. Confucianism imparts loyalty to rulers and 'harmony' in society which is frequently discussed by Chinese presidents Hu Jintao and Xi Jinping. The Chinese state is keen to inculcate these ancient values among the people for the betterment of the society. Many people across the world want to understand China in the field of business, finance and trade in the light of Confucianism.

The economic prosperity is fulfilment of wants, betterment of society and enhancement of life we left behind for the future generation. Confucianism clearly propagates the value of social prosperity and materialistic aspects of development should be shifted to socially relevant one. The Confucian concept of education was unique and applicable to modern society. 'True knowledge' is to be self-known, where education is expanded and developed to train society and according to the Confucian thought raising cultural level of people help to enhance productivity. The combination of business ethics and Confucian values leads to change profit-oriented production and commercial practices. Confucianism is not opposed to self-interest, but morality and justice are important as they should underpin society as opposed to personal gain and selfish interest.

Thirty-five years of economic reform had placed China in the centre of world's economic stage and China would continue to contribute in the global economic growth in one way or other, therefore it is essential for other business community to know Chinese business management model, technique and education. Neo-classical economics are unable to provide adequate explanation about forces that promote economic development. Economic growth is usually linked to political institutions and cultural background of society or country. In next 30 years the economic growth would be slightly different story though the basic policy of China would not change but there would be adjustments to manage micro aspects like income redistribution, social service, environment and cultural development. China has already undertaken a major reform in the education system, science and technology in turn improving productivity and growth, and poverty reduction as a major outcome of it.

The rule of law has improved, but political and civil liberties are still severely restricted. This is in accordance to Confucian thought that emphasis should be given on lesser law. To deal with with human capital to improve productivity, the Confucian value of work ethics stress three important factors – education, technological advancement and cultural characteristic. The speaker linked business ethics to output, recruitment, and retention, absenteeism and employee fraud with increased inflow of investment and expansion of economy. She claimed that Chinese management principle had also improved and argued that historical, cultural, political and social factors played a major role in Chinese business.

The ancient Chinese thinkers outside Confucian thought also contributed in Chinese business ethics. Stephan Rothlin thinks that China should develop a Chinese code of ethics rather than incorporating western code. Chinese scholars are trying to build a structure that deals with ethics in society, where people can openly deliberate ethical issues like corruption. China is growing to be drivers in the field of ethics as it is turning into a major power house and it would turn to be a leader in imparting ethics to the world. Philosopher Mozi replaced Confucian focus on a specific clan to universal caring, stating that rather than benefiting family or clan, it should benefit the society as that would cater corruption. In Peter Drucker's words, Confucian ethics and rules were same for all, but there were five set of rules based on the relationships between master and servant, father and son, brother and sibling, husband and wife, and friend and friend. The set of rules have not changed but have been modified according to the new relationships like producer and consumer. The business policy directly impacts society. NGO or non-profit organizations are human change agents, which has a critical role to play towards the society. Profit is not immoral and the first responsibility of business. The first responsibility is to produce adequate surplus so that it can provide job and distribute the gains. Speaker argued that Confucian ethics were not just applicable to micro level but also to macro level aspects like economy, public administration etc. According to Professor Chao Yang, Confucian ethics is based on commonness, harmony and shared interest that had contributed to success in South East Asia. Further she explained medical ethics where doctors should be service oriented and emphasized on saving the lives. The speaker then moved on to the work of Han Feizi management principle which stressed on individual or society rather than cosmos.

The difference in Chinese model and western model is that in Chinese system the company prefers to cut salary of all rather than sacking few staff. This kind of Confucian trade practice in fact promotes Confucian education. According to the Confucian ethics of governance, the ruler should look after subordinate and subordinate should be loyal. With opening of market, China tries to show that it is a responsible member. The Chinese youth are aware of weaknesses and problems like corruption in business and political structure. The speaker concluded her talk with an optimistic note that a solution would be found from the uniqueness of the Chinese system.

Discussion

In response to a question related to the commonality between Western and Confucian management theory, the speaker agrees that the two ethics are common in nature. As China has integrated with world system where both are trying to study from each other, thus these theories which have a different history and cultural construct are coming closer. Japanese rise had temporarily pushed aside Confucianism during the cold war era. The neo-Confucian interpretation was in according to State's interest and Confucianism can be utilized by state to control and direct the large population of China. The speaker argued that Confucianism was not to explain Chinese growth but to temper people's sentiment in the hyper growth period. In explaining the Chinese ethic towards economic motivation, speaker stated that analytics had a lot hidden in it, where it had to be explored and should be discussed. Meditation was preferred more than litigation in Chinese business similar to that in India.

Disclaimer

*The Wednesday Seminar at the ICS is a forum for presentations and discussions on current affairs as well as ongoing research by renowned scholars, experts, diplomats and journalists as also younger emerging researchers from all over the world. These talks are the independent views of the speakers. We produce this summary or recording of the presentation only for purposes of dissemination and for generating discussion. **All views, positions, and conclusions expressed here should be understood to be those of the author(s) and not necessarily of the ICS.***