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Chinese Management Culture

Scientific Editors:

Maria Bernat

Haifeng Huang

Katarzyna Mazur-Włodarczyk



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“To understand Chinese economic phenomenon, cultural factors must be considered, since China is not a common state but a civilization”.
B. Góralczyk (2013)

Introduction

As a matter of ordinary understanding, throughout the 20th century China was perceived as a developing country and a production base for the developed economies worldwide. Neglected by western countries, in 2015, China became a net exporter, which supported by the economically powerful GDP rates, transformed into the world’s second economy. A country which performed the role of mimicry became the innovation pioneer by generating modern technologies instead of imitating them. The spectacular economic success of Middle Kingdom, accompanied by the advancement of civilization at the turn of the 20th and 21st century was the result of the unique macroeconomic policy implemented there. China created its distinctive, culturally based development model, also known as socialism with Chinese characteristics, which became an integral part of the advanced globalization. The broader cultural context emphasizes the economic success of Southeast Asia. This culturally unfamiliar to the Westerners, and yet successful, approach provides evidence of the fundamental role of culture in economic development. The aim of this monograph is to fill the gap in knowledge about cultural determinants of economic behavior of Chinese people and deeper understanding of what drives Chinese business partners – particularly significant in the era of the increasing intensity of Polish and Chinese economic partnership – and developing the concept of strategic partnership and comprehensive strategic partnership with Poland. The starting point of this publication is the assumption introduced by the cultural researcher Geert Hofstede who claimed that “the researcher becomes embedded in one’s culture”. The authors provide a broad spectrum of Chinese economic culture,

ranging from the exogenous Western perception by Maria Bernat, through an in-between view that combines Western and Eastern perspectives presented in the chapters authored by Katarzyna Mazur-Włodarczyk, into the endogenous strictly Chinese stance brought closer by Haifeng HUANG et al.

The first chapter provides an overview of the relevant terminology and highlights some challenges in distinguishing between *economic culture* and *management culture*, which result from the ambiguity of the very concept of *culture* and the interpenetration of issues related to economics and management. This chapter discusses the need for a substitutable and complementary application of both concepts. It also presents the views of researchers who explore cultural issues in economic sciences and defines the differences between such concepts as: *economic culture*, *industrial culture*, *entrepreneurial culture*, *business / labor culture*, *management culture* and *company / organization culture*.

The chapter on culture in economic sciences outlines the evolution of the approach towards this concept in economics and management. Although nowadays culture is becoming an integral part of modern science of complexity, Adam Smith was no less aware of its role in economic life. The economic success of Southeast Asian countries at the turn of the 20th and 21st century, uncommon to the Western countries and yet economically efficient, clearly indicates the fundamental importance of culture in explaining economic processes. Intensification of economic internationalization related to the activity of international corporations not only enforced respect for cultural differences, but also made them an attribute in creating a competitive advantage.

The chapter on the cultural conditions of the Chinese transformation is a specific cultural anatomy of Chinese reforms, which identifies the role of cultural dimensions in this process reflected in the studies by Western researchers at individual stages of the reforms. The

starting point of the discussion is the identification of Chinese cultural characteristics which determines economic success: collectivism enhanced by high trust, high power distance, long term orientation, low uncertainty avoidance and external control. Pragmatism reinforced by empirical experience is reflected in the phrase “crossing the river by feeling the stones” which is the essence of the analyzed economic culture. An important aspect of Chinese economic success stems from the Taoist and Confucian origins of Chinese culture. Based on the research of Hofstede, Minkow, Gesteland, Trompenaars, Hampden-Turner, M. Bernat claims that cultural adjustment is essential to Chinese success. The implementation of the original, yet not flawless transformation, which combines the opposites: Keynesianism and neoliberalism, in practice includes:

- harmonious evolution of growth drivers from exports generated by FDI,
- bold investment policy of the state, effectively responding to crises,
- stimulation of internal demand and export of transport infrastructure which is a reactivation of the new OBOR silk route,
- skillful integration into globalization as a source of success.

An important aspect of this discussion includes the cultural context of foreign capital absorption in the form of FDI, as well as globally oriented Chinese investment expansion.

The chapter refers directly to the multidimensionality of Chinese culture. It characterizes its framework and provides research overview related to Chinese economic culture, popular cultural concepts and the position of Chinese culture in typologies proposed by the authors: E.T. Hall, F. Fukuyama, G. Hofstede, F. Trompenaars and C. Hampden-Turner, R.R. Gesteland, S.H. Schwarz and M. Grondon. The author also identifies Chinese and non-Chinese factors influencing the economic success of the People’s Republic of China.

The chapter authored by Haifeng HUANG et al provides an analysis of cultural components seen in the perspective of the Chinese researcher, who points out the need to re-evaluate Chinese business culture and search for profit-oriented companies to reappraise their business ethics. The authors put forward an important message: nowadays, along with China's rapid growth, it is necessary to re-evaluate the Chinese business culture and encourage profit-oriented companies to re-evaluate their business ethics. The starting point of the authors' analysis is the assumption that culture has a significant impact on business behavior. On the other hand, business ethics reflects social morals as an important element of social culture. Currently, China's ethical system, which is based on traditional culture, is facing challenges of a reconstructed culture and ethics in the process of transformation from planning economy into market economy and from agrarian civilization. The chapter analyses the components of Chinese business ethics and culture as well as their ethical implications. The authors identify the qualities and functions of business ethics and corporate culture by analyzing their origins and development stages; they also discuss the elements of Chinese corporate culture, in particular emphasizing Confucianism and Taoism. The origin of business ethics in traditional Chinese culture, as well as the important role and influence of traditional Chinese philosophy on ethics and leadership are also presented here.

The last chapter refers to the fundamental aspect of Chinese culture – *harmony*. Katarzyna Mazur-Wlodarczyk embarks on defining this concept in terms of social and economic sciences and, consequently, presents a typology which includes intra- and interpersonal harmony, family and group harmony, harmonious communication, work-life balance, sustainable business management, industrial harmony, as well as types of harmony present in Chinese culture. The topic of harmony was selected mainly because this concept is an important element of Chinese culture – it is one of the main keywords used to explain its unique nature. *Harmony* was also analyzed from

the Chinese perspective, showing the results of a survey conducted in the years 2017–2019 among representatives from Malaysia, the Czech Republic and Portugal. The chapter is concluded by suggesting that harmony is essential not only in China.

Maria BERNAT

Haifeng HUANG

Katarzyna MAZUR-WŁODARCZYK

Chapter 1

Management Culture or Economic Culture?

管理文化还是经济文化？

Katarzyna Mazur-Włodarczyk¹ (宁羽沙)

Abstract: The chapter is devoted to the concepts of *management culture* and *economic culture*, considered from the perspective of the broadly understood category of *culture*; moreover, also dealing with the field of economic sciences. The definitions of *culture* differ from one another. This does not only result from differing scientists' and analysts' perceptions, but stems from the nature of the disciplines which they represent as well, exploration of different ranges of phenomena, and selection of individual aspects for analyses. The author points out, among other aspects, the difficulties in differentiating between the categories of *economic* and *managing*. The text explores the following terms of culture: economics, business/labor, entrepreneurship, industrial, management, enterprise, company, and organizational. Finally, it indicates the main areas of research on culture in economic sciences, as well as the identity-complementary nature of both terms.

摘要：本文从普遍理解的文化范畴以及经济学科的研究领域出发，论述了管理文化和经济文化的概念。对文化的定义各有不同。这些差别不仅是由科学家和分析家的认知造成的，而且还取决于他们研究的学科、探索现象的不同范围、所选的具体分析层面。作者指出了在这些层面中区分经济范畴和管理范畴的困难。文本展示了文化在经济学、商务/劳务、企业家精神、工业、管理、企业、公司和组织中的不同形式，并提出了经济学科中文化研究的主要领域，以及这两种形式的身份互补性。

¹ Katarzyna Mazur-Włodarczyk: Ph.D. in Economics. Researcher at the Faculty of Economics and Management at the Opole University of Technology. One of her master's degrees was obtained at the University of International Business and Economics in Beijing. Her research interests focus on the following issues: perspectives related to the BRI, socio-economic situation of the PRC, the peculiarity of Sino – European Union business communication, Chinese crafts, and economic culture.

The wrongful understanding of the two title categories – *management culture* and *economic culture*, may apply to only one of the two terms – *culture*. This notion is so unclear and refers to so many fields of science that it may be quite difficult to define it in a brief and fully satisfactory way. This is demonstrated not only by the number of definitions and terms containing the word *culture*, but also by the number of scientific articles devoted to culture. As early as in 1952, more than 160 definitions of culture were classified in German, and in English (Kroeber & Kluckhohn, 1952). In the *PWN Encyclopedia*, published in 2020, 409 different terms in Polish related to culture can be found, and when entering the word *culture* into the Web of Science database, more than 1.5 million articles show up². The encyclopedia mentioned above determines culture as one of the most popular terms in the humanities and social sciences, and one of the most popular words used in everyday language (*Encyklopedia PWN*). The diversity of definitions is also noticed by Mark J. Smith, who defines culture as not only “slippery”, but also “chaotic” a notion (Davis, 2020: 15, [in:] Smith, 2000: 4). Jan J. Szczepański describes culture as a “creation of human activity, tangible and intangible values, and recognized methods of handling, objectified, and accepted in any communities, transferred to other communities and next generations” (Szczepański, 1965: 47). Józef Penc expands this description by a historically developed system of values, norms, attitudes and behavior models, which simulate behaviors of the organization's members. He also emphasizes that culture refers both to the internal and external environment of the organization (Penc, 1997: 207). Lidia Zbiegień-Maciąg is of the opinion that culture includes the whole of human lifestyles in groups, the whole of interpersonal relations (Zbiegień-Maciąg, 2005: 29). And Edward Thitchell Hall has perceived culture as a patron, who rules the everyday life in many ways, whose existence is not suspected by people (Hall, 1987: 51). When analyzing the definitions of culture presented by numerous researchers, it can be noticed that, among others,

² Status as at 31.07.2020.

the differences between them result from not only the scientists' and analysts' individual perception of the world, but also from the fact that they represent different fields and disciplines of science, study the phenomena in a broader or narrower way, and study different aspects of culture. In the general perspective, within social sciences, culture is construed usually as, among others:

- a unique and exclusive human creation, a characteristic feature of people (Kroeber, 1948, [in:] Weiss, 1973);
- a notion with both physical (Latin *cultura agri* – cultivating land, and then cultivating the human spirit – *cultura animi*), and religious roots (Latin *cultus* – cult) (*Słownik społeczny*, 2004: 614);
- the whole of human creations and activities (*Encyklopedia PWN*), the values and beliefs, shared meanings, practices and products that facilitate social coordination, explain the limits of groups, and inform of the social expectations (Dylman, Champoux-Larsson & Zakrisson, 2020: 9, [in:] Kitayama & Park, 2007; Oyserman, 2017);
- civilization;
- the models of interactions between individuals and groups, the ability to deal with people according to rules of “good manners” (*Wielki słownik wyrazów obcych*, 2011: 707);
- the symbolic aspects of society (*Słownik socjologii i nauk społecznych*, 2005: 165);
- programming the mind (Hofstede, 2000), learned behaviors and social habits;
- a factor affecting situation assessment (Dylman, Champoux-Larsson & Zakrisson, 2020: 5) and decision-making;
- the objective, spiritual, and material achievements of society (*Encyklopedia Socjologii* 1999: 103), the collective process of succession (*Encyklopedia pedagogiczna XXI w.*, 2003: 952).

When analyzing the significance of the other terms of the aforementioned titular categories, it can be observed that also the words *economic* and *management* could be difficult to define. The *PWN Polish Language Dictionary* defines the category *economic* in three

perspectives, namely with respect to: 1) the economy, 2) the matters of a farm or household, and 3) the ordering and administration matters (*Słownik języka polskiego PWN*). On the other hand, *management* is described by this source as: 1) resource management, 2) deciding on utilization, and 3) directing the economy of an institution or company (*Słownik języka polskiego PWN*). Similarly, the category *economic* may be used alternately with the terms *business*, *management*, *directing*, *organizing* or *managing*. However, the definitions of the terms *economy/economic* and *managing* bring less clarity to the use of the division presented. The economy is construed as the science of rational management. Another definition describes it as the organization of human actions related to manufacturing and exchanging, making choices, and decisions related to using rare resources in manufacturing (Samuelson & Nordhaus, 1996: 25; Begg, Fischer & Dornbusch, 2007: 590). The concept of *managing* is defined as a set of actions focused on the resources of an organization, being performed with the intention of achieving the set goals by the organization in an efficient and effective way (Griffin, 1996: 38), or as a process of planning, organizing, leading, and controlling the work of an organization's members, and one of using the organization's resources to achieve its goals (Stoner, Freeman & Gilbert, 2001: 613). Playing with notions and using synonyms alternately as above, *management*, *organizing*, and *making choices* turn out to be not very helpful in differentiating between those terms.

When approaching the issue in more detail – in the context of scientific activity, it should be mentioned that in 2003 the economic sciences in Poland covered such fields as: economy, management sciences, and the science of commodities. Seven years later, another field was added – finance. In 2011, the Ministry of Science and Higher Education assigned economic sciences to the group of social sciences. Then, the Science Constitution introduced seven years afterwards, i.e. at the end of 2018, came to include among the disciplines once assigned to the economic sciences category, the following: economics

and finances, management and quality science (including the science of commodities). And the classification developed by the Organization for Economic Co-operation and Development includes economics and business, which covers: economics and econometrics, industrial relations and business and management, among social sciences. Therefore, it is extremely difficult to clearly separate, or draw a line between economics, finances, and management, particularly in the area of business operations. In the scientific community, opinions appear that emphasizing the specifics of economic theories and theories belonging to management sciences may be “outdated, based on the tradition and the existing practice, however, such an approach is not substantiated given the reasonable criteria of such a separation, and the practical needs of running research and teaching activities” (Gorynia & Kowalski, 2013: 463). It is also suggested that instead of looking for differences, it is worth focusing on their complementary nature. In this book, the authors, bearing in mind the supplementary nature of the disciplines being discussed, use the broader notion of *economic sciences*, which was in use previously, and they consider the division into the economic and management elements to be a purely conventional one.

According to the claim of Charles Hampden-Turner and Alfons Trompenaars – there is no escape from culture (Hampden-Turner & Trompenaars, 2006: 386). The differentiation of cultures turns out to be extremely useful in studying oneself, in interpreting the behaviors of others, and thus it supports effective communication and the functioning in the economic reality. In order to facilitate the differentiation of cultures, several typologies of cultural dimensions, or cultural scripts have been introduced – abstract entities, behavior models, and foreign attitudes (outside own group) (Deka, 2006: 164). In the context of the economic sciences, culture has been studied by a number of scholars representing different fields of science. Among the scientists interested in culture being reflected in the economic sciences, the following can be mentioned: Adam Smith, Alexis de Tocqueville, Max

Weber, John M. Keynes, Edward T. Hall, Edward C. Banfield, Peter L. Berger, Ronald Inglehard, Francis Fukuyama, David S. Landes, Sjoerd Beugelsdijk, Henri L.F. de Grooty, Anton B.T.M. van Schaik, Yann Algan, and Pierre Cahus, Benjamin Guin, Robin K. Chou and Kuan-Cheng Ko, Ulrike Malmendier, and Geoffrey Tate, Geerta Hofstede, Charles Hampden-Turner and Alfons Trompenaars, Krzysztof Kostro, Mariano Grondon, Shalom H. Schwartz, Samuel P. Huntington, Philippe d'Iribarne, and Richard E. Nisbett.

It can be said that the interest in culture in connection with the economic sciences dates back to the 19th century, and particularly to the end of the century, that is the Second Industrial Revolution. Another period of a greater interest in culture took place in the 1940s through 1960s. This interest resulted, among others, from the political situation in Western Europe, the end of wars, and the creation of the democratic and the socialist systems. The next period of rediscovering the importance of culture and its effect on economic behaviors began in the 1990s. And the views of scholars regarding the impact of culture on the economic human activity range, depending on the nature of their studies, from views concerning the partial impact, to the full impact, affecting virtually everything (Cierniak-Szóstak, 2017). The table below (Table 1) presents the main areas of studies concerning culture within the economic sciences.

Table 1. Selected leading researchers interested in the impact of culture on human economic activity

Researcher	Field	Studies/significant assumptions
Adam Smith	Economy	The impact of habits, customs, and upbringing on the social essence (Smith, 2015).

Alexis de Tocqueville	Political sciences, Sociology	Appreciating freedom affects the income of people, it grows faster than taxes, and new social needs increase the public costs and taxes (Tocqueville, 1976).
Max Weber	Economy, Sociology, Philosophy	Relations between the values related to the protestant ethics and the economic life – <i>the spirit of capitalism</i> (Weber, 2011).
John M. Keynes	Economy	The impact of <i>animal spirit</i> – the spontaneous need to act and of optimism on decision-making. With the weakening <i>animal spirit</i> the natural entrepreneurship also decreases (Keynes, 1936: 161–162).
Edward T. Hall	Anthropology, Ethnology	Culture from the point of view of communication methods. The researcher has differentiated the high (intermediate) and the low (direct) context cultures. The high context cultures communicate using allusions, “between-the-lines” statements, etc., usually in order to build relations and maintain the social harmony. The low context cultures transfer messages directly, using clear and clarified communication, betting on transferring information and facts (Hall, 2001).
Edward C. Banfield	Political sciences	The economic slowdown among the residents of Italian Montegrano results from their inability to cooperate for the common good (outside the family interest). The difficult economic situation of the residents is associated with the suspecting and distrustful attitude in the relations between inhabitants (Banfield, 1958: 166–167).
Peter L. Berger	Sociology	Involving authority, prestige, bias, and games in business activities (Berger, 1999). The impact of capitalism through its ties with socialism and democracy, economic development, the freedom of individuals, and equality (Berger, 2005: 20).

Ronald Inglehard	Political sciences	An industrial society is focused on the economic growth and economic achievements. The postmodernist values highly appreciate the protection of the natural environment and the problems of culture, regardless of whether they help maximize the economic growth. The people's income depends on their sense of happiness and satisfaction with life (Inglehard 2000: 218, 223). The popularity of the post-materialistic values is not, however, the same as that of the post-materialistic values (Inglehard, 2016: 216).
Francis Fukuyama	Economy, Political sciences, Philosophy	The economy is deeply rooted in the social life. Given the above, it cannot be analyzed separately from the social background. The social development is affected by customs and ethics. The development is affected by increasing awareness of and respect for culture (which determines the global economy) (Fukuyama, 1997: 11, 17–18, 31).
David S. Landes	Economy, History	The relation between the wealth of nations, and, among others, geographic factors, the routine nature of scientific research, the Industrial Revolution, technology, the autonomy of intellectual works, the method of confronting views, and the openness to changes (Landes, 2000: 379, 382–383, 386–387).
Sjoerd Beugelsdijk	Economy	The role of trust in clarifying the economic growth and the variability of economic results (Beugelsdijk, De Groot & Van Schaik, 2004).
Anton B.T.M. van Schaik	Economy	The impact of trust in shaping the economic growth; subject to the trust inherited by descendants of emigrants (Algan & Cahuc, 2010).
Henri L.F. de Grooty	Economy	The impact of the presence of immigrants on the prices of houses given, among others, their contribution to the ethnic diversity of the population, and the creation of consumer facilities (De Groot, Bakens, Florax & Mulder, 2018).
Yann Algan and Pierre Cahus	Economy	The importance of trust in the community and its effect on the economy (Algan & Cahus, 2013).

Benjamin Guin	Economy	The role of culture in making decisions on saving within German- and French-speaking Swiss households. In the German-speaking households the willingness to save is greater than in the French-speaking ones (Guin, 2016).
Robin K. Chou and Kuan-Cheng Ko	Finances	Managers representing the individualistic cultures that avoid uncertainty over-invest more frequently (Chou & Ko, 2020).
Gene Ambrocio	Economy	The impact of trust on macro-uncertainty (Ambrocio, 2017).
Ulrike Malmendier and Geoffrey Tate	Finances	The impact of self-confidence of executive staff on interruptions in investment projects of enterprises (Malmendier & Tate, 2005).
Richard R. Gesteland	Economy, business	<p>The division of cultures into: monochronous and polychronous ones, expressive and restrained ones, those focused on ceremonies and those not focused on ceremonies, and pro-partnership ones and pro-transaction ones.</p> <p>Monochronous cultures emphasize the significance of time (among others, punctuality, planned order, and efficient use), and polychronous cultures pay less attention to arrangements related to schedules. Expressive cultures communicate very expressively, showing emotions (among others, loudly, with rich body language, small private sphere), and, in turn, restrained cultures – in a more distanced way, controlling emotions (among others, through efficient body language, being balanced and through allusions). Cultures focused on ceremonies put an emphasis on the position in the social hierarchy, tradition, and the rules of conduct specified in the group, and cultures not focused on ceremonies do not pay such attention to the ceremonies and the differences in the status. Pro-partnership cultures are based on establishing relations, they are based on trust, and pro-transaction cultures are concentrated on the goals appointed, on accomplishing the tasks (Gesteland, 2000: 131–133).</p>

Geert Hofstede	Social psychology	<p>Dividing cultures by the following criteria: power distance (short/long), individualism and collectivism, femininity and masculinity, avoiding uncertainties (weak/strong), and short-term focus and long-term focus.</p> <p>Power distance involves relations between individuals representing different levels of the organizational structure. Long power distance informs of a high appreciation of the status (among others, degrees, positions, titles), and respecting people occupying high positions. In cultures with short power distance, they try to equalize opportunities and eliminate inequalities in the division of power. In the individualistic cultures, individuals make decisions themselves, have a greater freedom of action focused on task implementation. On the other hand, in the collectivist cultures, an individual is not the priority, only the group, with which everyone identifies, and within which interpersonal relations are created and maintained, loyalty is formed. The feminine cultures highly appreciate interpersonal relations, focusing on cooperation, caring for others, and feeling safe. In the masculine cultures, the following prevail: decisiveness and assertiveness, confrontations, achieving recognition, the sense of personal satisfaction (among others, in the economic perspective). Avoiding uncertainty depends on the openness and being ready to face the new, the unknown, and the different. This manifests itself in the approach to innovations and prejudices, in securing against the risk, etc. The short-term-focused cultures bet on completing the actions undertaken quickly, emphasize the significance of the past and what is right here and now. The long-term-focused cultures appreciate strategic thinking and securing the future, are more willing to save and to build long-time contacts (Hofstede, 2000: 407, 412, 417, 420–421).</p>
		<p>Culture is an invisible hand that rules the economic activities. This is supported by the experience of such countries as: the United States, the UK, Sweden, France, Japan, the Netherlands, and Germany, which represent different methods of implementing business tasks and appreciating factors affecting the process of creating wealth. It was proposed to classify cultures by: universalism and particularism, individualism and collectivism, analysis and synthesis, achieving status and</p>

Charles Hampden-Turner and Alfons Trompenaars	Management philosophy, organization theory	<p>assigning status, time focus (on the past, the present, and the future, sequentiality and synchronicity), equality and hierarchy, and the attitude towards the surroundings (internal control and external control).</p> <p>The conflict of values in the perspective of universalism and particularism consists in depending on codes and rules, or on taking account of exceptions. In the case of individualism and collectivism – on arranging and prioritizing the world of an individual, or a group. In analysis and synthesis – on breaking phenomena down into parts and joining smaller elements into larger ones. In the case of achieving and assigning the status – appreciating achievements or features of, among others, genders, age, education, etc. In equality and hierarchy – on motivating through uniforming, or through the authority and evaluations. In the case of the attitude towards time – through immediate actions or through coordinating a set of activities. In relation to the surroundings – on internal judgements, decisions, and obligations, or on judgements coming from the outside – signals, requirements, and trends (Trompenaars & Hampden-Turner, 2002: 13–25; Hampden-Turner & Trompenaars, 2006: 9–15, 20, 22, 387).</p>
Mariano Grondon	Sociology, Political sciences	<p>Dividing cultures into: pro-development ones (fostering development), and pro-stagnation ones (fostering stagnation). Among the main factors affecting this breakdown, the following are listed: <i>religion, the concept of an individual, the moral imperative, the wealth dimension, perceiving the competition, the concept of justice, the value of labor, education, the importance of usefulness, lesser virtues and time dimension</i> (Kultura ma znaczenie, 2003: 105–113).</p>
Shalom H. Schwartz	Social psychology	<p>The impact of cultural values on economic and social changes (Schwartz 2015; Schwartz 2007). Dividing the cultural focus into: <i>embedding – autonomy, hierarchy – egalitarianism and mastery – harmony</i> (Schwartz, 2014).</p>
Lawrence Harrison	Culture studies	<p>Dividing cultures into: progressive and conservative ones. The main factors affecting this breakdown are: <i>time focus, labor, saving, education, the highest value, the sense of community, moral standards, the idea of justice, power, and secularism</i> (Kultura ma znaczenie, 2003).</p>

Samuel P. Huntington	Political sciences	The identity of a civilization is culture and cultural identity. They shape the models of cohesion, disintegration, and conflicts around the world, affecting changes in the balance of power between the civilizations (Huntington, 1997: 14–15, 141).
Richard E. Nisbett	Social psychology	The distinctness within the processes of perception and thinking dependent on the geographic origin (the East and the West).
P. d'Iribarne	Political sciences	Disseminating the corporate values in an international corporation, and their actual interpretation by the employees representing different cultures (among others, French, American, Chinese, and Jordanian) (D'Iribarne, 2012).

Source: Author's own study on the basis of: MAZUR-WŁODARCZYK K., 2021. *The influence of culture on human economic activity*, [in:] MAZUR-WŁODARCZYK K., *Harmony in Chinese economic culture. The perspective of contemporary socio-economic aspects*, typescript.

Regardless of the classification applied, the economic space of human activity is undeniably related to culture. Associations appear most often in combination with the following categories of cultures: economic, business, entrepreneurship, industrial, management, enterprise, company, organization, and organizational culture.

The economic culture is the broadest one of the above mentioned. It is the background for the economic processes, as a subliminal stimulus of making economic decisions (Kozera, 2007: 74). According to Anna Gardocka, the economic culture exists in the community of a given economy, as the whole of material and intellectual human creations, the behavioral models that influence the manufacturing capabilities and manufacturing relations. It exists thanks to the managing entity – *homo oeconomicus*, and thanks to work. It includes general and professional knowledge (human capital), interests, values, norms (social capital) (Gardocka, 2000: 231) Grażyna Krzyminiewska describes this category as the achievements of a community, substantially affecting the environment, in which economic processes take place

and as an informal institution, which may affect the functioning of other – formal institutions (Krzyminiewska, 2013).

The industrial culture strengthens the mutual connections between society and industry, shapes the identity of local people and improves its image (*InduCult2.0: Odkrywanie kultury przemysłowej Europy Środkowej*). It shows, among others, the industrial traditions, the impact of the industrial development on different spheres of human life, and also the reactivation of industrial areas (former mines, coke plants, factories, etc.), and creating the industrial way (within, among others, the construction industry and designing utility products).

The entrepreneurship culture illustrates the attitude towards being creative, and innovative, the will to look for opportunities and sometimes even the readiness to take risks. It includes fostering the “entrepreneurial spirit” and pro-entrepreneurial attitudes – activities related to starting business operations. The entrepreneurial culture is sometimes also described in association with the business culture.

The business/labor culture is presented in five perspectives: 1) the organizational culture (described below); 2) the unique characteristics of each working person, connected with their sense of responsibility, readiness, familiarity, and professionalism (Wołk, 2017), including professional qualifications and personality; 3) as part of the humanity's generational achievements related to labor (Wołk, 2001: 22); 4) business ethics – emphasizing the significance of ethical codes in running a business, including also the corporate social responsibility, and 5) as an equivalent of business *savoir-vivre*.

The management culture is a notion that refers to the management process (Stachowicz & Machulik, 2001: 26). Pursuant to the BOSS Lexicon, it is a way of serving managerial functions, the system of managerial behaviors, within which personality models typical of social roles are formed. This culture affects the quality level and the time of implementing processes in the company, the rationalization of costs and effective service provided to the clients (Sajkiewicz, 2010: 21–36, 22). It significantly influences the company's culture (Smid, 2012: 265). The following management cultures are observed: talent man-

agement, based on the commitment, risk management, project management, data management, information management, etc. The management culture is sometimes used as a synonym of the organizational culture. In the professional literature, it also refers to spatial management and cultural institution management.

The enterprise culture seems to be one of the best examined cultures within economic sciences. It defines both what a company is, its characteristics, and also what it owns, or what it includes. It presents an informal system of thinking and conduct models (Juchnowicz, 2013: 36), creating the corporate identity and affecting the functioning of the enterprise and its effectiveness – market successes and failures. It is associated with the customary way of thinking, feeling and acting, which is shared, adopted, and assimilated by employees (*Leksykon zarządzania*, 2004: 251). It is also defined “as a set of significant terms, such as the norms, values, attitudes and beliefs, shared among the organization's members” (Stoner, Freeman & Gilbert, 1997: 186). It determines the organization's mood (Griffin, 1996: 116–117), and even its personality (Kostera & Kownacki, 1995: 298–299), distinguishing it from other enterprises (Bartnicki, Kryś & Stachowicz, 1988: 70). Robert E. Quinn and Kim S. Cameron have specified four types of organizational cultures: hierarchical (the beginning of the Industrial Revolution), market (the 1960s), clan (the 1970s), and adhocracy (the age of information) (Cameron & Quinn, 2003: 41–49). Edward Schein has depicted the organizational culture in the form of a model consisting of three levels: physical artifacts (among others, employees' clothing, room decor, work space organization), behavioral (among others, behaviors, ceremonies, rites at the company) and language (among others, legends, myths, language) (Schein, 1985). On the other hand, Geert Hofstede has presented the signs of an organizational culture in the form of layers: symbols (which cover, among others, words, gestures, and behaviors), heroes (characters recognized at the company), rites (for example welcoming, social and religious ceremonies), and values (binding the three previous layers) (Hofstede & Hofstede, 2007). And Richard Harrison has classified the

organizational cultures into the cultures of: power, roles, support, and success (Harrison, 1972). The typology of Raymond E. Miles and Charles C. Snow recognizes organizations focused on: defense, searching, analysis, and reactions (Miles & Snow, 1978). The classification by J. Peters distinguishes: the culture of innovation, the culture of action, the culture of control, the culture of harmony (Kostro, 2009: 49). A typology applying the names of military formations: knight army, mercenaries, conquistador army, mass mobilization, Janissary army, revolutionists, duke's crew and guerillas (Kostro, 2009). On the other hand, the classification of the organizational cultures proposed by Charles Handy takes into consideration the cultures of: Zeus (power), Apollo (role, function), Athena (tasks, intentions), and Dionysus (personal, individuality-based) (Handy, 1983). And the typology by Terrence Deal and Allan A. Kennedy divides the organizational cultures into: individualists (tough: with quick feedback related to decisions made and high risks), hard work and tough game (sustainable: with quick feedback and low risk level), process (routine-focused: with slow feedback and low risks), and gamblers (slow feedback and high risks) (Deal & Kennedy, 1982: 2000).

The above can be summed up with the phrase that in the Polish language, in economic sciences, the term *culture* is written definitively with capital “E” and “S”, and in this book, the terms *economic culture* and *management culture* will be used alternately, as supplementary – identical.

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Chapter 2

Cultural Conditions of Economic Behavior

经济行为的文化条件

Maria Bernat¹

Abstract: The chapter shows the role of culture as a component of human economic decisions throughout the history of economic sciences, from the classical school to contemporary science of complexity research trends. A real confirmation of the importance of this element is the success of economic programs adapted to national cultures.

摘要：本文展现了从古典学派到当代综合学科研究趋势的整个经济学的历史中，文化作为人类经济决策因素的作用。适应本国文化的经济政策的成功是这一因素重要性的真实写照。

Nowadays, the media have been interested in a far-reaching convergence of companies' economic behaviors which produce "cross-border civilization". However, this process concerns a rather narrow group of mainly consumer-oriented social behaviors (Welge, Holtbrügge, 2006: 36). Cultural differences which are typical of individual nations are the most permanent phenomenon of human civilization. Globalization, often defined as the global convergence of cultures, essentially reveals the deep spectrum of cultural differentiations that imply both successful and unsuccessful economic behaviors. At the end of the 20th century, in his book entitled *The Clash of Civiliza-*

¹ Maria Bernat: In 2002 she earned PhD in economics at the University of Opole, Poland. In 2010 she received her habilitation degree at VSB in Ostrava, Czech Republic. Since 2011, she has been Professor at Opole University of Technology. Her research work includes economic and cultural determinants of international capital flows in the form of FDI. Since 2017, she has been the advisor to the Business Center Club in Poland. She is the director of the Confucius Institute in Opole.

tion, S.P. Huntington presented an extreme and almost catastrophic vision of cultural conflict. Culture and the resulting differences imply our behavior primarily in economy. According to G. Hofstede, contemporary culture defined as a collective programming of the mind matches the era of digitization (Hofstede, Minkov, 2011: 21). On the other hand, F. Fukuyama defined culture as a sum of inheritable ethical habits (Fukuyama, 1997: 49). In fact, these approaches are not contradictory, although they adopt different perspectives.

According to Cozier, culture is the way in which a group of people solves problems and resolves dilemmas (Crozier, 1964: 17). The major challenge to mankind is the problem of rarity, the solution to which is strongly influenced by culture. Culture affects all the functioning aspects of societies as evidenced by A. Smith's notion of *homo oeconomicus* which reduces an individual economic behavior solely to a profit. Such an extensive simplification was firmly rooted in the tradition and culture of individualism which its author derived from. In *The Theory of Moral Sentiments*, Smith describes economic motivation as an extremely complex process, deeply rooted in social morality. This corresponds to the concept of E. Scheine, who introduced the iceberg metaphor, which fully reflects the impact of culture on social and economic life. In this model the main mass of ice is located below the water level and is invisible to the eye (Kania, 2009: 83). In neo-classical economic approach this essential aspect of economic human behaviors rooted in culture was neglected, as its representatives attempted to impose a certain universal and a-cultural model of human economic behavior essentially deviating from the assumptions of A. Smith. The universalism of *homo oeconomicus* was challenged by the representatives of the historical (Schmoller, 1925; Weber, 2007) and institutional schools (Veblen, 1958). According to these scholars, national culture determines economic activity. On the other hand, K. Marx considered cultural changes as a consequence of economic processes and positioned culture in his superstructure theory (Wojtyna, 2008: 14). Proponents of the currently developing science of complexity question both the neoclassical, Keynesian and monetarist ap-

proaches to economic processes, while denying a simplistic model and yet a-cultural vision of the producers' and consumers' behavior, regardless of the national group they represent. The neoclassical approach is also criticized by the behavioral economists, who use the output of sociological, psychological and neurophysiological thought (Łuszczuk, 2016: 41). Culture is an inherent component of economic behavior, affecting the relationship towards: work, money, redistribution of income, savings, planning horizon, the extent of permissible decision autonomy, perceived effectiveness of cooperation or competition. It seems that national culture strongly implies the character of the functioning of economic entities. This is very clearly demonstrated by international corporations, which operate at the meeting point of many cultures. The culture from which corporation derives indicates specific behaviors and the way in which it achieves competitive advantage (Doremus, Keller, Pauly, Reich, 1999: 24–58). According to Trompenaars and Hampden-Turner, the myth of the one perfect solution is slowly dying (Hampden-Turner, Trompenaars, 2002: 18).

Innovation, which is becoming a key element of competitiveness in the age of knowledge-based economy, also has its cultural implications. Hofstede points out that cultural properties determine certain potential advantages on international markets. In the case of innovation, the potential advantage is determined by the low level of uncertainty avoidance (Hofstede, Hofstede, Minkov, 2011: 412). According to Romer, the diffusion of innovation reflected in spillover effect impacts on economic growth (Romer, 1986). Bell claims that consumer-type individualism weakens the economy by inhibiting the penetration and diffusion of information. People who embody the collective ethos spread information faster (Hampden-Turner, Trompenaars, 2002: 77). This gives a potential advantage to collective cultures.

National culture shapes the development and the competitive position of individual economies (Porter, 1991: 596). It can also be a source of new values and eventually may satisfy more needs. Fukuyama proved empirically that human trust is essential in cultural diversity. Confidence as a measurable pragmatic value, the ability to

rely on partner's word (Fukuyama, 1997: 179) and values such as loyalty and truthfulness are examples of values which are considered to be the most important cultural features determining the economic success.

The strategic approach towards building national wealth presents culture as a lasting component of this process, responsible for 50% of the differences in economic growth rates (Kotler, Jatusripitak & Maesincee, 1999: 139–140). The failure of the economic reform program promoted by the IMF, also known as the Washington Consensus in the countries of South America, is a result of their inability to adjust to the cultural environment. In contrast, the Beijing Consensus became a spectacular economic success of China. The program of Chinese reforms started 40 years ago by Deng Xiaoping was firmly rooted into the culture of the Middle Kingdom. Although Deng's plan was based on the patterns used by the Asian Tigers (Japan, Taiwan, South Korea), which were ideologically and systemically different from China, the Middle Kingdom has been remarkably successful in implementing them. Cultural conditions made Chinese transformation unique and the mechanisms initiated there effective. However, it would be wrong to see any culture as an obstacle in modernization of the economy or a ready-made prescription for economic success. To a certain extent, Confucianism ignored scientific research by cultivating the cult of the well-educated ancestors. Research was important only when it had been discovered by successive generations (Landes, 2018: 387). Historical context plays an important role in shaping the economic position, when cultural aspects prove to be effective in this process (Hofstede, Hofstede, Minkov, 2011: 269). The cultural attributes associated with Protestantism were effective in the age of Anglo-Saxon capitalism. Nowadays, both Confucianism, and Protestantism seem to be the key to a modern economy (Góralczyk, 2018: 244). However, culture can also inhibit development processes. Landes points to the example of Russia, where culture hinders entrepreneurship. Seventy-five years of Russian anti-market and anti-profit approach have shaped attitudes hostile to entrepreneurship. Even after the fall of the Soviet

regime, the Russians are afraid of market uncertainty. They prefer the safe inertia of state jobs “equality in poverty” (Landes, 2018: 578). According to Hampden-Turner and Trompenaars, Ethiopia can serve as an example of a country in which cultural circumstances hinder openness to new solutions and innovations based on synchronic orientation towards the past. In Ethiopia, the future is seen as a chance to recreate a period of the past glory, which allows to protect heritage but does not initiate innovative solutions (Hampden-Turner, Trompenaars, 2002: 161).

The challenge for researchers lies in the accurate identification of cultural differences by indicating their sources and economic implications as well as drawing conclusions useful for economic processes. It seems necessary to face this challenge in the era of permanent migration of resources, the interpenetration of cultures on both real and virtual (the Internet) levels. The basic difficulties in integrating culture into economic analysis for Westerners, who are grounded in logic-based mathematics, are the lack of a quantifiable dimension of culture and the relativism of the researcher, who is also a person embedded in his own culture (Hofstede, Hofstede, Minkov, 2011: 315). The cultural stigmatizing of the researcher significantly reduces the reliability and objectivity of research.

It was only in the 1980s when management researchers paid more attention to cultural aspects in the decision-making process. At the same time Japanese companies, which are culturally unfamiliar to the Western world and yet able to compete very effectively with American and European corporations, became successful. Searching for the sources of the phenomenon of competitiveness of Japanese corporations, as well as attempts to imitate their solutions contributed to the “discovery” of culture as a factor of competitiveness of companies and economies. The success of the first and second generations of Asian Tigers, which are culturally exotic to the Western world, and also the subsequent entry of China into the arena of economic competition only confirmed the importance of culture.

At the turn of the 20th and 21st century, there was a significant increase in the foreign investment activity of international corporations, including international mergers and acquisitions, which resulted in an increase in demand for management knowledge in a culturally diversified environment. Intercultural management for a long time seen as an “underground business tendency” for many has become an integral element of strategic management of companies (Nowakowski, 2000: 14). Paradoxically, it is globalization that forces to take into consideration a broader spectrum of cultural differences in which economic processes take place. As the authors of *The Myth of the Global Corporations* prove: “Globalization increases the role of national differences in management, and not their erosion (Doremus, Keller, Pauly, Reich, 1999: pp. 24–58). The research conducted by G. Hofstede, A. Trompenaars, Ch. Hampden-Turner, E. Dülfer, P. d’Iribarne, T. Globokar, E. Marx and N. Adler supports the fundamental importance of cultural differences of individual countries and their influence on economic processes. At the same time, these differences challenge the theory on universal management methods which are effective under any conditions and location. The popularization of American business culture in the 1960s and the 1970s related to American economic expansion in Western Europe, has reinforced the belief about high effectiveness of American management solutions, as well as professional qualifications of managers who graduated from MBA studies, disregarding the cultural environment, in which the decision-making processes take place. International activities of organizations which have their headquarters located in the USA, such as International Monetary Fund and World Bank, which imposed the American standards of business culture (Durska, 2003), as well as the opinion-forming power of American economic research centers enhanced the belief about universal effectiveness of American solutions. Furthermore, this phenomenon was fostered by the worldwide popularity of the English language, and popularization of Anglo-Saxon institutional solutions in the countries which used to be the colonies of the British Empire.

The evolution of the growth poles of the modern world economy and the changes in the roles of leading and marginalized countries made it necessary to explore these process and pay more attention to the cultural aspects of these conditions. Culture, although subjected to very slow changes, is evolving, and is currently greatly influenced by the intensive migration of resources, technological progress and the activity of multinational companies, both as carriers of capital and as carriers of values.

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Chapter 3

Cultural Circumstances of the Chinese Economic Transition

中国经济转型的文化环境

Maria Bernat

Abstract: The author analyzes the adaptation of Chinese socio-economic reforms, launched in 1978, to the cultural environment of the nation. She points out the key, from the perspective of Western researchers, Chinese cultural dimensions: collectivism, long-term nature, a relatively low level of risk avoidance, high power distance influencing the nature of undertaken reforms. The author juxtaposed the uniqueness of the Chinese transformation with an alternative, neoliberal variant of reforms, that is the Washington Consensus, whose weakness was the universalization of the applied solutions, regardless of the specificity of the cultural background.

摘要：作者分析了 1978 年开始的中国社会经济改革对本国文化环境的适应性。她从西方研究者的视角指出了中国文化的主要层面：集体主义精神、大局的思维、较低的风险规避、影响改革进程者的较大的权力距离。作者将中国式转型的独特性与华盛顿共识倡导的新自由主义的改革形式进行了对照。后者的缺点是它旨在普遍地实施解决方案，而却忽视了文化背景的特殊性。

Introduction

The accumulation of economic achievements of the Middle Kingdom at the beginning of the 21st century, which is surprising and at the same time – greatly respected by highly developed Western countries – is the result of a very effective and consistent macroeconomic policy, skillfully integrated into the cultural environment and the process of globalization. It is also a return to the role of a superpower that China has held for many centuries, thus implementing the idea of a great renaissance for the Chinese nation (Góralczyk, 2018:

362). Through a clever use of exogenous sources of growth and a long-term strategy, China introduced the reforms which restored not only its economic, but also geopolitical position. Although the introduced economic program suffered from some drawbacks, such as unsustainable growth and social Darwinism, ultimately it proved highly effective.

Chinese cultural characteristics from the Western perspective

The set of Chinese cultural characteristics has been carefully (even numerically) studied by researchers representing Western culture: G. Hofstede, Bond, R. Gesteland, F. Trompenaars and Ch. Hampden-Turner who based on linear logic and were inclined to generalizations. They also identified cultural dimensions essential for establishing the economic power of the 21st century. These features include: collectivism, high power distance, longevity, low risk avoidance, external controllability and pragmatism based on empirical experience. G. Kołodko, one of the main leaders of the Polish transformation, who analyzed the sources of Chinese success, emphasizes the role of cultural attributes, such as pragmatism in the assessment of reality, collectivism reflected in the exceptional ability to organize collective effort and the farsighted ability to look forward, even in between generations (Ramontowski, 2019). Many global challenges, such as ecological and climate changes, require long-term policies. A hundred years ago Max Weber believed that Confucian cultural approach, which integrates prevention, perseverance, austerity and respect for tradition, hindered China's social and economic development (Weber, 2000: 132–252). However, nowadays it stimulates China's spectacular growth. It should be emphasized that the above characteristic was based on Western social thought. All of the above mentioned attributes influenced the macroeconomic policy of the PRC at the turn of the 20th and the 21st century. With regard to globalization, they imply the international behaviors of Chinese entities in the form

of FDI both as a recipient of capital and as an active direct investor in the world.

Cultural background to the reforms of the PRC

In 1978, China began a systematic process of catching up with developed countries. Deng Xiaoping introduced reforms which were very deeply rooted in the Chinese culture. In the days when the Soviet Union should have been an obvious model for developing a communist country, China adopted a completely different economic scheme developed by the Asian Tigers: Taiwan, South Korea, and Singapore. All of these countries shared Confucian cultural origins; however, they differed ideologically and systematically. They were united by a cultural community and essential economic success, which was greatly desired under Mao Zedong's ruling in extremely marginalized China. The deeply rooted sense of power from the past motivated the effort to restore that role. Unfortunately, Mao Zedong's reforms did not support this goal. The economic disaster at the end of Zedong's reign, when not only did he fail to become a world leader, but China's share of the world GDP fell to just 4.9% and its role in trade was marginalized to 1% (Góralczyk, 2018: 39) did not satisfy the ambition of the nation that had played the leading role for centuries. It turned out that the Maoist system did not ensure sufficiently rapid economic growth and was no longer socially acceptable (Gawlikowski, 2012). In practice, it proved to be a corset for Chinese entrepreneurship. The market mechanism set in motion by Deng unleashed large deposits of suppressed Chinese entrepreneurship, which Góralczyk describes as Chinese DNA, and which are typical of low risk avoidance cultures. Today, the city of Wenzhou is an excellent example of this phenomenon. It exemplifies Chinese entrepreneurship and the pro-export attitude of Chinese enterprises (Bernat, Zhang, Wu, Qiu, 2012). Despite the lack of individualism, which, according to Adam Smith, was the cornerstone of market freedom Chinese society adopted perfectly well to the conditions of free market and very quick-

ly achieved high efficiency. In terms of market mechanisms, the specific cultural dysfunction reflected in a lack of individualism is effectively compensated by the low level of risk avoidance which drives entrepreneurship. Furthermore, collective culture implies the ability or even moral compulsion for cooperation based on trust. It reduces transaction costs and increases the efficiency and security of market allocation. Deng Xiaoping named the system established in the People's Republic of China "socialism with Chinese characteristics". The term itself imposes a unique cultural specificity as a condition for its effectiveness and the lack of pressure to spread it. It was established based on the Chinese pragmatism of Deng Xiaoping, who combined the market economy mechanisms with a strong role of the state.

The deficit of internal capital was an obstacle in successful implementation of the bold economic reforms in the PRC. Undoubtedly, the Confucian high propensity to save increased the supply of capital, but it was not enough to satisfy the actual needs of the reforming economy. When deciding to open up to foreign capital, it was very pragmatically assumed in advance that the capital would not come from systematically similar (socialist) countries, because they did not own surplus of capital, models of competitive economic behavior, know-how or technologies, which along with the FDI would stimulate the economy. Above all, socialist countries were not culturally similar to China. The selected form of capital absorption itself was also pragmatic: FDI instead of portfolio capital.

Holistic capital flows in the form of FDI involve a wide and clearly heterogeneous transfer of production factors. Unlike portfolio flows, FDIs are not limited to the transfer of monetary capital alone. It is generally accompanied by migration of other factors, such as: labor, production equipment, technological and organizational know-how and elements of the entrepreneurial culture of the country from which the investment originates. In the case of FDI, a whole set of values, which in the theory of economic growth are regarded as determinants of this process, is transferred. Introducing Chinese reforms initiated in the 1970s based on the models of the Asian Tigers rather than Western

economic leaders, was in a sense a consequence of the failure of Chinese reforms introduced at the beginning of the 20th century by the “May Fourth Movement”, the “New Culture Movement”, based on unsuccessful attempts to implement Western standards of democracy or the condemnation of Confucianism. According to Siewierski at that time, the transfer of Western development instruments (Western legal order) based on the indoctrination of the Chinese people with Western ideas was neglected in China (Siewierski, 2010: 286–289).

Beginning with 1978, the process of implementing reforms introduced by Deng Xiaoping, was gradual and spread over a very long period of time, in line with the Chinese concept of harmony. The rapid application of economic marketization, also known as the Washington Consensus, implemented in the 1990s by the IMF in Central and Eastern European countries would contradict the inherent need for harmony in Chinese society. It should be emphasized that the implementation of this program resulted in the recession, which China has consistently avoided since 1979. The concept of Washington Consensus introduced in Poland, other Baltic countries, Romania and Hungary has been vastly criticized by a Chinese scientist, Zhang Weiwei, who claimed that “20 years ago cities like Warsaw and Budapest were a decade ahead of Shanghai, while now they seem to be a decade behind”. This is a bitter review of the reforms the author juxtaposed with the model of Chinese development (Góralczyk, 2013).

The Chinese transition was limited to economic reforms and only marginally addressed political issues. The PRC remained a communist country led by an authoritarian government. The tangible success of the reforms reflected in an increased standard of living was intended to ensure public support for the continuation of the communist leadership. Mao Zedong also received such support when he introduced his reforms, but at that time social approval was necessary to ensure the sovereignty of the country after a hundred years of humiliating dependency. According to Bolesta, during the economic transformation Chinese political system evolved from the authoritarian in the 1970s and the 1980s (Bolesta, 2006: 81) to the current form defined by

Gawlikowski as caring authoritarianism. Chinese centralism in decision-making, which is typical of high power distance culture allowed the authorities led by Deng Xiaoping to introduce reforms smoothly without opposition known in democratic systems. As Gawlikowski points out, state interventionism has a long tradition in East Asia, and was also implemented in Japan, Singapore and South Korea. The very issue of privatizing itself, which is the essence of the reforms of the neo-liberal Washington Consensus, has not found fertile ground in China. According to the Confucian tradition, private property was rejected as “morally reprehensible”, which corresponded to the belief that individualism was reprehensible (Gawlikowski, 2012). Bolesta considers the preservation of the authoritarian system in the PRC as a result of culturally conditioned patterns of social preference (Bolesta, 2006: 22). Authoritarianism, with no opposition, allowed for vast government spending used to develop infrastructure, which resulted in high investment attractiveness for China and helped to effectively cushion market failures during the crisis in 2008. It was then that a strong state was able to effectively intervene and pumped USD 586 billion into the Chinese economy (Morrison, 2013). It was state spending that evolved into another driver of Chinese economic growth at the turn of the 20th and the 21st century.

Deng Xiaoping used the achievements of Western economics in his utterly pragmatic reform program. By implementing a set of economic solutions that would be completely incomprehensible for the Westerners, he combined the power of the state, which is the essence of Keynesian economics, and the efficiency of the market mechanisms typical of neo-liberal thought. As a result, a historically unique doctrine of growth was established. Deng Xiaoping did not directly benefit from Ordoliberalism – the concept which was developed based on the Western European model of social market economy – because it was based on Christian values which were culturally unknown to inhabitants of Asia. Nevertheless, the ethical values which were necessary to secure transactions were provided by Confucianism. Although defined as a philosophical system, in China, Confucianism is per-

ceived as a religious cult with its own Confucian temples. The reference to tradition was essential for winning social acceptance necessary to introduce the reforms, and Confucius embodied tradition by all means. Confucianism turned out to be a pragmatic alternative to the natural human need for spirituality embedded in the scientific studies of the ancestral books.

Despite the fundamental role of Deng Xiaoping in the Chinese transformation, Prime Minister Zhu Rongji also played a significant role in this process. Zhu Rongji was not only a political activist, but also an economist and lecturer at the renowned Qinghua University, where he held the post of a dean (Pieczonka, 2012). The practical approach combined with the scientific background of Prime Minister Zhu Rongji allowed for the continuation of the meritocratic leadership in China.

Zhu Rongji was fascinated by the unusual variation of socialism in Yugoslavia, which – at that time – was located at the periphery of the Socialist Bloc. Yugoslavian socialism was also a hybrid allowing implementation of a number of solutions typical of market economy. The idea of “marketization of socialism” implemented by Zhu Rongji, especially the legislative reforms, changed Chinese economy to a great extent, the change being reflected in the implementation of global legal standards into China’s economic legislation and joining the World Trade Organization (WTO) in 2001 (Góralczyk, 2018: 178). The combination of Keynesianism and neo-liberalism as a synthesis of contradictions in the Chinese reforms is the essence of Taoist *yin* and *yang*, leading to a synergy. However, for the Westerners such a combination seems absurd. The socially desirable process of gradual but consistent accumulation of social wealth, based on efficiency of the market, ensured public support for the authorities, but unlike it is for democratic states, it was not a necessary condition. The lack of social uniformity of this process, typical of marketization, was pragmatically adopted in advance, as reflected in Deng’s words “some get rich first”. The reforms based on efficient market mechanisms led to great inequalities reflected in the Gini coefficient officially assessed at 0.474

and unofficially – even at 0.61. In the process of facing inequalities, the cultural aspect should be emphasized. Although in Chinese high-distance culture social inequality is commonly accepted, extreme income differences are a threat to social peace. Therefore, Beijing authorities were determined to keep it. China was slowly introducing mechanisms leading to a balanced growth at the expense of its rate. Officially, China's 12th five-year economic plan for 2011–2015 justified a lower growth in exchange for greater sustainability. On the other hand, lower growth could pose a significant threat to social peace as the Chinese had already been accustomed to a systematically increasing income. The reforms introduced by Deng Xiaoping eliminated poverty, lifted 200 million people out of extreme poverty and developed the middle class, which in 2018 was 300 million. Paradoxically, in a socialist society which, by definition, is classless, the middle class is a refuge for power. The growing prosperity of the middle class has a stabilizing dimension. As Hefele and Dittrich point out, the prosperity of the middle class allows maintaining the status quo by the ruling party (Hefele, Dittrich, 2011). Nowadays, in the second decade of the 21st century, the middle class has become another driver of growth, independent of foreign consumers – the original driving force behind this process.

For Westerners, who value the logic of reaching the truth based on mathematics, universal rationalism, and integration of neoclassical concepts, the combination of effective market mechanisms and the Keynesian effectiveness of a strong state are exclusive. However, the Taoist perception of *yin* and *yang* contradicts Western linearity, logical empiricism and rationalism. In Chinese philosophy, the paradox and contradictions are considered natural elements in the functioning of the world (Bolesta, 2006: 102). It is no wonder that Kai Strittmatter defines contemporary China as “the fantastic kingdom of opposites” (Strittmatter, 2018: 38).

The concept of harmony, in which a high distance is an element that binds social reality, also creates a social order: a seemingly contradictory market and the state *yin* and *yang* monetarism end Keynesi-

anism. Hofstede considered long-termism, also known as Confucian dynamism, as one of the cultural dimensions. It enhanced gradual reforms which were integrated into the Chinese paradigm of harmony. The long-term approach and no need for a rapid success imposed in Western countries, which are constrained by four-year terms of office following democratic elections, allowed adoption of a gradual introduction of reforms and systematic implementation of the adopted strategy. Slow but consistent reforms, hardly noticeable to the Western world, not only allowed China to regain its position, but also to develop Chinese potential of the second world economy at the end of the 20th century. According to Hampden-Turner and Trompenaars, the cultural attribute of external controllability enhanced the absorption of foreign management solutions transferred with capital in the form of FDI. However, as Fairbank points out, Chinese external controllability and capacity for adjustment is limited in terms of core values. To quote the leading Chinese ideologist Zhang Zhidong: “Chinese learning as substance, Western learning for application”. Fairbanks explains the instrumental and utilitarian perception of Western knowledge (Fairbank, 2004: 238).

The fluent evolution of growth drivers followed, owing to multinational corporations which were encouraged to invest due to low labor costs and the lack of claims of the workforce guarded by the authoritarian state. Subsequently, the state’s bold investments in the infrastructure set attractive conditions for private capital investments, while large projects (Beijing 2008 Olympic Games, World Exhibition EXPO 2010) generated an investment-friendly image of China as a wealthy society. Other driving forces behind the growth of the Chinese tiger are the Chinese FDI and accompanying projects (One Belt One Road) which enhance intercontinental communication and development of transport arteries. Even though in the past, large savings encouraged by the Confucian mentality generated the capital necessary for investment, now Confucian spirit seems to limit the domestic demand intended to replace the global demand for Chinese goods at the initial stage of reform. Currently, China is experiencing its ‘con-

sumption miracle', which has deep cultural roots. Chinese culture is high-distanced, collective and ceremonial (Gesteland, 2000; Hofstede, 2000). These attributes strongly influence Chinese consumption. Confucian austerity has been confronted with the Byzantine splendor that is the attribute of ceremonial and high-distance culture associated with social position and prestige. Although Confucianism formulates the moral imperative of modesty in consumption, it points to a macroeconomic phenomenon in which the prosperity of a household builds a harmonious society.

Attributes of social position require certain forms of consumption. Astonishing wealth indicates social status. Society's culture is rooted in its religion. Chinese societies have been rooted in Buddhism. Although Buddhist monks lead an ascetic life without money and permanent residence, common people are allowed to be wealthy. In this sense, Buddhism set clear rules regarding the relationship between man, money and wealth. Wealth should be obtained fairly, it should make the holder happy and no-one should be attached to it because ultimately it should be given away. Unlike Roman Catholic Christians, Buddhists do not regard wealth as an obstacle in entering eternity. In contrast to Protestantism, which encourages modest consumption, Buddhism allows accumulating an astonishing wealth. This corresponds to the consumption model of the upper middle class and the wealthy social groups. The Chinese middle class is essential to Chinese consumption because its growth fulfils economic and social functions. Consumption of the middle class replaces the existing extensive and exhaustive sources of growth and alleviates social tensions arising from extreme income dispersion. The volume and dynamics of Chinese consumption imply vast changes in the global market. The Chinese middle class is consuming the fruits of nearly four decades of economic growth. Consumption behind the Great Wall is encouraged by cultural attributes and intergenerational changes. The new generation is moving away from Confucian modesty towards consumerism and the inherent element of Chinese culture – social relationships

guanxi – are often used as an excuse which justifies owing luxury goods and showing corrupt behaviors (Bernat, 2015).

In the second decade of the 21st century, China entered a new phase of development, in which economic growth has been no longer driven by exports but a rapidly growing domestic consumption reflected in an increasing wealth of society. China has large reserves of consumption, given the relatively low share of private consumption in the distribution of GDP. At this stage, cultural heritage is also proving to be an important, although not autonomous, factor which influences the effectiveness of including consumption into development.

The cultural context of Chinese internationalizing

China's opening up to the world and adopting the strategy for internationalizing the economy against China's centuries-old aversion to foreigners *wai guoren*, under Deng Xiaoping's leadership became integral parts of the reform. Breaking the deadlock in relationships with the outside world and opening up China's *kaifang*, which was a key element of Deng's policy, was the endeavor similar to the Copernican upheaval, considering the full isolation of the country according to the dogma of Mao-Zedong's policy. China's aversion to strangers was caused not only by the humiliation after the opium wars in the 19th century. It dates back to the 16th century, when China was a superpower. Landes, who analyzed the causes of the developmental regression of the Middle Kingdom, emphasizes cultural triumphalism, which was exemplified by the attitude of Emperor Qianlong (1723) towards the British diplomatic mission of McArthur.

This fact indicated the Chinese belief in their superiority, resulting in an almost protective attitude towards foreigners which was based on the sense of moral, spiritual and intellectual superiority of the Middle Kingdom. Furthermore, Landes explains the paradox of the superiority complex, which inherently masks a sense of threat and uncertainty (Landes, 2018: 377–378). The very name of China – Middle Kingdom – is determined by its role. The imperial court was

not interested in developing foreign relationships because it did not see any pragmatic benefits in doing so (Pieczonka, 2012). This attitude resulted in a developmental inertia followed by the negative experience of the 19th-century opium wars reflected in the arrangements of the Treaty of Nanjing and the humiliating dependence on Western powers. The isolation from the outside world pushed China into the role of a backwater province. In 1954, Mao Zedong was legitimized to isolate the country and restore national dignity which was extremely important for the Chinese. However this approach could not be continued due to the inertia of development and the fact that the reforms were enhancing China's sequestered role (Gawlikowski, 2012). Therefore, Deng's opening policy in 1978 was a pragmatic necessity to restore China's rightful place on the international arena.

The launch of Deng Xiaoping's pro-development economic reforms required capital – an investment surrogate that China did not have. Privatization of state-owned enterprises and the restoration of the family rural economy allowed accumulating capital internally, but it did not satisfy the actual needs of the reforming economy. In the 1980s, capital was not accumulated in the systemically similar socialist countries. It was available among the Asian Tigers which were geographically and culturally close to China. For this reason China pragmatically opened to the capital which was accumulated all over the world among representatives of Chinese nation – *huaqiao*. According to Fukuyama economic success of Chinese emigrants outside the communist PRC, which took place under different systemic conditions, was achieved due to cultural attributes, in particular, the essential role of personal and family relationships also known as *guanxi*, which are based on trust and guarantee the security of transactions (Siewierski, 2010: 289). This unique cultural phenomenon, which grew out of Chinese collectivism guaranteed an inflow of domestic capital along with experience gained in highly developed market economies. Zwolińska describes *huaqiao* as the first channel of capital inflow into the economy of the PRC (Zwolińska, 2007: 267–268). The launch of the market mechanisms, which triggered large deposits

of Chinese entrepreneurship, along with a huge wave of foreign capital, initiated the economic growth of the world's most populous country after 1978. The economy was consciously opened up to foreign capital, but in the form of FDI rather than speculative portfolio investments sensitive to the recipient country. Chinese economic transformation included a very clever release of foreign capital into the economy, cultural circumstances of the host country, as well as the entire program of reforms. Góralczyk compares the role of China in capital flows at the turn of the 21st century to the ruse of Zhuge Liang, who was a strategist of Middle Kingdom during the Three Kingdoms era. His ingenious strategy was depicted in the recently released film entitled *Red Cliff*. In order to provide his soldiers with arrows, Zhuge Liang allowed the enemy to shoot boats full of straw puppets which were indistinguishable from ships with a real crew in the dense fog. When the mock ship left the port, it was flooded with the enemy's arrows and that is how Zhuge Liang gained a powerful supply of arrows (Góralczyk, 2018: 228). This parallel illustrates China's strategy of changing the role of China not only in terms of capital flows but throughout the global economy. At the end of the 1990s, the flow of foreign capital was stimulated by extremely low labor costs and more than one billion consumers "fired their arrows" by allocating capital in the Chinese economy, at the same time respecting the rigid conditions imposed on it. From very early on China established a rigorous and effective (due to high investment attractiveness) policy of controlling the inflow of direct investment (Chołaj, 2008: 107) into modern fields. FDI was allowed only if at least 50% of the production resulting from that investment was exported and if a joint venture with a Chinese partner was created. As Siewierski points out, the authoritarian form of governance, which was criticized by the public opinion in the West, proved to be a desirable partner for foreign corporations (including Western ones) to ensure that agreements were kept (Siewierski, 2010: 288). The pragmatic approach to economy that is typical of Chinese culture is reflected in the fact that China established five special economic zones, which were very attractive to foreign capital, in case the

program introduced by Deng Xiaoping in 1978 failed. The zones were located at a sufficiently large distance from the center of the country in order to react fast in case of failure. At the same time, the zones were located close to Hong Kong and Taiwan – potential sources of investment capital. The essence of this specific experiment is also reflected in Deng Xiaoping’s claim: “Cross the river by feeling the stones” (Pieczonka, 2012). Although Chinese economy was opened to foreign capital in 1978, the actual intense capital flow started after 1992.

The structure of the capital flow into Middle Kingdom’s economy shows a good adaptation of investments made in culturally close economies. Over 75% of the FDI inflow (data provided by the MOFCOM) comes from Asian, non-Western countries. Undoubtedly, Asian foreign corporations take the lead in the allocation of foreign capital in the Chinese economy due to cultural similarities and spatial proximity so they benefit the most from it. A significant amount of foreign capital flows to China from *huaqiao* – a foreign diaspora of Chinese emigrants who have been economically successful abroad. This is a rent of trust towards the representatives of the nation who succeeded in other systemic conditions and the implementation of the concept of *guanxi*. The high share of the capital inflows from culturally identical Hong Kong and Taiwan has eliminated cultural barriers which are very important in the allocation of capital in the form of FDI. In the second half of the 1990s, Western capital (from the USA and the EU) began intense investment expansion in China; however, its share in the annual flows never exceeded 16% of the capital invested in FDI (according to MOCAM).

Among Western investors, the Americans, Germans and British have proved to be the most active. Several aspects of cultural conditions were favorable for the inflow of Western capital into the economy of Middle Kingdom. According to Hofstede, the flow of capital from the economies of the home countries representing a low power distance to the high-distance host countries is a premise for successful internationalization (Hofstede, 2000: 222). The high distance of power

and authoritarianism secured contracts, while external controllability turned out to be a premise for the uninterrupted implementation of management and technological solutions in the host environment, which is responsible for potentially high efficiency of foreign enterprises in China. In addition, authoritarian power typical of the high power distance culture increased the predictability of decisions made by foreign investors, especially those from the Western cultural circle. Contrary to Western public opinion, it was convenient for international corporations and was a component of the investment attractiveness of the PRC (Siwiński, 2010: 289).

Along with the opening up to foreign capital in the 1970s Deng Xiaoping decided to send talented young people to study at foreign universities. According to data provided by the Ministry of the People's Republic of China, between the years 1979 and 2000 there were 600 000 people sent to study abroad. In 2018, this number increased to 5.2 million (Góralczyk, 2018: 231). This bold far-sighted move was complementary to the absorption of foreign capital and became its integral part in the age of globalization. It also created an extraordinary competitive advantage over Westerners, who do not know China. At present, many Chinese know both economic and cultural conditions of the West and are able to compete effectively under these social and economic circumstances, while the West shows a clear lack of competence in competing in China. Today, the increasingly wealthy Chinese middle class continues to send young people to foreign universities. This is a symbol of prestige, but also a consequence of cultural collectivism, when the family provides educational opportunities, often at the cost of great sacrifice. The attribute of *guanxi* relationships and a loyal return after graduating is still important. A sense of togetherness and collectivism, which is immanent to Chinese culture, determines these returns which are valuable to the economy.

The amount of foreign capital which was intensively absorbed by the Chinese economy allowed a reversal of its role, evolution of its comparative advantages and promotion of China's competitive posi-

tion. This process of absorbing foreign capital as well as China's external investment activity are the components of Chinese transformation which are strongly integrated into the cultural environment.

For over three decades China has been considered an attractive capital recipient and a base for cheap and simple production. However, when it became an active global investor, the world's map of capital flows and growth poles fundamentally changed. In 2015, China absorbed USD 135 billion in FDI worth USD 145 billion (World Investment Report 2018) and became a net exporter of the capital that astonished the world. The intensive absorption of capital allowed China to become an economic power ranked as the second world's economy in terms of GDP. Since 2009, the Chinese People's Republic has played a leading role in the world trade. This has been accompanied by a substantial technological change which transformed an imitator into a generator of innovative and modern technological solutions. Although quite often FDI serves as a desirable source of external power supply for which the host countries are intensively competing, the active role of China as an investor has raised great concerns, precisely because of the country from which investment capital originates. Chinese FDIs are often perceived as Trojan horses in host economies. The evident relationship between government authorities providing companies with financial support, the indirect risk of pursuing political goals, involvement in large projects like One Belt One Road, the unequal access of Western companies to the Chinese market, definitely have intensified these concerns (Bernat, Tereszkievicz, 2017). Chinese investors in Cambodia do not generate the spillover effect in the host economy but rather activate Chinese entities. The existence of Chinese FDI has become a fact. The opening up of the Chinese economy to the capital of the Deng's *kaifang*, resulting from the actual needs of the economy, has proved to be a significant growth driver, perfectly in line with the powerful process of globalization. However, the rhetorical question arises: To what extent has China benefited from this process, given its size, its deficit in the capital and know-how as well as its cultural specificity?

Conclusions

The economic success of the PRC, measured by the rate of economic growth – the longest in modern history – accompanied by an increase in the wealth of Chinese society, has been triggered by unique reforms adopted and fully written in the Chinese culture which enhanced their effectiveness. According to Western researchers, the main dimensions of Chinese culture, which are inscribed in the transformation include: long-term nature, collectivism, high power distance and relative low risk avoidance. Although the avant-garde Chinese reforms, which successfully combined Taoist opposites subordinated to the paradigm of harmony, seemed unacceptable for Westerners, they became successful in South Asian culture. The reforms moving in line with the cultural context were highly effective and resulted in a global economic success. The high power distance socially legitimized decision-making centralism. This resulted in a relatively easy implementation of rather difficult economic reforms and acceptance of their social consequences. The Chinese reform program was unique as it was compatible with the cultural environment. Although the contemporary economic thought has recognized the role of cultural environment in economic processes, its significance has not been fully appreciated. The neo-liberal reform program of the International Monetary Fund, also known as the Washington Consensus, failed to appreciate the importance of cultural circumstances in effective economic development. The harmonious integration of growth drivers into the Chinese transformation has been accompanied by progress in competitiveness in the global economy. Although, wary of foreigners, China was culturally predisposed to absorb foreign capital in the form of FDI, it was a very important exogenous growth driver, source of capital and carrier of know-how, especially in the first phase of reforms. At the current stage of transformation, the global use of Chinese FDI and internal consumption of drivers of economic growth involve a substantial risk due to the specific cultural nature of Chinese society and requires formulating an insightful social and economic policies.

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Chapter 4

Chinese Economic Culture

中国的经济文化

Katarzyna Mazur-Włodarczyk (宁羽沙)

Abstract: The chapter outlines the temporal, spatial, and resource-related framework of Chinese culture, mentions the lines of current research on Chinese culture, and indicates its main elements, including concepts related to economic sciences. The author presents the typologies of cultures developed by T. Hall, F. Fukuyama, L. Harrison, G. Hofstede, F. Trompenaars & C. Hampden-Turner, R.R. Gesteland, S.H. Schwarz, and M. Grondon. She also indicates that contemporary Chinese culture combines elements of traditional Chinese culture with modern ones, as well as typically Chinese and foreign elements. Finally, the factors influencing China's economic success are classified.

摘要：本文概述了中国文化的时间、空间和资源框架，介绍了有关中国文化的最新研究，并指出了其与经济学科相关的主要元素和概念。作者介绍了 T. Hall, F. Fukuyama, L. Harrison, G. Hofstede, F. Trompenaars 和 C. Hampden-Turner, R.R. Gesteland, S.H. Schwarz, 以及 M. Grondon。本文指出当代的中国文化是传统元素与现代元素、中国元素和外国元素的结合体，并且还对影响中国经济成功的因素进行了分类。

Chinese culture is one of the world's oldest. Together with the cultures of the Mesopotamian, Egyptian, and Indian civilizations, it influenced the development of the then communities and, in the long run – the shape of the modern world. A culture is difficult to define, it is sometimes described as something unspecifiable (Herder, 1952: 74). Despite the observation offered by Shi Lee that presenting Chinese culture is definitively easier than e.g. defining the general concept of

a culture (Li, 2013: 7), its whole richness cannot be presented in a short article. On the other hand, it is possible to outline certain frames: time, spatial, and resource-based ones.

In Chinese sources, the formation of Chinese civilization is dated back to a period more than 5 thousand years ago, which is supported by signs of organized social life within the area of the present-day Zhejiang Province [浙江]. It is not possible, however, to date the beginnings of China, and therefore those of Chinese culture, precisely. Mieczysław J. Künstler states that in this case, there is no analogy with the year 966 from the history of Poland, therefore the moment from which China has existed cannot be precisely specified (Künstler, 2007: 13). With a lot of simplification, in terms of time, Chinese culture may be, for instance, situated along the line between the period of the mythical rulers – the Period of the Three Dignified Ones, and the Five Rulers [三皇五帝], among others, the first mythical ruler of China, Fuxi [伏羲], Shennong the Divine Farmer [神农], and Huangdi – the Yellow Emperor [黃帝], namely the period approximately defined around the year 2850 BCE, and the present day, or it can be described as the period from the reign of the consecutive rulers of the historically confirmed dynasties¹, starting with the Xia Dynasty [夏] being in power in the years 2070–1600 BCE, through the government of the Republic of China [中华民国], and then the chairmen of the People’s

¹ The Chinese rulers mentioned include representatives of the following dynasties: Xia [夏], Shang [商], Zhou [周] (and this includes Western Zhou [西周], and Eastern Zhou [东周], covering the period of Springs and Autumns [春秋时代], and of the Warring States [战国时代], Qin [秦], Han [汉] (Western Han [西汉], and Eastern Han [东汉]), the Three Kingdoms period [三国] (Wei [魏], Shu [蜀], and Wu [吴]), Western Jin [西晋], Eastern Jin [东晋], and the Sixteen Kingdoms [十六国], the Southern and Northern Dynasties [南北朝] (within the Southern Dynasties Song [宋], Qi [齐], Liang [梁], and Chen [陈], within the Northern Dynasties: Northern Wei [北魏], Eastern Wei [东魏] and Northern Qi [北齐], and the Western Wei [西魏], and Northern Zhou [北周]), Sui [隋], Tang [唐], the Five Dynasties and Ten Kingdoms period [五代十国] (Later Liang [后梁], Later Tang [后唐], Later Jin [后金], Later Han [后汉], Later Zhou [后周], and the Ten Kingdoms period [十国]), Song [宋] (Northern Song [北宋], and Southern Song [南宋]), Liao [辽], Western Xia [西夏], Jin [金], Yuan [元], Ming [明], and Qing [清].

Republic of China [中华人民共和国]-PRC. However, the period from the reign of the Xia Dynasty does not match more than 5 thousand years of history, but it is shorter by approximately one thousand years.

From the spatial perspective, the beginnings of Chinese culture are localized within the Yellow River basin [黄河], referred to as the cradle of Chinese civilization. However, due to China's quite turbulent history, among others, changing dynasties, and numerous military clashes, its boundaries were changing continuously. The notion of the Chinese cultural area, or the Chinese civilization zone – is certainly associated with Asia, and with the common cultural features of people who live in it – unchanged for a long time (among others, norms, values, behavior styles, beliefs, knowledge, customs, ideas, symbols, etc.), which distinguish a given group from other groups, and strengthen the feeling of bonds and belonging within it (*Leksykon zarządzania*, 2004: 250). In the opinion of Samuel P. Huntington, within the Chinese cultural zone, hierarchy and collectivism are well developed, and cooperation is also highly valued. In the scholar's opinion, China together with North Korea, South Korea, Vietnam, Taiwan, and Singapore belong to the Chinese cultural cluster (Huntington, 1996: 26). Thus, Chinese culture may be associated not only with China, but also with countries of South-East Asia, or according to the GLOBE model typology – with the countries of the so-called *Confucian Asia*, which also includes: Singapore, Taiwan, Hong Kong, South Korea, and Japan. Another typology of cultural zones, proposed by Simch Ronen, classifies China together with Singapore, Malaysia, Hong Kong, Vietnam, Indonesia, Taiwan, and Thailand in *the Far-East Zone* (Bohlander & Snell, 2010). Thus, one determinant of a cultural zone may be the prevailing philosophical-religious system (in the case of China – Confucianism, political system (PRC – socialism with Chinese features [中国特色社会主义]²), or other prevailing cultural hall-

² Socialism with Chinese features combines assumptions of: Marxism-Leninism, ideas introduced by Mao Zedong [毛泽东], Deng Xiaoping, the Three Representations Rules [三个代表], the Scientific Development Concept [科学发展观], and the ambitious plans of reforms and development introduced by chairman Xi.

marks – for instance historical traditions, shared customs, shared social institutions, or a common language.

The notion of *the Chinese language*³ is quite broad and usually relates to the living language, used within the territory of the PRC. To simplify, Chinese language could mean the official language, the standard *Putonghua language* [普通话] – the Mandarin dialect [官话方言]. In fact, the Sino-Tibetan language group includes other dialects used within China, these are the following dialects: Cantonese/Yüe [广州话/粤语], Hakka [客家话], Wu [吴语], Min [闽语], Xiang [湘语], and Gan [赣语]. The Chinese languages are sometimes also divided into the northern language group (Mandarin languages), and the southern language group (the remaining listed). The Chinese language area is easier to particularize, since it includes areas, where (Künstler, 2000: 40):

- Chinese is presently spoken, among others, in Mainland China, Taiwan, Hong Kong, Macau, and Singapore;
- the Chinese language is not used anymore, but was in use in the past and the Chinese characters were used to write in the local language, e.g. in Korea, Japan, and Vietnam;
- the Chinese language is used by the population colonizing these areas, e.g. in Malaysia, Indonesia, the Philippines.

In resource terms, Chinese culture may be characterized as the material and non-material achievements of the community, reflected, among others, in values and beliefs, and in the results of Chinese people's activity. The human resources are currently more than 1.4 billion people belonging in 56 different ethnic groups. It is worth pointing out that when looking at China not as a country, but more as a civilization, many sometimes very different sub-cultures may be specified within

³ The Chinese writing system is based on characters – simplified and not simplified. In the chapters by Katarzyna Mazur-Włodarczyk, in the square brackets simplified characters are used, and the transcription used (in italics) is phonetic *hanyu pinyin* [汉语拼音]. Only when the source quoted uses a different transcription, without specifying analogues among the Chinese characters allowing to identify them, then this is described in an annotation.

China. This is highlighted in works of, among others, Terry Cannon and Allab Jenkin (*The Geography of Contemporary China*, 1990), John K. Fairbank (1987), and Bogdan Góralczyk (2018). Cultural differences are noticeable also between representatives of various generations, which results from differing socio-economic experiences of each of the Chinese generations.

The material culture of Chinese civilization starts from the Neolithic cultures: Longqiu [龙虬文化], Pengtoushan [彭头山文化], Peiligang [裴李岗文化], Li [李文化], Xinglongwa [兴隆洼文化], Cishan [磁山文化], Dadiwana [大地湾文化], Xinle [新乐文化], Zhaobaogou [赵宝沟文化], Beixin [北辛], Hemudu [河姆渡文化], Daxi [大溪文化], Majiabang [马家浜文化], Yangshao [仰韶文化], Hongshan [红山文化], Fuhe [富河文化], Dawenkou [大汶口文化], Liangzhu [良渚文化], Majiayao [马家窑文化], Qujialing [屈家岭文化], Longshan [龙山文化], Baodun [宝墩文化], Shijiahe [石家河文化], then it joins the bronze age, iron age, the Chinese Emperors culture, subsequently the Nationalist Kuomintang Party [中国国民党], the Chinese Communist Party [中国共产党], with the events of the Great Proletariat Cultural Revolution [无产阶级文化大革命], the period of reforms and of opening to the world and finally – with the present times, and thus with the digitization culture [数字化文化], the popular culture [流行文化], the consumerism culture [消费主义文化], or with the drive towards the harmony culture [和谐文化].

It is beyond doubt that the previous and the current generations of the Chinese people have had huge achievements, often outstanding, in the scope of:

- technology – Chinese inventions include, among others: chopsticks, wheelbarrows, bellows, multi-pipe seeders, lacquerware, silk, paper, kites, the Chinese characters, movable type printing, celestial globe, compass, seismograph, gun powder, porcelain, banknotes, etc.;
- art – among others, products of bronze, ceramics (including porcelain), lacquerware, ivory, nephrite and jade, fabrics, wood and

stone, and also painting, calligraphy, theatrical art, and interior design, contemporary art;

- literature – among others: *The Book of Changes* [易经], *The Book of Songs* [诗经], *The Book of Customs* [礼记], *The Book of Documents* [书经], *The Chronicle of Springs and Autumns* [春秋], *Great Learning* [大学], *The Doctrine of the Mean* [中庸], *The Confucian Dialogues* [论语], *The Book of Mencius* [孟子], *Daodejing* [道德经], *Zhuangzi* [庄子], medical, military, and mathematical treatises, dynasty chronicles, encyclopedias, and also poetic and prosaic works less philosophic/scientific in nature.

According to the encyclopedic definition, the material culture covers also manufacturing – technical measures and skills of the community, related to satisfying their biological, security, and survival needs (*Encyklopedia PWN*). And the Chinese non-material culture is associated with philosophical-religious systems (among others, Taoism, Confucianism and Buddhism), the philosophy of Marxism and Leninism, Maoism [毛泽东思想], Dengism [邓小平理论], the implementation of the Chinese dream [中国梦], and thus the drive towards the great renaissance of China [中华民族伟大复兴], as well as the scientific achievements of consecutive generations.

Culture serves a very important role in a person's life, substantially contributing to the social life, the lifestyle, and the social development. This applies both to the private life, and to the professional activity.

When analyzing the literature on the subject dedicated to Chinese culture and to economic sciences, it can be wrongfully concluded that Chinese culture is almost exclusively associated with Confucianism. Confucianism is often used even as a synonym of Chinese culture. The impact of Confucianism on business behaviors – the philosophical-religious system, lifestyles, mental attitudes, spiritual ideals, and the ideology dominating China for two thousand years (Li, 2013: 8) – is not a small one. It is not the only factor, but one of the identified and best examined ones, which is supported by works of an interna-

tional group of scientists. According to Charles A. Rarick, the Chinese fascination with hierarchy, controlling, paternalistic and autocratic management style, the significance of family and business relations, have evolved based on the teachings of Confucius. These teachings are also reflected in the holistic care for the welfare of employees, harmonious relationships, focusing on team work, savings, and loyalty (Rarick, 2007). Ana L. Rowe and James Guthrie (2007), when running studies related to environmental reporting among the senior management staff in Shanghai, observed that *guanxi* business relations and trust built and cultivated by senior managers affect the tendency to conceal the information in environmental matters, within the collective group of trust assigned to them. Although this knowledge must be transferred further, still – due to the cultural specificity – not to everyone. Looking at the executives in Hong Kong, Ming-sum Tsui, Wui-shing Ho, and Ching-man Lam (2005) have observed that during any supervision process, the supervisory body has the dominating authority in decision-making. In order to maintain harmonious relationships, superiors give face to the supervising party. The supervisory body is focused on consensus and on consultations. The research conducted by Fuan Li, Xingyuan Wang and Rajiv Kashyap (2019: 10) among the managers in the Shandong Province concluded that both the Confucian ethics, and the Confucian dynamism affect the socially responsible decisions made by managers. Justin Tan (2002) notices the differences between companies from PRC, and entrepreneurial Chinese people living in America, and Caucasian Americans. The groups studied by him differ in their approach to undertaking risks (higher in the Chinese), and long-term focus. In addition, he specified characteristic shared features, which are independent from the national culture, such as: being innovative, proactive, and aggressive. And in turn, Alistair R. Anderson and Edward Yiu-chung Lee, while carrying out a study in Hong Kong and China, concluded that those surveyed by them in Hong Kong do not understand *guanxi*, and both of the groups surveyed on the continent, and in the Special Administration Region, not

only dislike this concept, but also apply it unwillingly. They also observed a decrease in the application of *guanxi*, dependent on the improvement in the Chinese regulatory and market environment (Anderson & Lee, 2008). When conducting studies among the second generation of Chinese in the UK, Sally Chan (1997) formulated the conclusion that, despite the fact of coming from entrepreneurial families, her respondents were not interested in self-employment. When accommodating within a different culture, those surveyed by her were subjected to not only the culture of their parents, but also to the Western culture. In addition, the researcher notices that the managerial practices dominated by nepotism, the face and trust, may affect the fact that business operations are focused around particular persons within the established family network, and thus it may suppress creativity and limit the willingness to take risks. In the Chinese management style, John Hill (2006) observes behaviors and values within the business area detailed in the Confucian thought, which include, among others: *te/de*⁴ [德] – a moral virtue associated with using power benevolently, the foundation of exercising it, *li* [礼] – a way of conduct, and a pattern of respect in social relations, *yi* [义] – the truthfulness, and *Chun Tzu/ junzi*⁵ [君子] – a concept literally meaning *the son of a ruler*, equivalent to a gentleman, a person working to become better, or even perfect, *Chung Yung/zhong yong*⁶ [中庸] – the doctrine of the mean and *tao* [道] – acting in line with the ethical norms. The details have been presented in Table 1.

⁴ Phonetic transcription used by J.S. Hill/ transcription *hanyu pinyin* used by the author of the Chapter.

⁵ As above.

⁶ As above.

Table 1. The impact of the Confucian Assumptions on the management space in China according to J.S. Hill

Confucian Assumptions	Management space
<i>Te</i>	<ul style="list-style-type: none"> – paternalistic orientation; – focus on state-owned companies.
<i>Jen</i>	<ul style="list-style-type: none"> – focus on state-owned companies; – and obligations.
<i>Li</i>	<ul style="list-style-type: none"> – family businesses; – centralized power; – stability of the hierarchy and formality; – focus on seniority, respecting experience acquired with age and wisdom; – avoiding conflicts; – and obligations; – stoicism.
<i>Wa</i>	<ul style="list-style-type: none"> – avoiding conflicts.
<i>Yi</i>	<ul style="list-style-type: none"> – <i>guanxi</i>, and obligations; – focusing on reliability, credibility, and loyalty.
<i>Tao</i>	<ul style="list-style-type: none"> – group relations, and subordinating individuals to groups.
<i>Shu</i>	<ul style="list-style-type: none"> – work ethics and commitment/pursuing excellence.
<i>Chu</i>	<ul style="list-style-type: none"> – work ethics and commitment/pursuing excellence.
<i>Shih</i>	<ul style="list-style-type: none"> – resilience, patience; – focusing on reliability, credibility, and loyalty.
<i>Chun Tzu</i>	<ul style="list-style-type: none"> – avoiding conflicts; – distance to legal solutions – relations, moral values, behaviors more important than legal solutions; – resilience, patience; – focusing on reliability, credibility, and loyalty.

Chung Yung	– stoicism.
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Source: Author's own study on the basis of: Hill J.S., *Confucianism and the Art of Chinese Management*, Journal of Asia Business Studies, DOI: 10.1108/15587890680001299: 6.

Among the scholars researching the impact of cultural elements on the area of economic sciences, among the cultural concepts, directly or indirectly associated with Confucianism, the following are addressed most commonly:

- *renqing* [人情], a notion originating from Confucianism, interpreted as being polite, kind, rightful, respecting feelings of others and duty, meaning generally commitment, and justice according to the social standards (Liao, 2016);
- *li* [礼], meaning following the customs, a way of conduct and also rites related to the good manners, it is associated with, among others, observing the hierarchical rules in interpersonal relations. *Li*, together with *ren* [仁] – humanity, *yi* [义] – rightfulness, *zhi* [智] – wisdom, and *xin* [信] – loyalty, constitute five basic terms – the features of the Confucian philosophy;
- *guanxi* [关系], understood as interpersonal relations/bounds, *networking*, relying on mutual obligations, referring to strong faith in human morality (Confucianism), therefore typical of a nation *ruled by people* [人治] and not by the *law* [法治]. Weight, in the form of friendships, is reflected in the popular saying that who you know is more important than what you know;
- *chaxu geju* [差序格局], namely diversified association mode, a theory authored by Fei Xiaotong [费孝通]. This concept was created so as to explain the structural rules of Chinese society. It refers both to the horizontal social relations (the distance between individuals being the components of social networks), and the horizontal order. It has been compared to a wave made by a stone thrown into water, which surrounds each member of a community with a set of dependencies. Every individual values their own circle differently, depending on the social standards, interactions, and moral

assessments, together with changes in the time and space in which they are located. In addition, each of the circles is associated with others. The study referred mostly to Chinese rural society, based on patriarchal groups, interpersonal networks and family ties (Yan, 2001: 242);

- *mianzi* [面子], the concept of the face, inseparably associated with *renqing*, within which one is expected to control their behavior in a certain way, depending on their social status. *Mianzi* is being compared to the bark of a tree, without which the plant cannot survive. It is part of the social capital. *Mianzi* makes it possible to keep dignity, personal respect, and the sense of pride. The face results from social adaptation. The *Mianzi* category is also described in combination with the second type of the face – *lian* [脸]. The concept *lian* refers, however, more to social behaviors, morality;
- *hexie* [和谐], the concept of harmony perceived mostly in the social context, but also in terms of a person's internal environment and of achieving balance with the natural environment;
- *wuwei* [无为], the rule of “idleness”, desiring in a natural way, making things go their natural way.

Kun-Hsi Liao (2016) suggests that the concepts *renqing*, “*wa-pao*” (the principle of reciprocity that implies being rewarded for benefits obtained through others' kindness, of rewards affecting one's motivation to pursue the goal), *mianzi*, *chaxu geju* and collectivism – may be qualified as the process of building relations between enterprises (B2B), and may impact the effectiveness of interpersonal/group relationships (Liao, 2016). Leigh Anne Liu, Raymond A. Friedman and Shu-cheng Chi (2005) observe that *The Mianzi category* and *renqing* they are associated with less extreme opening bids in negotiations, while *harmony* and *renqing* involve lower economic profits among Chinese consumers and that for Chinese negotiators the power of customized cultural norms is crucial. Lucian W. Pye (2000), when analyzing the previous situation of the Chinese economy, concluded that family trust and relations contributed to limiting Chinese companies

previously to family operations within an unstable political environment, and as it stabilized, bank operations would also follow the chain of personal connections.

The cultural dimension was also specified, known under the name *Confucian dynamism*. This term, authored by Michael Bond, results from the long-term attitude in life. Confucian dynamism is associated, among others, with the assumptions concerning: social stability based on social inequality, the family being treated as a unique prototype of organization, beneficence, and benevolence towards other people, and acquiring knowledge, skills, diligence, restraint, patience, and perseverance. The work ethics framework structured in this way is characterized by: being persistent in pursuing goals (typical in entrepreneurship), shaping interpersonal relations according to the status (the hierarchy and complementary character of social roles, which supports entrepreneurship), saving and care (saving and then investing), and the sense of shame (resulting from fulfilling commitments). The Confucian dynamism affects educational achievements and economic growth. The countries referred to as *the Asian Tigers* – Hong Kong, Taiwan, Japan, South Korea, and Singapore, show a strong correlation between the Confucian dynamism, and the economic growth. Geert Hofstede (2000) expresses the opinion that this dynamism is the cause, and not a result, of this growth.

Leszek Karczewski (2018: 97) observes, however, the ambivalent attitude of Chinese traditional culture to persons associated with business. As he notices, the political interference of wealthy people (due to, among others, their intellectual and moral competency), and more precisely their impact on the fate of the state, including the economy, was once feared. Confucianism does not necessarily support entrepreneurship and innovation, since it is focused on acquiring knowledge through memorizing and acquiring knowledge for bureaucratic careers, and not for merchant education (Wang, 2012: 78, [in:] Lam, Paltiel & Shannon, 1994; Liao & Sohmen, 2001; Weber, 1964). It places merchants close to the bottom of the social ladder (Pye, 2000). John Child and Malcolm Warner (2003) emphasize, in addition, that in

modern China, due to, among others, the extent of the changes that take place there, it is difficult to say to what extent elements of the traditional culture impact the managerial behaviors. Xin Li and Li Ma (2020) recommend, on the other hand, skepticism in seeking for prescriptive and other norms of Confucian origin, since they require a very precise analysis of the behavior of the Chinese people, and are not always reflected in the contemporary situation. David H. Holt (1997), while examining Chinese and American values, noticed an apparent paradox of the entrepreneurship in a collectivist society. In his opinion, it is very probable that Chinese entrepreneurs are pragmatic, and thus selective in developing behaviors that reflect the values associated with accomplishments, independence, the freedom of choice and self-governance. According to Jianjun Zhang (2015), another cultural component that affects Chinese economy is the tradition of socialism. It constitutes a departure from the past and thus influences the practice of management in Chinese companies. Also in earlier studies, similar conclusions were presented. For instance, a publication of 1988, authored by Martin Lockett (1988: 485), claims that the Party is more directly involved in managing than recommended, even from the point of view of the Party supervision and controlling.

Even without showing the influence factor, it should be stated that the Chinese culture can be described as, among others: intuitive, restrained, concealed, patient, dependent (Xing, 2005), on high context, conservative, collectivist, of low trust, moderately monochronous, restrained, focused on ceremonies and pro-partnership. Selected culture typologies, along with their reference to the Chinese culture, are presented in Table 2.

Table 2. Characteristics of the Chinese culture according to the typologies suggested by: E.T. Hall, F. Fukuyama, L. Harrison, G. Hofstede, F. Tripmenaars and C. Hampden-Turner, R.R. Gesteland, S.H. Schwarz, and M. Grondon

Typology (of culture)	China (culture characteristics)
E.T. Hall	
High context and low context	High context Communication proceeds indirectly. In communication, attention is paid to non-verbal communication forms and the context concerned. Allusions, sayings, careful choice of vocabulary, behavior interpretation, and ceremonies are used. The purpose of high context communication is to build interpersonal relations.
Monochronous and polychronous	Moderately monochronous Attention is paid to the sequence of actions and planning, but social relations are more important than punctuality.
Collectivism and individualism	Collectivism Focusing on the community, its well-being, and avoiding conflicts in order to live in harmony.
F. Fukuyama	
Low trust and high trust	Low trust Within a mistrust culture, trust is granted mainly to members of the immediate family, the closest friends, which influences, among others, the creation of family businesses. In a low trust culture, the level of honesty and cooperation in the public life is low.
L. Harrison	
Progressive and conservative	Conservative It is characterized by, among others, focusing on the present and the past, appreciating the family bonds, friendships, acceptable corruption, strong authority with a vertical organizational structure.
G. Hofstede	
Long-term orientation (short term orientation)	Long-term orientation Focusing on pragmatism, on what the future holds. It involves the ability to adapt the tradition to changing conditions. Saving, the willingness to invest, carefulness, thrift, consistency, and patience, acquiring education and experience, and the willingness to commit to the goals are valued.

Power distance (low – high)	<p>High power distance</p> <p>Accepting social inequalities, the uneven division of power, and paternalistic and autocratic management style. Respecting people with a higher rank in the social hierarchy (for example in a position of power) is valued, the significance of degrees, positions, and titles is emphasized.</p>
Masculinity (femininity)	<p>Masculinity</p> <p>Strength, assertiveness, focusing on rivalry, ambitions, efficiency, achievements and successes, both in acquiring education, and in professional work are valued. The work is an important part of life, for the sake of which the family life and leisure time are often sacrificed. In a masculine culture, few women occupy political positions, and the superiority of the male gender is reflected in the religious (philosophic) context. Focusing on the economic growth is observed.</p>
Avoiding uncertainty (low – high)	<p>Low uncertainty avoidance</p> <p>Uncertainty associated with the future is viewed naturally, calmly, there is a high tolerance and flexibility in relation to new and unknown, ambiguous things, which simply happen. Idleness is not a bad thing. Motivation is possible through achievements and recognition. Citizens' positive attitude towards the state institutions is noticeable.</p>
Leniency (low – high)	<p>Low leniency</p> <p>High control of own wishes and impulses. It is characterized by restraint, and being limited by the social standards, cynicism, and pessimism.</p>
Individualism (low – high)	<p>Low individualism</p> <p>Collectivism is characterized by focusing on group goals and interests (for example family, clan goals), being dependent on the group, reasoning as “we”. The group provides identity, safety, and heading towards harmonious and consensual social relations. The dominant role of the state in the economy is visible. Loyalty, social relations, and team-based works are valued.</p>
F. Tripmenaars and C. Hampden-Turner	
Universalism – Particularism	<p>Particularism</p> <p>Openness to changing circumstances. Interpersonal relations are more important than formally accepted arrangements, a given</p>

	example is evaluated depending on the situation and its particular features – the uniqueness.
Individualism – Collectivism	Collectivism Focusing not on the development of an individual, but that of the group.
Fragmentalism – Holism	Holism Efficiency by combining elements forming a new whole.
Restraint (neutrality) – emotionality	Restraint Social condemnation of showing emotions, appreciating self-control.
Status achieved – status assigned	Status assigned The characteristics, and not achievements, determine one's social position. Here, among others: age, education, family connections, and the membership of a given specific group can be included.
Sequentiality – synchronicity	Synchronicity Appreciating the synchronization of efforts in obtaining goals, doing several things at the same time, focusing on established bonds developed throughout the whole life.
Internal control – external control	External control The directions of actions are imposed by the external world, and one must adapt to it.
R.R. Gesteland	
Monochronous and polychronous	Moderately monochronous Moderate appreciation of time in a person's life, punctuality and observing schedules, paying attention to relations and traditions.
Expressive and restrained	Restrained Limited body language, not raising voice, using silence as a form of communication.
Focused on ceremonies and not focused on ceremonies	Focused on ceremonies Observing the principles adopted by the social group. Appreciating ceremonies, rites, established rules, paying attention to the social status of individuals.
Pro-partnership and pro-transaction	Pro-partnership Focused on relations, establishing and maintaining contacts often through intermediaries.

S.H. Schwarz	
Embedding – autonomy	<p>Embedding</p> <p>Appreciating an individual's connection with the group, their social embedding, association with safety, the social order, and with observing the tradition, the group rules, including religious (philosophical) rules.</p>
Hierarchy – egalitarianism	<p>Hierarchy</p> <p>Presence of a hierarchical system of assigned social roles, accepting social control, fulfilling top-down assigned duties, focusing on the authority, power, wealth, and humility.</p>
Mastery – harmony	<p>Harmony</p> <p>Pursuing balance, peace around the world, being one with the nature and environmental protection.</p>
M. Grondon	
Fostering development – Fostering stagnation (resistance)	<p>Mixed type</p> <p>Within perceiving the following twenty values: religion, trust in an individual, moral imperative, well-being, rivalry, justice, appreciating work, heresy, education, utility, lesser virtues, focusing on time, rationality, authority, worldview, views on life, salvation, utopia, the nature of optimism, and democracy.</p> <p>appreciating work, appreciating the social order, kindness, reliability, saving, harmony in interpersonal relations, education that transfers dogmas, focusing on rationality, achievements, rivalry as an element of success, following the way of <i>tao</i>, pursuing harmony, harmonious China through the implementation of socialism, harmonious world, working for</p> <p>satisfactory fate, accepting the legal restrictions and institutional controlling, governance by people and not by the law.</p>

Source: Author's own study.

The above mentioned characteristics of Chinese culture are reflected, among others, in: business communication, solving conflicts in the work space, negotiating, the marketing of relations, entrepreneurship, and business development, diligence, responsibility, social responsibility of business, creating organizational culture, work ethics, business connections, heading towards sustainable development, employee commitment, team-based works, social trust, creating family

businesses, management style, mergers and acquisitions, and – what is important – economic growth.

Contemporary Chinese culture, combining elements of traditional Chinese culture with modern ones, and Chinese ones with foreign ones, is a typical example of *yin – yang thinking*. It is a mixture of contradicting, but supplementary elements, since nothing in it is fully black, or fully white, good or evil, traditional or modern, internal (Chinese) or external (foreign) (Fang, 2014: 6). The causes of the Chinese economic success can be also found in the *yin – yang attitude*. Applying Chinese culture (wisdom) based on Confucian and Taoist philosophy, with choosing good practices from “the outside” selectively – knowledge from the outside of China, among others, from the group of Western countries *the Asian Tigers* and the leading Western countries.

The first group of factors (Chinese factors) that affect China’s economic success, include, among others:

- returning to the Chinese traditional values, paying attention to the ancestors’ culture (*Azja Wschodnia na przełomie XX i XXI wieku. Przemiany polityczne i społeczne*, 2004: 118). This took place after the experiences associated with the dramatic times of the Cultural Revolution, a dark period in China's history, associated, among others, with the destruction of historic objects, works of art, book burning – destruction of the Chinese cultural heritage and persecutions of the Chinese intelligentsia (among others, students, teachers, artists, clerics);
- referring to peaceful intentions and harmonious international coexistence, among others: a peaceful growth [和平崛起], and unity in spite of differences [和而不同];
- the gradual nature of the reforms started in 1978 by Deng Xiaoping [邓小平], which cover:
- the years 1978–1984: agricultural development – introducing, among others, self-responsibility of farmers, stimulating entrepreneurship and creation of economic zones,

- the years 1985–1991: manufacturing industry reform – building the private sector, controlled indirectly by the central government,
- the reforms initiated in 1991, related to abandoning the centrally planned economy and political changes;
- Between 1978 and 1992, 140,000 enterprises were established in China, then, between 1993–2002, this number increased to 2.4 million, and in the subsequent period, namely by 2012, to 5.5 million enterprises (Wiktor, 2012: 170);
- cautious decision-making, which gives the option of withdrawing and changing the strategy, visible, among others, in the gradual implementation of the reforms, and tax credits in small areas (initially within the economic zones), and within particular sectors;
- governmental interventionism, focused on large companies (Góralczyk, 2012), among others, companies involved in oil extraction, sea faring, steel production, and banking;
- authoritarian policy of the authorities (Żmuda, 2009);
- citizens’ savings;
- placing “market” ahead of “democracy” (Góralczyk, 2012);
- long-term planning (Confucian *dynamism*);
- appreciating interpersonal networks – *guanxi*;
- collectivist determination of goals and controlling methods.

The second group of influence factors (external factors) includes, in turn, among others:

- the gradual implementation of the market economy, however, with Chinese features (social-market economy), within which the state may stimulate market transformations, supervise, control and regulate (Walkowski, 2017: 338). In other words, the so-called Beijing Consensus [北京共识], standing in opposition to the term *Washington Consensus*, referred to as controlled globalization, or managed globalization, and hence, globalization that proceeds according to agreed terms and conditions, with the option of controlling the flow of capital, foreign investments and opening selected sectors (Liberska, 2010);

- opening the country to the world in social, political, and economic terms – among others the accession in 2001 to the World Trade Organization, strengthening the international relations, limiting the role of state protectionism – liberalizing foreign trade, admitting foreign capital to China (initially within special economic zones), and initiating own foreign investments, the *Go Global* strategy [走出去战略];
- combining the transformation with the globalization processes (Góralczyk, 2012), also implemented in a controlled manner;
- low wages resulting in lower production costs;
- lowering the exchange rate of own currency;
- creating barriers for foreign goods (Janik & Gliszczyński, 2016, [in:] Ferguson 2011);
- repeating interventions of the Central Bank (Janik & Gliszczyński, 2016, [in:] Ferguson 2011);
- changing the structure of products being exported, from low quality products (once associated with the tag *made in China*), towards exporting high tech services and products *created in China*;
- consumerism – stimulating domestic consumption, and at the subsequent stage the consumption of luxury (brand) goods;
- focusing on the scientific development and innovations (plans associated with the year 2035, when China is to become an innovative society), investing in people (managing staff) and technologies – upgrading the manufacturing industry, supporting new incubators and science parks, and green economy.

Chinese culture, despite being based on achievements of previous generations, is continuously developing. According to Richard J. Smith, China's cultural goal is to creatively synthesize Chinese and non-Chinese influences, adapting to the requirements of the "global culture" (Smith, 1988). The values referred to as typically Chinese and new – foreign ones overlap each other, interact, which is particularly visible in representatives of the youngest generations. What is important, the Chinese values are not, however, replaced by other exter-

nal ones, they rather coexist, supplement each other, bringing to one's mind the symbolism of the *yin – yang* attitude.

Chinese culture reaches also outside the boundaries of PRC, which some consider an element of *cultural soft-power* [文化软实力], others – an opportunity to understand a nation that knows what they want to achieve on the international arena and pursues this patiently, and to learn the methods of the Chinese economic success, and still others – a source of new knowledge on life, something interesting and worth noticing, and even applying in their own reality.

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Chapter 5

The Influence of Chinese Culture on Business and Leadership Behavior¹ 中华文化对商业与领导者行为的作用

Haifeng HUANG², Hualiang LU³, Zhe ZHANG⁴, Xiaoqing AI⁵, Yingnan SUN⁶

黄海峰 陆华良 张喆 艾小青 孙英男

Abstract: China's prosperous and gigantic economy needs to further draw upon China's fine cultural tradition in ethics and etiquette. With China's rapid rise, it is necessary to re-evaluate Chinese business culture to identify methods which would allow profit-oriented enterprises to make up for their deficiencies regarding business ethics. Culture has a significant impact on business behavior. Meanwhile, business ethics reflects social morality and is an essential part of any culture. China's ethical system has been supported by the country's traditional culture for a long time. Cur-

¹ This article was written by Prof. Haifeng HUANG in cooperation with Prof. Hualiang LU, Prof. Xiaoqing AI and Zhe ZHANG, translated by Yingnan SUN and reviewed by Nathan FABER.

² Haifeng HUANG: doctorate from Humboldt University of Berlin, Germany in 2000, doctoral advisor in the School of Economics and Management of Beijing University of Technology since 2002, professor of economics at Peking University HSBC Business School since 2012, member of the Committee of Principles for Responsible Management Education (PRME) founded by the UN Global Compact in 2020.

³ Hualiang LU: doctorate in social science, Wageningen University & Research, the Netherlands in 2007, professor at Changzhou University and Director of The International Research Center for Sustainable Development.

⁴ Zhe ZHANG: master of economics, Peking University in 2020 and deputy secretary-general of the Green Economy Research Center of Peking University HSBC Business School.

⁵ Xiaoqing AI: doctorate in economics, Renmin University of China, Vice-Dean of the School of Economics and Management, Beijing University of Technology.

⁶ Yingnan SUN: chief specialist for international affairs of Confucius Institute in Opole, advisor on academic cooperation with P.R. China to the President of the Conference of Rectors of Academic Schools in Poland from 2015–2020.

rently, it is being reconstructed as it contends with the transformation from a planning economy to a market economy and from an agricultural and industrial civilization to an ecological civilization. This article studies the elements that comprise Chinese business ethics and business culture from the perspective of ethical implications. It reveals the features and functions of business ethics and corporate culture by analyzing the origin and development of business ethics and corporate culture. It also discusses the features of Chinese corporate culture with a particular focus on the Chinese intellectual traditions of Confucianism and Taoism. This article reveals that China's business ethics originates from traditional Chinese culture and further emphasize the important role and influence of traditional Chinese philosophy on ethics and leadership.

摘要：中国不仅经济繁荣、体量庞大，而且在发展中应该进一步发扬文化中的伦理垂范、礼仪万邦的优良传统。在中国日渐崛起的今日，该如何弥补企业在急功近利发展中所造成的商业伦理的缺失，有必要进一步研究中国的商业文化。文化对商业行为有着重大的影响，而商业伦理是社会道德文化的反映，是社会文化的重要组成部分。长期以来，伦理体系依托于传统文化，在计划到市场经济、农业文明和工业文明向生态文明的转型过程中，都面临着文化重构和伦理重建的挑战。本章从道德伦理的内涵，研究中国商业伦理和商业文化的内涵构成要素，通过研究商业伦理与企业文化的产生和发展，揭示了商业伦理和企业文化的特征和功能，论述了中国企业文；其中重点介绍儒家和道家思想来揭示中国传统文化的商业伦理渊源，揭示中国传统哲学思想对伦理与领导的重要作用以及影响。

1. Traditional Culture and Ethics

“Knowledge without Character” is one of the “Seven Social Sins”⁷ pointed out by Mahatma Gandhi (1927) in his book *Young India*, which proves the importance of virtue cultivation (Weber, 2011). By observing contemporary Chinese society, we can find that some well-educated people who are driven by commercial interests, have become opportunistic after occupying management posi-

⁷ Politics without principles, wealth without work, pleasure without conscience, knowledge without character, commerce without morality, science without humanity, and worship without sacrifice”.

tions. Some of them have risked taking illegal actions for their own gains at the cost of the organizations they served and, finally, sacrificed their whole careers. Their behavior is the result of a long-term lack of education in morality and ethics. Therefore, there is a need to cultivate further understanding of the qualities of morality and ethics during social and cultural education so that people will abide by the constraints of the two virtues hold.

1.1. Morality

From the individual's point of view, morality implies a person's standard for determining if his/her conduct is right or wrong; from the social point of view, it refers to the accumulation of standards that regulate interpersonal relationships and relationships between individuals and society. In the book *Strategic Thinking in Game Theory*, morality is regarded as "self-restraint based on the prediction of tragedy" (Cao, 2007).

In different social environments and with different cultural backgrounds, the explanations of the content and scope of morality will vary. Since ancient times, the Chinese word "morality" has been a disyllabic compound composed of the two characters "道" (*Dao*) and "德" (*De*). The full meaning of "*Dao*", which is often translated as "a way", also includes the rules and laws that regulate nature and human social life. Traditional culture bestowed "*Dao*" with ethical meanings and clarified that "*Dao*" is the fundamental way of handling social life and the natural law that must be abided by from generation to generation of human beings. "*De*" originally came from another Chinese character "得" (also pronounced "*De*") which means to obtain. It was regarded as the highest principle. From an ethical point of view, "*De*" represents an inner belief and special qualities formed inside the individual. "*Dao*" is the prerequisite of "*De*", in return, "*De*" is the destination of "*Dao*"; both are interdependent and inseparable. Studies on the words "*Dao*" and "*De*" show the words can traced back to as early as the *Shang* Dynasty over 3,000 years ago. The characters ex-

isted in some classics. In Laozi's *Dao De Jing*, it is said: "'*Dao*' produces them, '*De*' raises them, things shape them, force perfects them. Therefore, the myriad things, all respect the '*Dao*' and value '*De*'. Respecting '*Dao*' and valuing '*De*' is not due to command but to constant nature". Here "*Dao*" refers to the truth of nature and the coexistence of nature and human beings, while "*De*" implies that all things follow the development law of "*Dao*" (Yao and Gan, 2013).

As social class structures change, the morality of society also continuously changes and develops. Morality, as a superstructure and ideology based on social and economic foundations, is a kind of social relationship formed by human consciousness; this social relationship, however, is often affected by materialistic relationships in society and is related to changes going on in social-economic relationships. The difference between morality and a social system is that the implementation of the system requires legislation, judiciary and organized social mechanisms which act as compulsory forces. Thus, it consumes a certain amount of manpower and material resources. In contrast, morality is consciously followed by people, so its implementation does not involve any enforcement. Therefore, the feature of the morality system is determined by the social-economic relations, and all morality systems are directly affected by the basic principles and the standards of the social-economic structure.

1.2. Ethics

Ethics refers to the various moral standards of person-to-person relationships, in other words, "the principle of human relations" or "the principle of being human beings" (He, 2002). When we observe moral phenomena from the philosophical perspective, ethics is a series of concepts that guide behavior. Ethics includes the norms of behavior in dealing with the relationships between individuals, individuals and society, and human beings and nature. On the other hand, ethics also covers guidelines for regulating behavior under corresponding principles (Han and Yu, 2016). In China, the term "ethics" first appeared

in the *Book of Rites – Record of Music*. This text says that “‘*Yin*’ (the first of two characters that compose the word ‘music’ in Chinese) means the sounds that come from the human heart, whereas ‘*Yue*’ (the second of two characters that compose the word ‘music’ in Chinese) means the sounds that associate with ethics”. That is to say that the “*Yue*” stands for the sounds that originated from the internal sensations triggered by the external things. Here, the word contains a sense of morality, implying the principles and standards to distinguish and categorize things. Throughout history, from the early emphasis laid on sacrificial rituals or patriarchal rituals to later on in the “Three Cardinal Guides and Five Constant Virtues”⁸ and further into today’s basic moral standards in contemporary society, Chinese ethics has always placed importance on norms for interpersonal relations, which include also social and family norms. But Chinese morality has also always focused on the self-cultivation of individuals. Compared with morality, ethics has broader and deeper meanings.

⁸ The three cardinal guides: ruler guides subordinates, father guides son, husband guides wife; the five constant virtues: benevolence, justice, propriety, knowledge, and sincerity. They are most important principles in the ethical culture of Confucianism and highly respected by all the Confucianists. Confucianism sustained social ethics and morality as well as the political systems through the indoctrination of the “Three Cardinal Guides and Five Constant Virtues”.

2. Traditional Culture and Business Ethics

The formation process of business ethics is closely related to the specific social and cultural background. A study on the formation and evolution of business ethics could be helpful to explore the essence of Chinese business culture and its on-going trend.

2.1. Development Background of Chinese Business Ethics

The birthplace of Chinese civilization is the Yangtze River and the Yellow River Basins. Over a long historical period, the policies of the ruling classes stressed the self-sufficient agricultural economy. This significantly restrained the development of commercial sectors. There was an established structure of “Stressing Agriculture and Restraining Commerce” in society. Merchants had the lowest status among the four social classes of farmers, craftsmen and merchants. As they did not directly participate in productive work, but made profits from price differences, merchants were often regarded as opportunistic villains and therefore not equally respected. Due to the prevailing social atmosphere of “valuing justice above material gains”, as well as governance that focused on the rule of man and political or patriarchal ethics, the understanding of business ethics in ancient Chinese society could only originate from the moral standard of humanity.

2.2. Different Concepts of Chinese Business Ethics

Business ethics, basic and professional ethics that human beings uphold in economic activities, in the perspective of the analyses of the environmental-social system, is continuously undergoing a systematic transformation. The transformation of the system refers to the changes in the structure, state, characteristics, behavior, and function of the system over time. It includes the evolution of the environmental-social system that is composed of the social, economic, and natural systems, and therefore causes constant changes in the corresponding mainstream business ethics. According to the dynamic change process of

human development in the spheres of production, life and social organization, the evolution of the environmental-social system can be divided into four periods: primitive civilization, agricultural civilization, industrial civilization, and ecological civilization (Zhang, 2012). Each period of historical development has its unique business ethics.

2.2.1. Business Ethics of the Primitive Civilization

In primitive civilization, the scale of population and economic reproduction was small and the human impact on the reproduction process of the natural environment was low. The evolution process of the environmental social system was primarily in a primitive and orderly state. The small population and low productivity also limited people from continuously securing sufficient food and other necessities of life. Few surplus goods could be used to exchange with other tribes. During that period, there was no conception of business ethics similar to the modern concept discussed nowadays. A plain ethical concept of business was mainly reflected in the behaviors that different tribes could exchange goods equally and ensure that they would not plunder and kill.

2.2.2. Business Ethics of the Agricultural Civilization

The population continued to grow in the period of agricultural civilization. To a certain extent, large-scale farming activities reduced the forest area and destroyed the natural ecological environment, but the evolution of the environmental-social system began to accelerate. With the increase in social productivity, the demand for production tools and surplus products that entered the circulation field began to increase. Inter-regional commodity exchange and market trade activities began to flourish. During this period, business ethics was established and developed, which was particularly reflected in providing customers with high-quality and low-cost products, ensuring fair transactions and abiding by agreements.

2.2.3. Business Ethics of the Industrial Civilization

The population increased rapidly after the world entered the period of industrial civilization. Large-scale industrial production activities not only consumed a lot of natural resources but also produced large quantities of waste, which began to result in serious environmental pollution. The environmental-social system underwent unprecedented and drastic changes. Industrial production requires a large amount of trade of raw materials, production equipment, and finished products, so global trading systems were accordingly established and continuously developed. During this period, the meaning of business ethics was extended to fully respecting and satisfying the various requirements of customers and maintaining fair international trade rules.

2.2.4. Business Ethics of the Ecological Civilization

The evolution of the environmental-social system is entering the period of ecological civilization. The continuous population growth tends to flatten out. The material cycle between human society and the natural environment will turn from the predominant human “exploitation” of nature into a predominant human “restoration” of nature; meanwhile, the impact of human activities on the natural environment will turn from negative to positive, so that the environmental-social system will achieve an orderly evolution in the modern sense. Upon entering the 21st century, China has made the construction of ecological civilization its national policy. In this period, business ethics has gained more ecological connotations, like the harmonious development of man and nature, sustainable development of the environmental society, business for good and “intergenerational justice”.

2.3. Different Features of Chinese Business Ethics

In different historical periods of Chinese civilization, business ethics has been endowed with distinctive national identities, thus showing various features.

2.3.1. Features of the Business Ethics in Ancient China

Despite the social and economic policy of “Stressing Agriculture and Restraining Commerce”, which ruled Chinese society for a long time, Chinese civilization developed a strong agricultural economy with a large-scale product surplus. It also created widely extended commercial networks, such as the Silk Road, the Ancient Tea Horse Road, and the Beijing-Hangzhou Grand Canal, as well as established the famous large merchant groups, such as Shanxi merchants and Hui-zhou merchants. They were the concrete manifestations of business ethics with Chinese cultural features.

1) *The thought of “Seizing Business Opportunities in Time” and “Benefiting both Farmers and Traders”*

Fan Li (also named Tao Zhu Gong) was the originator of Chinese ethical business. He helped Goujian, the King of the Kingdom of Yue, take revenge on the Kingdom of Wu and successfully destroyed it. Soon after he resigned to live in seclusion and devoted himself to business. He coined the thought “Seizing Business Opportunities in Time”. He then became one of the most famous merchants in Chinese history. Taking advantage of periodic fluctuations in harvest yields and the pricing regularities, he would buy crops and other bulk commodities when the prices were low and sold them when the prices went up. The business, while generating big profits for him, also stabilized the market prices and thus maintained the market order.

2) *The concepts of “Integrity and Loyalty” and “Mutual Benefit”*

The concepts of “Integrity and Loyalty” and “Mutual Benefit” occupied a predominant position in the ancient Chinese business ethics for a long time. They were reflected in the following ways. The first was the adherence to integrity in business activities. Sayings like “If people have no trust, there is no standing for the state”

and “One honest price for young and old” were the popular business ethics principles in ancient times. The second was the idea of valuing justice above material gains or subordinating material gains to justice. Justice, public-spiritedness and generosity were the image building standards for business people. The third was the emphasis of mutual benefit in interpersonal relationships. Sayings “Peace benefits both, hatred harms both” and “Harmony brings wealth” were the fundamental guidelines of interpersonal relationships for businessmen. The last was the “People-Oriented” thought which respected the pursuit of interests and wealth as part of human nature and emphasized that “Gentlemen love wealth, but they make it with ethical means”.

2.3.2. Features of the Business Ethics in China’s Early Modern History

After the Opium War, China gradually became a semi-colonial and semi-feudal society. With worries about the future of the country, the national bourgeoisie, industrialists and merchants endowed business ethics and morality with patriotism and charity and with the concept of rescuing the country through industry.

1) Work hard to raise the nation, love the country and help people

After the market of the Qing Dynasty was forcibly opened by enemy gunboats, foreign powers began to dump products on China. The small-scale peasant economy, on which China's feudal society had lived for more than two thousand years, began to collapse. As a result, the people's living conditions worsened and the country's power declined. Chinese domestic industrialists and merchants, while struggling to develop their businesses under the pressure of both feudal compradors and imperialists, dynamically united their fellow villagers into various commercial groups to work together. The movements not only helped increase national tax revenue but also promoted the opening of free schools, deliv-

ered reliefs for disaster victims, financed the salaries of military soldiers, pushed the sales of domestic products and aided protests against foreign humiliations. These efforts aggregated a powerful force to maintain social stability and also demonstrated fervent patriotism and charity.

2) *Serve the nation with industry, and secure the existence of the country*

As the national crisis worsened, many insightful people began to realize the gap between China and Western powers. They attempted to develop modern industries to make the country prosperous and the military powerful, so the country achieved the rapid development of industry and commerce in the 1920s and the 1930s. The invasion of Japanese imperialism interrupted China's modernization process and impeded the development of national industry and commerce. In those days, a vast number of industrialists and merchants actively turned to participate in the anti-Japanese and national salvation movement. They associated their destiny with the national interest, boycotted Japanese goods, organized charity fairs and donated money and materials. The actions made contributions to China's ultimate victory in the war of resistance.

2.3.3. Features of the Business Ethics in Contemporary China

After the founding of the People's Republic of China, the majority of industrialists and merchants vigorously participated in the socialist transformation, laying the foundation for public ownership of socialist industry and commerce. Since the reform and opening up, the revitalized private industry and commerce have boosted the general development of the Chinese social economy. Contemporary business ethics strongly reflects the pioneering entrepreneurship and the social responsibility of rejuvenating the country.

1) *Self-reliance and the pioneering spirit*

The newly founded People's Republic of China made developing heavy industry a priority to boost the national economy and revive the devastated country. The foundation for the commercial economy was rather bad at the time. Supply and sale cooperatives, agencies in charge of the commodity circulation in urban and rural areas, could initially maintain a relatively complete supply and sale network nationwide under the guidance of the self-reliance and pioneering spirit and played an active role in ensuring the urban and rural supply of the commodities. With the development of the social market economy along with the reform and opening up, people continued to carry forward the pioneering spirit, which promoted the rapid growth of the private sectors. The private sectors played active roles in invigorating the economy, developing the market, expanding employment, increasing taxation and promoting regional economic development.

2) *Advance with the times and rejuvenate China*

Since the beginning of the 21st century, Chinese industrial and commercial sectors keep up with the times thanks to the continuous reform and accumulated great economic strength. They have not only accelerated the pace of China's peaceful rise but have also begun to influence global industrial development. Many Chinese enterprises with international experience have gradually integrated into the global industrial division. With the increasing rights to discourse, they are making contributions to the establishment of a new global economic order. The rapidly growing internet giants, such as Alibaba Group, Tencent Holding, and JD.com, are indicators of the rise of China and also the presenters of the business concept of advancing with the times and the lofty ideal of rejuvenating the country.

3. Traditional Culture and Corporate Management

3.1. Traditional Culture

The essence of culture is not material gain but the ethical affirmation of human society to the world and life. Ethics, after all, is a part of culture. Different business ethics are just manifestations of different requirements for ethical standards of business activities in various social cultures (Shanghai National Accounting Institute, 2010). Only when the understanding of the ethical essence of a culture regains its strength, does it gain the cultural basis of ethics. Regarding the cultural foundation of business ethics, Albert Schweitzer's research on human thought enables his ethics of "Reverence for Life" to transcend any one religion. He believed that a persisting morality and culture should respect not only the life of posterity, but also the life of animals and the intrinsic value of nature (Schweitzer, 1923).

Traditional Chinese culture values order and ethics. However, materialism, consumerism, and utilitarianism accompanied by a rapid economic development and neglect of traditional values is eroding people's moral standards. The excessive emphasis on competition, confrontation and efficiency, decline in the emphasis on values, ideals, and ethics and the ignorance of the law of nature, "*Dao* of Heaven" and "Benevolence", are increasing anxiety and decreasing satisfaction and happiness among modern people. Serious psychological and mental problems are showing an upward tendency. Also, urbanization and industrialization are destroying the local culture in some regions. A large number of undifferentiated construction projects are erasing cultural diversity. Evidently, on the way of actualizing the forthcoming ecological civilization, consolidating the cultural foundation of business ethics, raising the core values of business culture, recognizing cultural connotations, respecting cultural elements, and evoking cultural spirits are the preconditions of the sustainable development of economy, society and education.

3.1.1. Cultural Connotation

The word “culture” comes from the Latin word *cultura*, which contains the meaning of agriculture, cultivation, upkeep, image care, admiration, worship, sacrifice, etc. In 1871, British cultural anthropologist Edward Burnett Tylor wrote in his book *Primitive Culture*: “Culture is that complex whole which includes knowledge, belief, art, law, morals, custom, and any other capabilities and habits acquired by man as a member of society” (Taylor, 2005). “Noble be man, helpful and good!” is the cultural ethics advocated by Goethe, who “doesn’t do what is capable of doing at the cost of justice” (Schweizer, 2010). This is an important practical implication for most developing countries being bothered by the wealth gap and environmental pollution.

Western scholars define culture as: “The high-level development of human abilities, the physical and mental development, exercise, and cultivation achieved through training and experience; or the evidence of human social intellectual development, civilization, such as art, science, etc.” (Thompson, 2005). American anthropologist Alfred Kroeber and Professor Clyde Kluckhohn believe that culture consists of patterns, explicit and implicit, of and for behavior acquired and transmitted by symbols, constituting the distinctive achievements of human groups, including their embodiments in artifacts. Culture systems may be considered products of action, and also a conditional element of action, the essential core of culture consists of traditional ideas and especially their attached values (Kroeber, Kluckhohn, 1952).

In China, the term “culture” can be traced back to the *Yi Jing*, which states: “It is a rule of humans that they should observe the rites and conduct restraint. By observing the movement of constellations, we can learn about the change of seasons; by observing the development of human culture, we can enlighten the people and build a civilized society”¹. The two Chinese characters “文“ (*Wen*) and “化” (*Hua*) that compose today’s Chinese word “culture” appeared to-

¹ From the *Hexagram Bi Huan Zhuan* in the *Yi Jing*.

gether in the text. “*Wen*” refers to the language, characters, written rules, systems, etc., while “*Hua*” refers to the process and the result of the change, transformation and shaping. Both jointly refer to literature, art, education, science, etc., as well as the ability and general knowledge of using language (Revising Group of Etymology Dictionary, 2002).

Culture changes constantly, some parts of it changing faster, some changing more slowly, some even changing insignificantly. The changing speed of culture forms its bottom layer, middle layer, and surface layer, and these three layers have different appearances in different cultures. The so-called bottom layer of culture refers to the cultural part that has changed little in the course of historical development, such as morality, religion, language, a part of the way of thinking, and a part of cultural concepts and customs (like sticking new year couplets, etc.). Chinese people emphasize the ethics that combines filial piety and benevolence. There are pragmatic self-interest elements in the worship of gods and they like to use critical comments in speaking, which all belong to the bottom layer of the culture. In contrast, the surface layer of culture refers to the cultural part that has changed a lot in history, such as aesthetics and art. The middle layer of culture is in the middle between the bottom and surface layer, for instance, a large part of ways of thinking, lifestyles and a part of systems; their changes take a longer period or happen after the change of an epoch.

3.1.2. Cultural Elements

Sociologists generally believe that culture is composed of five basic elements: spiritual elements, languages and symbols, normative systems, social relations, and material products.

1) *Spiritual element*

The spiritual element is also called the spiritual culture, which is the driving force of human creativity. It is the most dynamic part of cultural elements and what distinguishes humans from animals. Spiritual culture includes philosophy and specific art, science, religion, ethics and value concept, etc. Among them, the core of spiritual culture is the value concept, which not only provides a reference for the behavior of social members and the evaluation of things, but also supplies a standard for people to choose feasible goals from various alternatives. Besides, the value concept exists in the creation process of all the material and non-material products of human beings.

2) *Language and Symbols*

The communication function of language and symbols, both of which are ideographic, plays an important role in human social activities. Meanwhile, language and symbols, as the carrier of cultural accumulation and inheritance and the bridge of effective communication, promote people's cultural creations through communication and interaction. Using languages and symbols to perform social production activities is the unique property of human beings. Consequently, culture becomes rich and varied in the process of creation.

3) *Normative System*

Norms here refer to the principles for judging whether people's behavior is correct. They are the expressed provisions such as laws, organizational rules, and regulations as well as agreed principles and accepted customs. Various norms complement each other and play significant roles in adjusting different social relations. Moreover, norms delimit the forms, methods, and types of activities people may choose and also define the objects and

methods in language and symbol usage. Norms are the solidification of value concepts. Their establishment and formation are to satisfy human needs.

4) *Social Relation*

Social relations are the basis for generating the above-mentioned cultural elements. They are not only an essential part of a culture but also the basis of cultural creation. Since various social relations are based on the relations of production, the creation of social relations needs certain organizational safeguards. To ensure the function of social relations, society needs to establish various social organizations, such as factories, companies, governments, military forces, families, schools, etc. Social organizations have material and spiritual factors, such as organizational goals, rules and regulations, a certain number of members, and materials and equipment. Therefore, social relations and social organizations are interconnected and inseparable and all belong to the indispensable part of the culture.

5) *Material Product*

As a tangible part of a culture, material products include all objects created by human beings in the transformation of nature, such as utensils, buildings, parks, and so on. They are a combination of human concepts, needs, and abilities. With the increasing cultural contents in material products, the production of material products and spiritual-cultural products tends to assimilate, interact and merge in the end.

3.1.3. Cultural Spirit

Chinese enterprises that go abroad and expand business cooperation with foreign partners have grown steadily. In the meantime, global Fortune 500 enterprises keep entering the Chinese market. In the intensified cooperation and exchange, discordances between Chinese

and foreign enterprises in corporate culture are becoming apparent. Chinese traditional culture with its five-thousand-years' development is broad and profound, and it has nurtured Taoism and Confucianism over the centuries. Despite the core position of Confucianism in Chinese culture, the moral characters of Chinese people are molded by Confucianism, Taoism and Buddhism together. The spirit of Chinese traditional culture contains the following ideas:

1) *Harmony*

The most typical view about the harmony between man and nature in Chinese traditional culture was expounded in *Yi Jing*. The work emphasizes that man, heaven, earth, and the derived substances of nature are only a part of the natural world. The natural world is regarded as a manifestation of the harmonic coexistence of man and nature. The universal law of the natural world explains that human beings have a dominant position beyond all things in the natural world. Therefore, living in the natural world, human beings must strive to obey this universal law and live in harmony with nature.

2) *Doctrine of the Mean*

The idea emphasizes the interpersonal relationship based on the “Awareness of Virtues”, “Retention of the Mean” and “Pursuit of Harmony”. Interpersonal relationships are complicated issues. In Chinese traditional culture, the “Awareness of Virtues” refers to the understanding and observation of ethical standards and their applications in regulating interpersonal relationships; the “Retention of the Mean” suggests that the relationship should be regulated properly, i.e. neither excessively nor inadequately, but in the state of the mean; the “Pursuit of Harmony” implies that the harmonious interpersonal relationships also contain the idea of

“Harmony in Diversity”. Treating the issues of cultural difference, one should be tolerant, inclusive² and broad-minded³.

3) *Integrity*

Integrity means being honest, not deceiving and keeping promises. The saying “A promise is weightier than one thousand bars of gold” is the embodiment of the integrity of Chinese business ethics. The book “*Tong Shu*” states that integrity is “the fundamental of the Five Virtues, the source of the Hundred Actions”, and “the main quality of a saint”.⁴ Integrity can help enterprises improve their reputation and increase the loyalty of their customers. Confucius said that “a superior man, having obtained the trust of his people, may then impose labour on them”. From the perspective of Chinese traditional culture, integrity means obtaining trust from people, it is the basis of stable person-to-person relationship as well as the guarantee of successful career and even a nation’s prosperity.

4) *Willing and Achieving Spirit*

The willing and achieving spirit is associated with constant self-improvement. In the book “*The Great Learning*”, there is a saying “If you can improve yourself in a day, do so each day, forever building on improvement”. That was to say, to make a country or nation stronger, one should strive for constant self-improvement, achievement and innovation. Constant self-improvement empha-

² The Chinese word for “inclusive” can be described by two Chinese idioms: 1) “The sea can hold the water from thousands of rivers,” which refers to the great tolerance of a person; 2) “Acceptance and Co-existence”, which means that one can collect and preserve things of different content and nature. It advises people to be generous and open-minded.

³ The Chinese word “broad-minded” can be described by a sentence from Hexagram Kun in the *Yi Jing* – “To carry the outer world with a breadth of character”, which means that a broad-minded person can take big responsibilities.

⁴ From Zhou Dunyi’s book *Tong Shu* in the *Song* Dynasty, meaning: Integrity is the basic qualification of outstanding people and the source of prosperity of a nation.

sizes not only the indomitable and tenacious will, but also the qualities of self-surpassing and working hard. History has proved that only those countries or nations that strived for constant self-improvement in difficult times and for achievements in good times could survive and develop. To a certain extent, self-improvement and the will to achieve are the fundamental life and the soul of a nation.

3.2. Enterprise Management

Business activities involve features, connotations and functions of corporate culture. The maxim “Prospering Business with Culture, Carrying *Dao* with Business” advocates that enterprises must respect the objective law as well as demonstrate entrepreneurs higher ideals.

3.2.1. Features of Corporate Culture

The features of Chinese corporate culture can be summarized as follows:

1) Advocating collectivism

Collectivism helps enterprises to benefit from an atmosphere of sharing prosperity and woes. Both Confucianism and Taoism value “human beings” and advocate the concept of “Taking People as the Essential”. By emphasizing team spirit in corporate culture, when individual interests conflict with collective interests, individuals should sacrifice their own interests to maximize the collective interests.

2) Harmony is most precious

Harmony helps create a harmonious cultural atmosphere in enterprises. The “Doctrine of the Mean” is the essence of Confucian culture, and its key lies in the word “Harmony”. The mainstream ideas around harmony are helpful to eliminate vicious competition

among enterprises and to maintain social stability and development.

3) *Take the lead through self-cultivation*

Traditional Chinese culture places emphasis on self-cultivation. Mencius said: “When you are poor, lay credit to self-cultivation. When you are rich, lay stress on benefitting others”. Any enterprise must practice self-cultivation and maintain justice to be successful in a fiercely competitive environment. Confucius believed that an administrator should “Cultivate himself and then calm other people”. The goal of self-cultivation and self-discipline is harmony. Managers should foremost practice self-cultivation and intentionally restrain themselves with ethics so that they can influence other people in the organization. Comparatively, the effect of external norms in restraining individuals is weak. The ideal management style makes individuals consciously identify with the management requirements. This requires that managers rely on the power of morality and ethics to create a positive working atmosphere comprised of self-motivated individuals.

3.2.2. Connotations of Corporate Culture

Corporate culture has three levels. Spiritual culture is at the deepest level, organizational culture in the middle, and material culture on the surface. The interconnected and interacted three levels of culture comprise a complete corporate culture.

1) *Spiritual culture*

As the core and soul of corporate culture, spiritual culture is the ideological foundation of material culture and organizational culture. It includes corporate values, corporate management philosophy, corporate spirit, etc. It is the entire ideology internalized subconsciously by corporate managers and employees.

2) *Organizational culture*

Organizational culture restricts and regulates material culture and spiritual culture. It plays some roles in regulating the behavior of employees and the order of corporate operations so that corporate activities can be carried out smoothly under the guidance of the principle of “Process Management”⁵. It is usually composed of corporate leadership, organization units and management systems.

3) *Material culture*

As the material foundation of organizational culture and spiritual culture, material culture is also the external manifestation and carrier of corporate culture. It includes not only the products and services provided by an enterprise, but also the production environment of an enterprise, the modernity of its equipment, and the appearance and packaging of its products, etc. The material culture of an enterprise is the carrier of its business philosophy, management style and work style. It is also a perfect image builder that impresses the customers and social communities.

⁵ The process management is differentiated from the traditional management method. Its basic idea is to observe an enterprise from a “horizontal” perspective as a progress network comprised in a certain way by business processes, like product R&D, production, sale, procurement, planning management, quality management, cost management, customer management, and personnel management. To optimize the design of the business processes and confirm the connection and combination of determining business processes according to the business target of the enterprise. To formulate the plan of resource allocation and organizational design centered on the business process, as well as the plan that solves the problems of the enterprise in information flow, logistics flow, capital flow, and workflow management; to comprehensively apply information technology, network technology, planning and control technology, and intelligent technology to solve problems of the process management.

3.2.3. The Functions of Corporate Culture

With an increased understanding of business ethics, the effect of corporate culture in business activities is being considered increasingly significant. Its specific functions include:

1) *Integration*

The integration of enterprises with society is decisive for the survival of enterprises. To be profitable and sustainable, an enterprise must learn to integrate with society and business ethics is a helpful tool for such integration. By complying with laws and regulations, fulfilling social responsibilities to employees and assuming necessary social responsibilities to society, an enterprise can better integrate into society. On the contrary, if an enterprise takes improper measures or illegal acts, like tax evasion and does not treat employees fairly, it will eventually be penalized and eliminated by society.

2) *Restraint*

The restraint function means that an enterprise restrains its business behavior in the light of business ethics. The core of the restraint function is that the value judgment of business ethics can help an enterprise prevent imminent unethical behavior and enables the enterprise to implement adequate internal control. In this sense, business ethics has an apparent restraint force on enterprises. As long as the majority of employees have approved the principle of conduct, even though it is not expressly stipulated, they tend to abide by it. Consequently, the enterprise will be able to achieve the goal of restraint on the behaviors of the whole enterprise.

3) *Cohesion*

Business ethics, as a kind of standard of moral judgment, guides the behavior of enterprises. Meanwhile, enterprises must follow ethical standards while pursuing economic interests. The standards create a cohesive effect within the enterprise which helps improve the overall quality of the enterprise. When managers and employees think of business ethics as a value judgment, their operation and management behavior will become highly consistent so that the enterprise will be more cohesive. Business ethics is an essential part of corporate culture and also plays an important role in enabling an enterprise to be a moral institution, have an educational function, and transmit culture.

4) *Guidance*

The improvement of corporate efficiency relies on the guidance of business ethics. For example, when a shortage occurs in the market, output increases made by an enterprise may significantly satisfy the social needs and demands of consumers for the material good. Such a conduct of the enterprise helps to promote the material and spiritual development, so it is a kind “goodness” of the enterprise. Besides, innovation is an infinite driving force and a source of strength for enterprises. Innovation, while driving up market demand and enlarging market share, helps achieve the balanced development of the material and spiritual civilization of society, thereby promoting the progress of the organizational culture and the spiritual culture.

Different cultural dimensions correspond to different value dimensions. They not only reflect the mentality shared by the people of a country, but also highlight their mainstream value orientation. As previously mentioned, Chinese corporate culture is characterized by collectivism, emphasizing individual reconciliation and obedience in

line with the national and collective interests. The Confucian idea “At first self-cultivating, then regulating family well, then ruling a kingdom wisely, and at last bringing peace to the world” described a gradual process of moving from the goal of the “Small Self” to the ideal of the “Big Self”. It reflects the emphasis the Chinese people place on collective interests. The great aspiration: “Be the first to become concerned with the worry of the world and the last to rejoice in my happiness” in the famous essay of Fan Zhongyan of the Northern Song Dynasty also demonstrates the spirit of collectivism. We can find that Chinese corporate culture contains different features and values from the West, and this difference has laid a solid ideological foundation for the unity of the Chinese nation and the continuity of Chinese culture.

4. Traditional Culture and Leadership Wisdom

China's commercial culture originates from the philosophies of Confucianism, Taoism and Buddhism, among which Confucianism and Taoism have the most profound influence. The economic theories in Confucianism essentially revolve around how rulers could achieve “Benevolent Governance”. They advocate the ideas of “Sharing Weal and Woe with People” and “Governing People with Benevolence”; emphasize the Five Constant Virtues of “Benevolence, Justice, Propriety, Wisdom, and Integrity”; and merge “The *Dao* of Ruling the Country” into the commercial activities. Laozi, the founder of Taoism, advocated for “Not-Action (*Wu Wei*)” “Being Content with What You Have”, “Not Being Vain”, “Not Being Boastful” and “Not Being Arrogant after a Success”. Gautama Buddha, the founder of Buddhism, emphasized “Doing Good and Eliminating Evil” and the “Cycle of Rebirth and Retribution of Good and Evil”. Although the focus of these three schools is not the same, they have similarities with regard to business culture. Here, we selectively discuss the influence of Confucianism and Taoism on business culture.

4.1. Confucianism and Business Culture

Different cultures produce different ethical concepts. To understand the business ethics of a particular culture, one must first understand the culture (Mitchell, 2009). Traditional Chinese culture has a dialectical understanding of the relationship between business and ethics. It gives much consideration to the ultimate value of wealth, as well as the moral criteria for obtaining wealth.

4.1.1. The Influence of Confucianism

After the controversy of the Hundred Schools of Thought from 770 to 221 BC, Confucian culture gradually became the cultural mainstream of China. In a multi-ethnic country like China, Confucian culture had played a role in melting the cultures of the various ethnic

groups in the process of their conflicts and integration. During the process, it developed into a devotional force in people's hearts. Confucian culture is not only part of the foundation of Chinese culture, but has a decisive influence on economic and political development, as well.

1) *The Positive Side of Confucian Culture*

Confucian culture advocates self-cultivation, emphasizing that individuals should “Self-Cultivate, Regulate Family Well, Rule a Kingdom Wisely, and Bring Peace to All Under Heaven”¹. In applying the idea to management, enterprises should firstly consider solving the existing problems by self-reflection. As members of society, enterprises should also pay attention to ethical cultivation and social responsibilities.

2) *The Negative Side of Confucian Culture*

The consciousness of hierarchy and seniority was deeply rooted in feudal society. Especially in the small-scale peasant economy, in which family was the primary social unit, there was widespread cronyism and nepotism. When the leaders of modern enterprises embed such a way of thinking, they may tend to appoint friends and associates to the management positions without proper regard to their qualifications. Such an attitude dampens the motivation of employees, decreases production efficiency, results in a decline in corporate performance and negatively impacts on the development of the enterprise in the long run. Given this, it is necessary to abandon this negative side of Confucian culture.

¹ The concept that one should “Self-Cultivate, Regulate Family Well, Rule a Kingdom Wisely, and Bring Peace to All under Heaven” comes from the *Book of Rites • The Great Learning*, which means that one should first learn to cultivate his character and restrain his behavior, then he can manage a family and become a model for its members, then he can govern a fiefdom or kingdom, and at last, he can achieve to appease people by securing their livelihoods.

4.1.2. Confucian Corporate Culture

1) *The contradictions and congruencies of Confucian culture and Chinese corporate culture*

A) *Contradictions:*

Confucian culture originated from the natural economy that was mainly composed of small-scale peasants. On the contrary, corporate culture is progressively formed in the market economy, which is based on a well-developed commodity economy. Since the traditional Confucian culture and the corporate culture embody different social phenomena, they are inevitably contradictory in some aspects, for instance:

- a) The contradiction between the “Harmony” of Confucian culture and the enterprise’s awareness of “Competition” – Confucian culture advocates “Harmony” and – in terms of interpersonal relationships – it emphasizes the perfection of one’s inner world. It also advocates that as long as one can be a “*Sage Inside*”, he can be “*Kingly Outside*”, in other words, as long as one’s inner world is harmonious, he will succeed in dealing with the outside. In practice, however, enterprises need to strengthen their pioneering awareness and whet their competitiveness to achieve success in the fiercely competitive environment and adapt to market changes. Such an outward-oriented economic development model contradicts Confucian culture in this respect.
- b) The contradiction between the focus on a Confucian cultural spirit and the focus on business efficiency – Confucian culture, which is characterized by emphasizing essence and neglecting form, stresses comprehensive knowledge and raises it to a metaphysical level. It believes that the highest state of spiritual life is spiritual self-discovery and meanwhile regards

comprehension of concrete substances as insignificant skills that “an aspiring man doesn’t need”. The Confucian thought of “Valuing Theoretic Knowledge over Craftsmanship” greatly influenced traditional Confucian scholars. In the light of this belief, Confucian scholars were often fond of reciting classics and talking about abstract theories but dismissed physical work, agricultural knowledge, and practical techniques (Wang, 2013). However, modern enterprises need various professionals who have expertise in particular fields. In evaluating talent, the focus of Confucian culture contradicts that of enterprises.

- c) The contradiction concerning the concept of benefit – Confucianism’s social thought was built based on a harmonious ethic hierarchy; however, the core thought pursued by Confucianism was the ideal personality – the gentleman or the sage with the so-called virtue of “Sage Inside and Kingly Outside”. From the perspective of value orientation, the pursuit of such an ideal was the thought of “Valuing Justice above Material Gains”. Dong Zhongshu, an intellectual of the Western Han Dynasty, concisely summarized the thought as “Being Justice rather than Seeking Benefits, Understanding Moral Principles rather than Being Concerned for Merits”². The thought was later developed to an extreme of “*Keeping the Law of Nature, Eliminating Desire*”³ by Neo-Confucianism. Enterprises certainly pay more attention to benefits in the process of com-

² From *The book of Han • The Biography of Dong Zhongshu*. It means that one should have a correct attitude towards interacting with others, and shouldn’t decide to associate with others just for the purpose of getting a certain benefit from others or achieving a certain merit.

³ It is one of the important viewpoints of Zhu Xi’s Neo-Confucianism, but this famous saying was not invented by Zhu Xi himself. In fact, this concept already appeared in the *Book of Rites • Book of Music*, where it says: “If people are materialized, they will destroy the law of nature and abuse human desires. That’s why there are ideas of rebellion and deceit, as well as obscenity and riot”.

modity production and exchange. Benefit is the ultimate goal of enterprise management, which is contrary to the Confucianism's "Valuing Justice above Material Gains".

B) Congruencies:

In Confucian culture, there are also thoughts in line with the development of corporate culture. They can help promote the construction corporate culture. Confucian merchants had brilliant commercial achievements in Chinese history. Zi Gong, a student of Confucius, was said to be the first Confucian merchant. He did business by modifying the prices of goods according to the supply and demand in the market. There were many well-known Confucian merchants in the Han, Tang, and Song dynasties, and especially in the turbulent times of the late Ming and early Qing dynasties, a large number of Confucian scholars went to do business. The movements fostered the progress of the commodity market. Among them, Cheng Weizong, a compassionate Confucian merchant in the late Yuan and early Ming dynasties, Huang Ying, a generous merchant from Anhui Province; Li Mingxing, a virtuous merchant from Shanxi Province, and Hu Xueyan, the so-called "Red-Cap Merchant" in the Qing Dynasty who adhered to the ideal "Care for all under heaven when you have had everything".

In general, Confucian culture and corporate culture are opposed. In introducing the positive factors of Confucian culture into the management, enterprises should learn to convert the essence of Confucian culture into production capacity, to achieve profit maximization and sustainable development.

2. *Taking the essence of Confucian culture to build a corporate culture with Chinese characteristics*

Chinese corporate culture theories make reference to the Confucian culture which is thousands of years old, and many modern corporate cultural theories are also the extension of Confucian culture. “The Conclusions of the Nobel Prize Winners in 1988”⁴ suggested that “If mankind is to survive it must go back 25 centuries in time to tap the wisdom of Confucius”. Obviously, Confucian culture has a profound impact on corporate culture.

a) Building a people-oriented corporate culture

Confucianism believes that “Among all the things that heaven fosters, man is the most valuable” and all social developments should bring benefits to people. The idea “People are the foundation of the country, the country will be safe if the foundation is firm” advocates putting people first. People are the foundation of the country. As long as the foundation is solid, national peace will be ensured. Meanwhile, Confucianism also advocates that “A benevolent man loves people”. By adopting the maxim “Harmony is prized” and “Harmony produces wealth,” an enterprise can eventually benefit from the harmonious relationship established among employees and between employees and employers. Caring for the interests of employees, identifying their needs, and creating a harmonious working atmosphere are the distinguishing features of traditional Eastern management. The American writer Mary K. Ash pointed out in her book *Mastering to Manage Human Nature*: “The only rule to improve employees’ productivity is

⁴ In the First International Conference of Nobel Prize Winners on the theme “Facing the 21st Century” held in Paris in January 1988, 75 Nobel Prize Winners and renowned international scholars discussed the development of science in the 21st century and the problems faced by mankind. They issued a list of 16 conclusions. The Swedish scientist Dr. Hannes Alfvén offered the above conclusion.

that ‘you should treat others in the way how you want others to treat you’ (Ash, 1984). As early as two thousand years ago Confucius indicated this golden rule for improving the management of workers (Wang, 2013).

Humanism has widely existed in Chinese corporate culture. For instance, Confucius’ words “Kindness enables you to employ the services of others” advises enterprises not to endlessly exploit employees and to give them favors before asking them to work. In daily management, it is suggested to manage employees with a designed system, rewards, and penalties to stimulate their subjective initiatives and give full play to their potentials. In this respect, the lifetime employment practiced by Japanese enterprises is a good example. By investing in human capital and implementing democratic management, they have achieved the stability of the workforce and reduced the loss of talents. To be people-oriented, firstly, an enterprise should allocate the human resources rationally, that is to say, the enterprise must put the right people in the right place. Secondly, an enterprise should encourage employees to improve themselves or carry out further studies in their spare times, namely, the enterprise is requested to regularly provide employees with professional training or opportunities for further studies. Thirdly, an enterprise should also create a friendly working environment for employees and arrange transportation and accommodation for those who live far away from the workplace. All these are reflections of the people-oriented business philosophy.

b) *Building a corporate culture unifying justice and benefit*

Confucius said in *The Analects* that “The wealth and rank attained through immoral means are to me as empty as floating

clouds”⁵. He opposed chasing benefit by ignoring justice and – at the same time – advocated the principle of prioritizing justice over interest and the inter-promoting relationship between justice and benefit. Generally, he gave importance to the morality of economic activities. Mencius also stressed “Justice over Interest”. A well-known Chinese saying in the business world goes like this: “Be honest even in trade with children and gather wealth from all sides with justice”. The merchants of Shanxi Province openly pursued the concept of “Making a profit through cultivating justice, building a reputation through cultivating honesty”. The sayings reflect a business approach that appreciates justice over interest and they were the influence of Confucianism on business ethics. The Confucian term “justice” highlights the collective interest that includes the interests of a nation and state. While the “justice” in management stresses that profit should be made justly not cynically. That is to say that the Confucian “interest” is a broader concept which includes morality and benevolence, while “benefit” refers to profit in a narrow sense. To achieve sustainable development, enterprises must take into account both the economic interests and social interests, in other words, the unification of justice and benefit.

To unify justice and interest, one must justly manage the relationship between self-interest and public interest (the relations between morality and interest). Here, the public interest stands for “justice”, the other benefits apart from the public interest are the private interests. In a corporate culture, the unification of justice and interest means justly managing the relations among enterprises, social communities and public organs, as well as the relations relating to justice and interest within the enterprise. The correct view of profit and justice

⁵ From *The Analects of Confucius • Book Shu-Er*. Confucius believed that the wealth and rank attained through immoral means are worthless.

for enterprises is to help the public and create greater welfare for society while realizing their interest. In today's society, various interest relationships are complicated and intertwined. The correct integration of justice and benefit is to treat society and people as the main body of interest, convey and create benefits for society and the people, and – at the same time – sort out the relationship between justice and benefit within the enterprise. The profits created by enterprises should be treated as a contribution to society because enterprises are also working for the development of society while creating profits. However, while seeking economic benefits, enterprises must also pay attention to the unification of justice and interest, make the profits justly and legally, and refrain from activities that harm interests of society and the people. Therefore, the construction of Chinese corporate culture must also follow the principle of unification of justice and benefit.

c) *Building a corporate culture based on integrity*

The goal of the “integrity” advocated by Confucianism is to set up moral principles and a code of conduct. Integrity requires people to be “True in Word and Resolute in Action”. Confucianism also believes that “Integrity is the Junction that Joins People under Heaven”⁶. As far as an enterprise is concerned, integrity guarantees its long-term development. As an indispensable thought to social progress and economic prosperity, it can help build the internal and external trust mechanism for enterprises and a corporate culture based on integrity.

Enterprises must build trust with consumers. With the development of the market economy, competition among enterprises is increasingly fierce. Whether an enterprise can win trust

⁶ From *Guanzi • Shu Yan* and means that integrity plays an important role in the universal conduct.

from consumers has become a decisive factor for the success in the competition. Only when the products and reputation of the enterprise win the trust of the consumers, will the consumers regularly consume the products and services and become the loyal customers who ensure that the enterprise achieves a lasting profit. Therefore, enterprises must build trust within the enterprises too. Therefore, managers are required to be “benevolent” to employees, take care of them, respect them, treat them equally, and pay attention to their material and spiritual well-being. Besides, managers must prioritize the interests of enterprise, society, and country and gain the trust of employees by setting themselves as exemplars.

d) *Building a corporate culture based on moderation*

Zhu Xi, a Confucian scholar of the Song Dynasty, explained “The Mean” (in Chinese: *Zhong Yong*) advocated in the “Doctrine of the Mean” like this: “*Zhong* means unbiased, neither excessive nor insufficient, while *Yong* represents the average”. That is to say that in the process of doing things people should apply the principle of moderation, i.e. “Doctrine of the Mean”. Confucius said: “Going beyond the limit is as bad as falling short”. The purpose of management is to keep people, money, and production necessities in an appropriate operating state, so as to achieve maximum efficiency. The Doctrine of the Mean is also consistent with the concept of “Harmony” advocated by Confucianism. An enterprise needs to follow the Doctrine of the Mean to achieve long-term development and to operate business smoothly.

If the rules and regulations of an enterprise are too rigorous and not able to adapt to the currently existing situations, they will depress employees. The employees will consequently alienate from the managers and resist the management of the enterprise. On the contrary, if the managers are over tolerant,

namely attach importance to good relationships over principles or always tolerate the faults of the employees, temporarily they may perhaps maintain a harmonious atmosphere in the enterprise, but they cannot avoid the growth in harmful practices among employees, like indolence and shirking responsibilities, which impede the long-term development of the enterprise.

Thousands of years of Confucian culture still shows its strong vitality in managing modern enterprises. The thoughts of the “Humanism”, “Unification of Justice and Benefit”, “Integrity” and “The Mean”, which constituted the soul of Confucian culture, may provide the powerful spiritual and intellectual support for developing modern enterprises. After all, no enterprise can build its culture overnight. After founding a cultural system, enterprises need to continuously adjust it according to the actual situation during the operation stage. To establish a modern corporate culture with Chinese characteristics, enterprises need to selectively apply the appropriate elements from the Confucian culture in the management and improve them.

4.2. Taoism and Business Culture

4.2.1. The Influence of Taoism

Laozi was the founder of Taoist thought. Before the Qin Dynasty, Taoism had constantly been enriched and developed by various academic schools, such as Yang Zhu, Song Xing & Yin Wen, and Liezi. Later, Taoist thought reached its heyday thanks to Zhuangzi’s contribution. Another branch of the Taoist school was born in the late Warring States period: Dixia Huanglao Taoism. In the early Han Dynasty, Dixia Huanglao Taoism developed into the well-known “Huang Lao Taoism.” The core of Taoist thought is “*Dao*” which embodies the nature of all things in the universe and the law of their natural circula-

tion. Taoists believe that all things of nature are in constant motion and change by following its fundamental law, which is “*Dao*”. In the book *Dao De Jing* (also known as the *Tao Te Ching*), the masterpiece of Taoism, there is an explanation of the *Dao*. “Man follows the law of the earth, the earth follows the law of the heaven, the heaven follows the law of the *Dao*. The *Dao* follows only the law of its own nature”⁷. The main Taoist ideas include:

– “*Unity of Man and Nature*” (“*Unity of Heaven and Man*”).

The idea emphasizes the harmonious unity of man and nature. Nature is the reference to human behaviors. The so-called heaven here refers to nature, not the place regarded as the abode of Gods. Human beings must conform to the laws of nature, but not violate them, and ultimately live with nature in real harmony.

– “*Dao Follows the Law of Nature*”

Laozi divided the “*Dao*” into the *Dao* of Heaven and the *Dao* of Man. “It is the way of heaven to diminish superabundance and to supplement deficiency. It is not so with the way of man. A man takes away from those who have not enough to add to his own superabundance. Who can take his own superabundance and therewith serve all under Heaven? Only he who is in possession of the *Dao*!”⁸. The sentence that “the way of heaven to diminish superabundance and to supplement deficiency” presents a state of harmonic nature, whereas the sentence “man takes away from those who have not enough to add to his own superabundance” presents a state of tension and disharmony. The idea “*Dao Follows the Law of Nature*” reveals the correlation of all

⁷ From Laozi’s *Dao De Jing*. Its general idea is that human beings live on the earth and follow the law of the growth of all living things on the earth; the earth carries the sky, and the growth, reproduction, and migration of all living things on the earth follows the law of the natural climate changes; the climate and celestial changes follow the big “*Dao*” of the universe; the big “*Dao*” in the universe reflects what all things in the world like in the beginning.

⁸ From chapter 77 of Laozi’s *Dao De Jing*.

things in the universe and acknowledges the universal relation and the equal status between man and nature. It also advocates that human beings must conform to the laws of nature and live with nature in harmony to continue their development process.

– *“Ruling by Non-action” (Wu Wei)*

It is the core of Laozi's thought and the most important concept of Taoist philosophy. Laozi's “Non-Action” means that the managed objects are not intervened on by the originator of the “Action” and “All the Actions” of the managed objects are realized through the “Non-Action” of the originator. The core of “Ruling with Non-Action” is a state of individual self-management, based on which the whole society may achieve self-governance.

1) *The Positive Side of Taoism*

Taoism has been in existence for thousands of years. It is of great significance to apply the ideas to business management research. Taoism has a critical attitude towards social reality. In Laozi's and Zhuangzi's time, Taoists were discouraged by social phenomena and resistant to war, aggression, and slavery. Their thoughts and speeches had a guiding effect on rulers and ordinary people. Living in peace, today's people are greatly satisfied with material acquisition, but they are losing the spiritual beliefs and judgment on social reality. The proliferation of various unhealthy social cultures, such as the “Three Vulgarities”⁹, materialism¹⁰ and sensualism¹¹, are corroding people's spirits and causing social

⁹ “Three Vulgarities” refers to the three kinds of vulgar performances in contemporary China: indulgence in vulgarity, the tendency to distastefulness, and ingratiation with the vulgarity

¹⁰ Materialism refers to the viewpoint and thought taking material life as the central position of life, emphasizing the extreme importance of material interests and material comfort and making judgements of the right or the wrong and the good or the evil according to material possession.

¹¹ Sensualism refers to the viewpoint and attitude pursuing unrestricted indulgence and excessive sensual pleasures without regard to consequences.

instability. Taoism is full of humanistic care for individuals. For instance, Laozi's focus was on the solemn life and Zhuangzi's was on the humorous and unrestrained spirit. Both complement each other and are compatible. It is to be noted that Taoism emphasizes individualism and believes that individual freedom is an ultimate goal. What Laozi called "freedom" refers to "nature": "We can lay hold of the *Dao* of old to direct the things of the present-day" (Book *Dao De Jing*, Chapter 14) and what Zhuangzi called "freedom" refers to "carefree attitude": "To be alone with the spirit of heaven and earth" (Cook *Zhuangzi*, Chapter "Tian-xia"). These demonstrate the humanistic sentiments of Taoism, its appeal for individual emancipation as well as its desire for awakening the spiritual consciousness of individuals. At the same time, Taoism emphasizes the harmony between man and nature and advocates the unity of man and nature. It believes that man and nature are fundamentally unified, and that man, as a member of nature, has no other option but to live harmoniously with nature to achieve sustained social stability.

2) *The Negative Side of Taoism*

Taoism contains a strong sense of reverence for the ancients and elements of utopianism. Taoism advocates an abstract theory of human nature, characterized by asceticism. In addition, Taoism also believes that the true essential characteristic of human beings is a state of infantile ignorance and absence of desire, and the existence and development of this essential characteristic has been seriously spoiled by the acquired senses and material desires. So, the retrogressive and pessimistic view of human nature is an exemplary hermeneutics of abstract humanism. Taoism's restraint on desires and restrictions on material pursuits inevitably hinders social productivity and historical progress.

4.2.2. Taoist Corporate Culture

- 1) *“Govern a great nation as you would cook a small fish” – System construction in corporate culture*

The Taoist management philosophy framed in the above-given recommendation means that governing a big country is comparable to cooking a delicious fish dish, which cannot be stirred often. Moreover, Laozi believes that to govern a country, one must adhere to consistency in policies. Policies cannot be changed at discretion in consideration of the stabilization of public opinion. Instead, one must induce the changes at the right times, in the right places and in appropriate ways under the objective laws.

This philosophy requires that corporate management must be appropriate. People and things are the main objects of corporate management. Successful employee management is usually based less on managing tasks. That is why managers must focus on essential issues. Managers are required to position their roles, fulfill their duties within the scope of the authorities and never overstep them. The key to effective, yet less intervention-based, management is a complete system of rules and regulations. It is also equally important to have plans and reasonable expectations in the cooperate management. If some uncertain policies prevent employees, suppliers, customers, and other related parties from establishing reasonable expectations, their short-sighted behaviors and uncertainties will grow with time. As a result, the stability of the enterprise may decrease, and the long-term risk of the enterprise may increase.

2. *“Dao always follows natural laws, so there is nothing which it does not do” – The authority in corporate culture*

The essence of Taoism is the ruling by non-action. In the book *Dao De Jing* it is stated that “*Dao* always follows natural laws, so

there is nothing which it does not do. If a ruler can follow this principle, then all things in his kingdom will take place naturally. During the process, if selfishness appears, it will use the simplicity that has no name to dissolve it, then the selfishness will disappear. If everyone can achieve the unselfishness, all things in the world will be in peace and go on their right ways”¹². An enterprise manager must learn to act on the “Big Things” and not the “Small Things”, not to overstep their authority and avoid the impasse of “Doing Everything without Achieving Anything”.

All the practices in generating and promoting the initiative, autonomy, and self-consciousness of individuals are the embodiments of such culture. To achieve optimal integration of the resources in an enterprises, the individuals should have opportunities to give full play to their abilities. Managers should only concentrate on managing the authorizations of the decentralized organizational tasks and carry out macro-control over the overall development strategy of the organization. At the same time, it is necessary to give sufficient trust to the employees of the functional departments. If managers want to enable employees to take “Action”, they should choose “Non-Action”.

As the saying goes, “Choose big things to do and choose small things not to do.” Modern enterprise leaders should learn to introduce the governance of the ancient rulers and their officials – “A ruler takes non-action, the officials take actions”. The govern-

¹² It means that economic law in society never takes any action, but it created the world and prospered the entire human society. If a ruler can obey this economic law, everything in society will evolve on its own. When social prosperity reaches a certain extent, people are dominated by desires and begin to act selfishly and even infringe the rights and interests of others. Then managers have to suppress them with the most basic principles of social relations other than legal provisions. When the suppression reaches a certain level that people are aware of the determination of the ruling class and the masses, they dare not have any improper desires. When desires do not dominate society, managers may manage it in a quiet. The world will automatically stabilize.

ances over the past dynasties proved a principle: “A country becomes prosperous when the ruler is in leisure and the officials are busy, and a country become decayed when the ruler is busy and the officials are in leisure”. In compliance with the principle, an enterprise may fully exploit the initiatives and creativities of the managers and employees, and it may not exceed the scope of their authorities. Managers must learn to boldly decentralize their responsibilities by determining what they do and what they do not do and not exceeding the authorizations. By centralizing the management decision and decentralizing the management process, they can enhance employee initiative as well as brainstorm possible improvements to management. More importantly, the whole team will be exercised throughout the process and become more proficient.

3) *“Natural Non-Action” – Ecological ethics in corporate culture*

If an enterprise pays too much attention to economic benefits and neglects environmental management, it encounters problems with ecological ethics. The core of Taoism is “Natural Non-Action”. This is the main issue emphasized by Taoism and the primary topic of environmental governance in modern enterprises based on the harmonious coexistence of man and nature. Laozi’s concept of non-action advocates for people to abide by the objective laws of nature and regards “Natural Non-Action” as the highest moral standard for people and the “Unity of Man and Nature” as the guideline. The so-called “Natural Non-Action” is the principle of ecological ethics and the essence of other ethical concepts regarding ecology. Its main idea is to advise people to carry out the artificial changes to nature with such consciousness, in proper ways and after balanced considerations.

4.3. Leadership Wisdom in Traditional Culture

In traditional Chinese culture, there are a lot of important discussions on the art of leadership. “The Romance of the Three Kingdoms” summarizes the wisdom of leadership as: “To establish the spiritual value of a society, which is called responsibility; to establish the meaning of life for people, which is called public welfare; to restore the lost academic traditions and bring peace for future generations, which is called inheritance; to unify the wills and moralities, which is called sympathy; to generate collective ideas and initiatives, which is called coordination; to stick to the principles and timely adjust the tactics is called flexibility” (Luo, 2005). Chinese wisdom regarding leadership is demonstrated by profound philosophical maxims, epigrams and thoughts developed in the long course of history.

4.3.1. Laozi's “Classification” Theory¹³

Laozi said in the *Dao De Jing*: The best ruler is the one that the people hardly know that he exists. The next best is the one who is loved and praised. Next comes the one who is feared. The worst one is the one that is despised. If a ruler does not trust his people, the people will become untrustworthy. The best ruler speaks sparingly. When the work is done and the aim fulfilled, the people will say: ‘We did it ourselves’” (Laozi, 2014). Laozi had realized that the best leaders gave

¹³Laozi (approximately 571 BC – approximately 471 BC) was an ancient Chinese thinker, philosopher, writer and historian. He founded the Taoist school and spread the theory of Taoism. He put forward the idea “*Dao Follows the Law of Nature*”, “Ruling by Non-Action” and dialectics. Together with Zhuangzi, they are called “*Lao Zhuang*”. He is revered as the ancestor of Taoism, called “*Taishang Laojun*” (The Supreme Venerable Sovereign). In the *Tang* Dynasty, he was recognized retroactively as an ancestor of the family Li (the emperor’s family name). Laozi’s thought had a profound impact on leadership education in China. In politics, Laozi advocated “Ruling by Non-Action”, “Influencing Others Without Preaching”. In terms of kingcraft, Laozi held the principle that things turn into their opposites when they reach the extreme. In terms of self-cultivation, Laozi is the founder of Taoist dual cultivation of both outer and inner world, which pays attention to meditating and staying aloof from competition with others.

fewer orders. It is admirable that a man who lived thousands of years ago could have reached such a spiritual realm! Laozi classified the leaders into four types:

- 1) ***The most outstanding leaders:*** They rule by non-action, have a low profile, live in simplicity. The subordinates do not seem to feel their presence, but everything runs in the right order, namely, without the leader, the whole system can function normally;
- 2) ***The next best leaders:*** They play exemplary roles, deal with matters personally, do best and work hard, morally teach subordinates and grace subordinates. The subordinates are often grateful and praise them;
- 3) ***Poor leaders:*** They enforce action with rules and control and restrain subordinates' behavior through administrative measures. Subordinates are frightened and afraid of them, and the relationships in the organization are tense;
- 4) ***The worst leaders:*** They often do not keep their words and play politics. They deceive, frame and provoke internal conflicts. A contentious atmosphere prevails in the organization.

4.3.2. Confucius' "Six Arts" Theory¹⁴

Leadership training originated from the aristocratic education system of the Zhou Dynasty in China and was later developed into the "Six Arts" education by Confucius, the "Sage Master". In the Zhou Dynasty, in 1046 BC, the emperor's school for officials required students to master six basic abilities: etiquette, music, archery, chariotry driving, writing, and calculating. It was so written in the book *Rite of*

¹⁴ Confucius (September 28, 551 BC – April 11, 479 BC), surname Kong, name Qiu, courtesy name Zhongni, born in Zuoyi of Kingdom Lu (now Qufu, Shandong Province), native of Kingdom Song. Ancient thinker, educator and founder of the Confucian School.

Zhou • Baoshi: “To bring the children of the princes and nobles in the country onto the right way, teach them the six arts: the first art is the five types of rituals, the second is the six music pieces and dances, the third is the five archery techniques, the fourth is the five methods to drive chariots, the fifth is the six forms of Chinese characters, the sixth is the nine ways of counting”. Later, Confucius opened a private school and taught his students the six arts. He cultivated over 3000 disciples, among them 72 were proficient at the six arts. Subsequently, the six arts were the basic abilities that Confucians required students to master and the standard for dynastic governments to select talents and train ethical leaders (Zhou, 2014).

- 1) Etiquette (corresponding to today’s moral education) included morality, rules, self-cultivation, etiquette, culture, etc. Confucius said: “No Correct Manner, No Higher Social Status”. The etiquette had extensive meaning, ranging from the national ordinance system to the codes of personal conduct. It also included the contents of the laws of the country, social ethics, collective (enterprise) regulations, all of which were a necessary knowledge for a good leader or master.

- 2) Music refers to artistic education in music, poetry, dance, etc. Confucius once expressed that celebrating feasts with music and playing the music with five scales is an etiquette to follow. He pursued etiquette and music throughout his life. Confucius taught students etiquette because it fostered self-cultivation, and on the other hand, it served to maintain and regulate the social order. He taught students music because the music not only was an entertaining tool but also had a social-educational effect, which can be spread by individuals to the whole society. In this sense, smart application of music may help leaders make their communications more effective.

- 3) Archery was a physical exercise as well as a method of cultivating a noble manner. Trainees needed to have expressive ambitions in mind and manners conforming to the etiquette. Namely, while mastering the hard military skills, they had to advance their military ethics. In certain aspects, a considerable number of outstanding leaders out of West Point¹⁵ have confirmed the ancient Chinese wisdom in leadership training.
- 4) Chariotry driving generally refers to the skill of directing, which includes leadership, self-confidence, self-discipline, planning, innovation, execution, social skills, and teamwork. It is not limited to courage motivation, but also mental sharpness, including the comprehensive optimization of one of the said skills from the perspective of operations research and leadership. Leaders should not accomplish goals with their own hands and feet, but enlist talents and direct them in the accomplishment of the tasks. As the saying goes, the man who is surrounded by talents will become the ruler of the country. To be surrounded by talents, one needs to find them and wisely use them.
- 5) Writing refers to calligraphy and can further refer to cultural education. It would be wrong to regard calligraphy and painting purely as skills. Chinese calligraphy and painting is not only an artistic skill, but also a process of self-cultivation. An outstanding leader must be a well-educated and self-cultivated person.

¹⁵ The United States Military Academy: often called West Point Military Academy, the first military academy in the United States, located in West Point, New York State (on the west bank of the Hudson River) with an area of ca. 6500 hectares. The school motto of the West Point Military Academy is “Duty, Honor, Country”. The school is one of the oldest military academies in the United States and enjoys equal popularity with Virginia Military Academy. Since 1898, when the “Duty, Honor, Country” officially became its school motto, the West Point Military Academy has made efforts to nurture high morality in its students. They repeatedly emphasize that it is not enough for West Point to educate leaders. Their goal is to educate leaders with high morality.

- 6) Calculating was called a numeracy skill in ancient times. It included a wide range of content involving natural science knowledge and techniques, such as astronomy, almanac, Wuxing (fivefold conceptual philosophy), divination, geography, surveying, geometry, and algorithms. Good calculating and planning skill is helpful for a leader to speed up success.

In today's era of economic globalization, competition is becoming increasingly fierce and markets are quasi battlefields, where the strongest survive and the weakest perish. If enterprises want to achieve long-term development, what they most urgently need is not those business- or management-oriented entrepreneurs, but business leaders who dare to face the new environmental challenges, know to use long-term strategies, look far ahead for future benefits and lead with high morality (Wei, 1999).

4.3.3. Sun Tzu's "Five Virtues" Theory¹⁶

Sun Tzu said: "A commander should stand for wisdom, sincerity, benevolence, courage and strictness" (Sun, 2015). These are the five virtues of the excellent generals that Sun Tzu proposed.

- 1) **Wisdom:** correct management concepts and methods, good command of professional skills and knowledge. The Chinese word for "wisdom" is associated with the word "knowledge" in structure. Therefore, it contains a meaning of learning to know. But apart from that, it also has the meaning of application, creativity and imagination. Wisdom is the requirement of the

¹⁶ Sun Wu (approximately 545 BC – approximately 470 BC), courtesy name Changqing, born in Le An of Kingdom Qi (now in northern Shandong Province), a famous military strategist, a politician in the Spring and Autumn Period of China, honored as Sage of Soldiers or Sun Tzu, also known as "Sage of Military Strategists", "Teacher of Military Strategists of Hundreds of Generations" and "Originator of Oriental Military Science".

knowledge economy and modern science and technology, as well as the requirement of tough market competition;

- 2) **Sincerity:** keeping promises, treating others with honesty and being self-confident. Firstly, sincerity refers to integrity. To win the trust of superiors, colleagues and subordinates, one must “Be True in Word and Resolute in Deed”. Only an honest leader can cultivate a trustworthy enterprise and gain loyal customers. Secondly, sincerity also refers to authority. At first sight, it comes from the power of leaders, but actually, it comes from the support and recognition from the subordinates that leaders must win with integrity;
- 3) **Benevolence:** implementing participatory management; giving subordinates opportunities to improve their abilities; helping them solve their problems; being sociable but not building a clique; proceeding from the situation as a whole; furthermore, treating them with kindness, carrying out “Benevolent Governance” within ones authority, teaching subordinates by words and deeds, and giving subordinates necessary support in their daily lives. Only with generosity can leaders maximize the effectiveness of talents and obtain the benefits of “Harmony” in the realization of strategic corporate goals (Wang Zhizhong, 2001);
- 4) **Courage:** clarifying responsibilities; bravely taking responsibilities. “If a general is not brave, his armies will not be aggressive”. In other words, a manager who does not dare to face difficulties, is not able to lead a team to success;
- 5) **Strictness:** discipline and self-discipline. Leaders should be self-restrained, stick to rules, and reward and penalize justly. While being strict with themselves, they should be lenient towards oth-

ers. They implement the regulations and orders through incentive and restriction mechanisms.

4.3.4. Zhuge Liang's "Ten Powers" Theory¹⁷

Zhuge Liang's letter "An Admonition to My Son" embodies the wisdom on ethical leadership that the ancients developed 1,800 years ago. The later scholars summarized "Ten Powers" from the letter of 86-characters (Zhuge Liang, Wen Fu 1986).

- 1) **The power of tranquility:** Tranquility can help you cultivate and reflect on character. Therefore, a quiet environment is an important condition for learning;
- 2) **The power of thrift:** Thrift cultivates virtue. Manage your finances prudently. Live within your means. Don't become a slave of materialism;

¹⁷ Zhuge Liang (181–234), courtesy name Kongming, art name Wolong, born in today's Yinan, Shangdong Province. He served as the prime minister of the state of Shu Han during the Three Kingdoms period and was an outstanding politician, military strategist, writer, calligrapher, and inventor. He wrote a letter to his 8-year-old son Zhuge Zhan (later became the military counsellor and general of the State of Shu Han) shortly before his death. It was named "An Admonition to My Son" and reads as follows:

"This is a way of life for a man of virtue: to cultivate his character by keeping a peaceful mind and nourish his morality by a frugal living. Only freedom from vanity can show one's lofty goal of life; and only peace of mind can help him to achieve something lasting. To be talented, one must learn; and to learn, one must have a peaceful mind. One cannot develop his talent without learning, and one cannot accomplish his learning without peace of mind. Frivolity will prevent one from going deep into learning, and impetuosity will prevent one from molding a noble character. One's age will flee with time, and one's ambition will wane with each passing day. If he does not exert himself in time, his mind will wither away like flowers and he will become a good-for-nothing in the world. And in the end, he could only perch in his humbling dwelling, lamenting for his lost prime that will never come back to him again".

- 3) **The power of planning:** Success depends on forethought. Progress comes from diligence. Plan your life, clearly define your objective and carefully plan your future;
- 4) **The power of learning:** Tranquility helps create an environment for learning. Besides, a peaceful state of mind helps you produce even higher quality work;
- 5) **The power of enhancement:** To achieve enhancement, you must be determined and improve competence through hard studying. Therefore, determination and perseverance are particularly important;
- 6) **The power of speed:** Repeated delays make you miss the chances;
- 7) **The power of personality:** To cultivate personality, you have to balance “Making Efforts” and “Enjoying Peace in Mind” in life;
- 8) **The power of time:** Time flies and willpower may wear off with time. The proverb says that “A Young Idler, an Old Loser”. You must make good use of every minute;
- 9) **The power of imagination:** You must know how to be prepared for danger in times of peace. Imagination is more powerful than knowledge;
- 10) **The power of simplification:** Simply express your thoughts.

4.3.5. The Cultural Value of “Pay and Gain” Philosophy

The idea of “Pay and Gain” originated from the *Yi Jing*. Like water and fire, the sky and the earth, *Yin* and *Yang*, pay and gain are two contradictory elements that oppose and unify. They exist in the human

mind, may reinforce as well as counteract each other and represent the mechanisms of all forms of change. All things run following the law of pay and gain and finally reach harmony and unity. It is a kind of art to make choices between obtained and desirable things, and it requires the wisdom of life to do it. Here are the four idioms that further explain the “Pay and Gain”:

1) *“The Dao of Heaven Rewards Diligence”*

It comes from the hexagrams in the book *Yi Jing* (Ji 2011). It means that God of Heaven will reward everyone in proportion to their contributions. The harder you work, the more you gain. As long as you put in enough effort, you will surely get the corresponding gains in the future. For instance, if you have no money, then you have to “pay” through hard work to earn it.

2) *“Gather People by Sharing Wealth”*

It originated from “Lose People in Exchange for Wealth” in “Old Book of Tang” (Liu, 1975). It means that it is better to share the wealth with collaborators and build a team than to keep the wealth for someone alone. The idea is to say that if you have money, then you should “pay” the money for building a team. In this sense, the Silicon Valley Management Model of stock options could be a typical example.

3) *“Care for All Things with Ample Virtues”*

It comes from the “Hexagram Kun” of the *Yi Jing*: “Just like the earth, which is generous and fertile, a gentleman should have ample virtues to care for all things” (Ji, 2011). It means that the moral character of a gentleman should be like the earth that sustains all things in the world. In total, Chinese ancients defined 25 virtues: restrain what to say, applaud the achievements of others, save the face of others, trust others, offer comfort to others, be polite, be moderate, be considerate, show respect to others, be

helpful to others, have integrity, share benefits with others, be open-minded, admire others, be thankful, aid others, keep the passion, take care of image, have affection for others, keep smiling, be tolerant, be cooperative, be kind-hearted, listen to others and forgive others. If one can lead people with such ample virtues, he will sustain a successful personal career.

4) *"May Virtues Prevail under the Heaven"*

It means: Let people with ample virtues take on major tasks. In any circumstances, one must have a sense of goodness, stay restrained, rely on adaptive approaches and develop the wisdom of the active life. The "gain" of the career success will further motivate the "pay" of the goodness, from which happiness will grow naturally.

4.3.6. The Cultural Value of "Trust" Philosophy

The "Trust" philosophy affects behaviors in social relations, in which the culture of credit, morality and commitment are particularly noteworthy.

1) *Credit culture*

Credit culture refers to the informal social constraints in moral customs, ideologies and value concepts related to credit. Different from the formal restrictions of laws and regulations, in most cases, credit culture has no clearly defined provisions and coercive forces. However, it regulates credit activities through public opinion, collective value orientation and moral judgment. "Honesty secures the existence of a person. Trust secures the peace of the country". Composed of the two Chinese characters of "Honesty and Trust", "Credit" is a traditional Chinese virtue with a long history. It influenced Chinese people throughout historical vicissitudes before becoming the quintessence of Chinese culture. As an essential part of the construction of social culture, building a credit culture sup-

plements the legal system by regulating the values of people and guiding their credit behavior. Leaders should make efforts to mobilize various social forces to participate in the construction of the credit culture, raise the consciousness for it in society and create an environment for it by combining all the social entities. Moreover, it is necessary to establish education bases for credit culture. Education in credit culture enables untrustworthy individuals to take on their responsibilities and raise their credit consciousness. Such an effect on individuals can, later on, spread out into the entire society and consequently push the realization of the core socialist value as well as the construction of a social credit system.

2) *Justice culture*

Justice culture is the wellspring of the spiritual reconstruction and the responsibility consciousness of people. It can be classified into three levels: individual justice, national justice, and international justice. In terms of the individual justice, leaders should have the ability to self-evaluate (as the famous proverb said: “I reflect on myself several times a day”) and exercise leadership with constant self-improvement. In terms of national justice, traditional Chinese culture emphasizes the concepts of “A Great Unified Nation”, national security based on building alliance, national power by making the country prosperous and its military force efficient, national justice based on public opinion and “Harmony in Diversity” (Yu, 2010).

3) *Commitment culture*

It refers to the culture of gaining the trust of others, or in other words, keeping promises. Compared with the credit culture, it mostly emphasizes the informal self-constraint of individuals or institutions. Confucius said: “If a man is not trustworthy, what is he good for?” “Trust” has double sides. One is to be trusted by others. The other is to keep commitments. Keeping one’s word

and winning credibility is a kind of self-restraint. A member of the team made a commitment when he/she had accepted a task from the team leader. He/she broke it when he/she failed to complete the task. On the other hand, the team leader must also keep the promise to reward the member as long as he/she has completed the task. Laozi once said that “Man without trust cannot be independent, an economy without trust cannot prosper”. His words advise us that people without credibility and who do not keep their promises can hardly have well-being in society and that people in business, who have no credibility and often break their commitments, can hardly develop their business. Therefore, commitment culture is also an important part of the corporate culture.

4.3.7. Leadership Wisdom of Chinese Enterprises

The origin of cultural leadership in China can be traced back to the statement dating from ancient times “A benevolent man is invincible” (from the book *Mencius • King Lianghui*). It means that a ruler must rule his kingdom with “benevolence” and treat his people with “benevolence” in exchange for support and esteem from them. When people are united, the rule can be invincible in the world. In the book *Mencius • Jin Xin Zhang Ju II*, it was also written: “The people are the most important element in a state, next is the regime, least is the ruler himself.” The two statements demonstrate the humanistic ideas that have influenced Chinese culture since ancient times. Even now, Serving the People is one of the ruling concepts upheld by top Chinese leaders.

Upon entering the 21st century, China has been changing in business values. In 2004, Chinese entrepreneurs established a social organization “Alxa SEE Ecological Association” aiming to participate in the activities to withstand sandstorms. Their action promoted Chinese entrepreneurs to assume greater environmental and social responsibilities. So far, nearly 900 entrepreneur members have directly or indirectly supported the work of more than 700 non-governmental envi-

ronment protection organizations or individuals in China (Yang, 2012). What is also worth mentioning is the business values of Alibaba Group: Customers First, Employees Second, Shareholders Third. The notion aims to give more emphasis on the relationships between the social communities, customers, employees, and the environment in its business strategy and to incorporate “Good Deeds” into the company’s profit strategy. It has considerably increased its social influence.

Some century-old companies with international reputations have built a corporate culture centred on providing employees with “opportunities”, namely, the opportunities to practice, to learn, to earn money and to get promoted. Opportunities that combine career growth with company development are attracting a large number of outstanding talents. Other companies, for example, the Haier Group, have established their own corporate culture centred on the interests of consumers. Haier put forward the idea of transforming from a manufacture-oriented enterprise to a service-oriented enterprise, and its motto “To start everything from considering consumers” is based on the principle of business for good. Moreover, there are also companies whose corporate cultures are centred right on the business for good, such as the Aux Group. The company won a reputation by launching the “Rainbow Project” in 2017, which has helped tens of thousands of impoverished children.

In summary, corporate culture is the mechanism that ensures the long-term performance of the business for good. In the *Dao De Jing*, it is said that “The Highest Good is Like Water”. It means that the highest level of good deeds is like water that favours all without caring about vanity. Where there is water, there is life. Therefore, if the undertakings of the public good are merely regarded as duties, corporate culture will never reach the highest level of good. Before a corporate culture centred on business for good takes shape, it is necessary to formulate a system of the corporate culture and cultivate the employees’ altruistic value and consciousness for good.

Concluding Remarks

Over a history of thousands of years, Chinese business ethics, such as keeping promises, valuing justice above material gains, and sharing benefits, have promoted the development of Chinese industry and commerce. In the forthcoming ecological civilization, reshaping Chinese business ethics, there is not only the issue of inheriting the essence of the traditional business ethics and adhering to traditional culture, but also the issue of helping to remove the immoral behaviours in the market and further promote the healthy development of industry and commerce. Good business culture is the driving force to push forward the sustainable development of society, in this sense, the essence of Chinese traditional culture can be an indispensable power of ethical construction, as well as an unexhausted wellspring of sustainable development for the social economy. Business culture continuously changes. Social morality and ethics may prevent cultural decline and regenerate social vitality. It can thereby maintain the healthy development of society. Cultural elements can be classified into the bottom, surface, and middle layers according to their change degrees in the historical process. In particular, the five elements, namely the spiritual element, languages and symbols, normative systems, social relations, and material products, are the entry points to further understanding of the connotations of business culture. Among others, corporate culture can also be divided into spiritual, institutional and material culture, and characterized by nationality, succession, human nature and organization system. Meanwhile, corporate culture exercises the functions of integration, restraint, cohesion and guidance.

Due to the unique social and cultural backgrounds in China, the corporate culture of Chinese enterprises considerably differs from that of the US, Japanese and European enterprises in terms of origin and features. Confucian culture has both positive and negative influences on Chinese corporate culture. Sometimes they contradict each other. However, the successful practices made by the ancient Confucian

merchants as well as by the modern entrepreneurs are proof of the harmonization of Confucian culture and corporate culture. Taoist thoughts such as “Unity of Man and Nature” and “*Dao* Follows the Law of Nature” have a positive impact on the construction of Chinese business culture. Besides, Chinese traditional culture also contains rich leadership wisdom. Laozi's “Classification” theory, Confucius’ “Six Arts” theory, Sun Tzu’s “Five Virtues” theory, Zhuge Liang’s “Ten Powers” theory, and the “Pay and Gain” philosophy still have an enlightening effect on the peaceful development of today’s world.

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Chapter 6

Does Harmony Matter?

和谐有作用吗？

Katarzyna Mazur-Włodarczyk (宁羽沙)

Abstract: In this text, the category of *harmony* is presented through an analysis of research devoted to it and references to economic sciences. The category of *harmony* is usually associated with Asia. Research conducted in countries outside this area rests mainly on comparative studies with Asian countries or concerns the generally understood economic sciences. The text introduces the typology of intrapersonal (internal) and interpersonal harmony, family harmony, harmonious communication, social harmony, work-life balance, sustainable enterprise management, and industrial harmony, as well as the typology of harmony associated with the People's Republic of China. The author emphasizes, among other facets, that the category of *harmony* is a significant element of Chinese culture – one of the main keywords used to explain the culture of Middle Kingdom. The text also presents a comparison of the results of surveys conducted in China, Malaysia, the Czech Republic, and Portugal – the countries involved in the One Belt One Road initiative, concerning the perception of the category of *harmony* by the young generation, an assessment of its importance in personal communication, as well as identification of behaviors influencing the category of *harmony* in the group.

摘要：本文通过对和谐的研究分析，从经济学的角度展现了和谐的范畴。和谐的范畴通常与亚洲有关。对亚洲以外的国家所进行的这方面研究大多是与亚洲国家进行比较，或者涉及的是一般意义上的经济学科。本文介绍了个人和谐（对内）与人际和谐、家庭和谐、和谐的沟通，社会和谐、工作与生活的协调、可持续性企业管理以及产业和谐的分类，以及与中国相关的和谐的分类。作者强调，和谐的概念相比之下是中国文化的一个重要组成部分，它是用来解释中国文化的主要关键词之一。本文还展示了对中国、马来西亚、捷克共和国和葡萄牙一些等参与“一带一路”倡议的国家进行调查的结果比较，其中涉及年轻人对和谐的看法，和谐在个人交流中的重要性，以及在这些人中影响和谐分类的行为识别。

Harmony can be perceived as order, co-existence, supplementing, compatibility, wisdom, integrity, beauty, symmetry, balance, proper sequence, receiving something with pleasure, neatness, peace, peaceful relationship, and even agreement. The multitude of first associations with this category causes it to be connected, among others, with (*Encyclopedia PWN; The Free Dictionary by Farlex*, Kopaliński, 1985; *The encyclopedia of positive psychology*: 464–467):

- Greek mythology – as the daughter of Ares and Aphrodite, wife of Cadmus, mother of Ino, Semele, Autonoë and Polydorus, personification of order, good co-existence and social agreement;
- music – compatibility of sounds, sound system, procedure, key, melody, melodic interval, consonance, concord, type of a brass band, accordion;
- ethics – righteous conduct, virtue (Chu & Moore, 2020), cultural ethics;
- aesthetic – the feature of beauty, right proportions, compatibility of sounds or shapes, symmetry;
- architecture – industrial harmony, harmony of cities;
- theology – pre-established harmony, harmony of the gospel, interdenominational harmony;
- philosophy¹ – arrangement of elements, number, combination of contradictory things, the state of the immortal soul, a property of the universe, harmony of spheres, the moral ideal, Taoist, Confucian and Buddhist assumptions, harmony with nature, interpersonal harmony, yoga philosophy (Shivom, 2020);
- psychology – compatibility of feelings/actions/relationships-/opinions and interests, collective forgiving, conflict situations, the terminal state of existence, peace with oneself and strategy of conduct;

¹ Harmony was deliberated upon by e.g.: Pythagoras, Socrates, Plato, Aristotle, Immanuel Kant, Gottfried Leibniz, Friedrich Hegel, Charles Fourier, Robert Owen and Wilhelm Weitling.

- power engineering – harmony as a factor affecting the making of decisions concerning use of heating in a household (Mallabanda & Lipson, 2020);
- education – harmonious development;
- political science – soft power;
- sociology – harmony among civilizations and inside the civilization (Nasr 2013);
- linguistics – vocalic harmony (Patay, et. al., 2020; McColluma & Essegbey, 2020; Kaili et. al., 2019), linguistic harmony;
- environmental sustainability – harmony of the man with nature;
- tourism and gastronomy – harmony in tourist groups (Cai, Cohen & Tribe, 2019), sustainable food tourism, molecular gastronomy (*Current Issues in Tourism and Hospitality Management* 2019);
- orthopedics – power expense while moving (Gnucci et. al., 2018);
- mathematics – harmonious division;
- management and administration – human capital, sustainable spatial capital (Tan et al., 2014), sustainable management, industrial harmony, management of conflicts, balance between personal and professional life;
- economics – sustainable development, international relations, coordination and synchronization (law of harmonization (Šmid, 2012: 178)), economic interests in the private and social perspective.

In the context of interpersonal relationships, the term harmony is generally associated positively, being related to avoiding or solving conflict situations, encouraging peaceful co-existence, equality, complementary nature of various elements, righteous conduct, etc. Still, this category, due to its wide application, has also been used for less proper purposes. For instance, Adolf Hitler also used the harmonious rhetoric, and referred in his statements to the harmony of Aryans and the apparent harmony of Jews (Hagstrom & Nordin, 2019: 7–9).

References to harmony are also present in research conducted by Adam Smith and John S. Mill. The former of the economists noticed that cooperation is conducive to achieving one's own benefits. Social

harmony is visible while manifesting mutual liking in the aspect of private and social benefits. In the case of free market economy, market transactions generate as high a combined net social benefit as possible. Likewise, John S. Mill was of the opinion that personal interests should remain in harmony with others' interests (Suh, 2020, [in:] Mill, 1861[1961]; Suh, 2020, [in:] Smith, 1759[1976]).

Contemporarily, in social sciences, research related to harmony is mostly conducted within the following domains: psychology, sociology, religious studies, political science, education, administration and management. In this regard, the category of *harmony* is predominantly linked to Asia, and research conducted in states from outside this area are mainly comparative studies with Asian countries or relate to economic sciences in a broad sense.

Xue Yang (2016), analyzing the population of Hong Kong, notices a connection between sympathy, harmony of relations and self-improvement. Robert J. Taormina (2003) argues that the People's Republic of China (PRC) plays the leader's role in developing social harmony in the international context. Ip Po-Keung, comparing the concepts of social harmony in Hong Kong and the PRC, remarks among others, that although semantically they are not identical, they overlap to a sufficient degree to conclude that the achieved social harmony may be a measure of social welfare. The research also indicates that despite the fact that the categories *happiness* and *harmony* are not identical, they overlap to a sufficient degree to justify a statement that harmonious society is sufficiently happy, and a happy society holds a sufficient harmony (Po-Keung, 2014). On the other hand, the research conducted by Kylie Heffernan and John Crawford demonstrates that, among the new generation of Chinese managers, some elements of Confucianism are weaker, while others are being maintained. However, contact with the Western lifestyle does not reduce their attachment to the fundamental Confucian value being moderation, and within it – harmony (Po-Keung, 2014; Heffernan & Crawford, 2001). Monoj Khakhlary (2019), analyzing the idea of peace in the light of Buddhism, encourages creation of social harmony

with the use of Buddhist techniques useful in mitigating anger, controlling desires and creating harmonious relationships. Imtiyaz Yusuf emphasizes the fact that the Buddhist leading principles applied by political leaders, in their moral development, can be applied to ensure peace and harmony in the international perspective, just as the application of the multicultural policy, focused on peaceful relations, socio-economic as well as political and cultural approach, promoting cooperation between ASEAN Member States (*Multiculturalism in Asia – Peace and Harmony*, 2018). Sylvia Xiaohua Chen, Wai Chan, Michael Harris Bond and Sunita Mahtani Stewart (2006), running research on diversification of predicted depression in individualistic and collectivist cultures in Hong Kong and in the United States, noticed differences in feeling personal effectiveness and family harmony. Siddappa Naragatti, Rajiv Rastogi, Shlok Kumar Singh and Renu (2019) emphasize that the purpose of education is promotion of harmony between the individual's physical and mental health, freedom, justice, love and equality. Shukui Tan, Haipeng Song, Ghulam Akhmat and Javeed Hussain (2014) investigated the problem of the man's harmonious involvement in spatial capital. Kalpathy Ramaiyer Subramanian, Dhani Shanker Chaubey and Rani Ramaswamy (2015) notice that harmony is expressed in the efficiency and the effectiveness of making decisions and avoiding organizational confrontation and conflicts provided that it refers to each type of organization. It is the soul of the organization. Sara Bigazzi, Sara Serdült and Ildiko Bokrétás (2019) claim that in order to transform conflict relations into harmonious relations, one's own position of power should be deconstructed, with the awareness of the stakeholders emphasized as to the role of the context. On the other hand, Matthew Adekunle Abioro, Samuel Abimbola Odunlami and Jonathan Ehimen Ekpudu (2019) made an analysis of the conflict management strategy as a tool of industrial harmony. They demonstrated that, in order to reach harmony, it is worth implementing, e.g. the strategy of collective talks, conciliation and negotiations, and that organizations adopt the participative management style. Joshua N. Hook, Everett L. Worthington Jr. and Shawn O. Utsey no-

ticed that collectivist forgiveness is related to social harmony, rather than achieving a sense of internal peace associated with emotional forgiving (Hook, Worthington & Utsey, 2009). Linus Hagstrom and Astrid H.M. Nordin (2019) analyzed the policy of harmony considered as coercion. Virginia S.Y. Kwan, Michael Harris Bond and Theodore M. Singelis (1997), in research concerning predicted satisfaction from life among students from the US and Hong Kong, noticed the influence of *harmony of relationship* on self-regard. Kwok Leung, Pamela Tremain Koch, Lin Lu (2003) expressed an opinion that harmony as conflict evasion is not the main feature of classical Confucianism, but a feature of the secular version related to cultural collectivism. On the other hand, Chinonye Chris Wobodo (2019) stated that a well-managed dysfunctional conflict promotes an industrial harmony among the organization's members, and is also the basis for successful entrepreneurial ventures.

Apart from the division offered by domains of science, harmony is sometimes also divided into: **intrapersonal (internal) harmony** and **inter-personal harmony**. The former is defined as an attribute of a mature man, with a fully developed personality, a person pursuing self-realization. In the opinion of Romuald Jaworski (2004: 71, 220), research devoted to harmony and conflicts is most frequently theoretical considerations in nature and the analysis is most frequently made in the following spaces: socio-cultural, personality, problem area of health and diseases, cognitive processes, decision making, family life, interpersonal relationships and the problem area of war and peace. In the opinion of Anselm Grün (2008: 14), harmony is related to avoiding extreme anxiety, cowardice, mistrust, suspiciousness and envy – namely the right distribution of powers. On the contrary, according to Max Lüscher, harmony is a normal mood, when individuals respect themselves, feel an intrinsic freedom, are satisfied with themselves and trust themselves (Jaworski, 2004: 68). However, the achievement of internal harmony is not the man's only goal. Personal and professional life depends on co-existence in the group. Therefore, interpersonal, including family, harmony is also distinguished. **Family**

harmony is present within a family, whose members cooperate and communicate with one another correctly so as to avoid conflict situations (Pramono, 2020). Melvyn Kinder (1997: 275–276) points to the role of emotional communication. Communicating one's own emotions to others is conducive to establishing contact with another person, and, at the same time, may be reflected in the achievement of planned goals in the professional space, e.g. during an interview.

Harmonious communication is understood here as communication on the same “emotional” frequency as the employer, involves mutual, positive reception of the partners in the conversations, a sufficiently high level of comfort they achieve (Kinder, 1997: 275–276). Harmony involves cooperation and joint action for the common good, tolerance for differences in views and value systems (Dhankar, 2020: 40). In a broader perspective, **social harmony** assumes agreement, peace, accord, consensual cooperation, sometimes compromise between different individuals and groups. Harmony is also expressed by the state of excellence, involves happiness, prosperity, peace and beauty (Korab-Karpowicz, 2017: 12–14). In addition, social harmony in the work space involves, among others, the category of harmony between personal and professional life, harmonious management and industrial harmony.

Work-life balance, by skillful time management, is conducive to effectiveness in the spheres of life more and more often penetrating themselves – the private one (e.g. related to personal development and hobbies and with the family) and the professional one. Under this type of harmony the pursuit lies in the same valuation of the requirements for one's career and personal life.

On the other hand, balanced business management focuses on achieving harmony by introducing the corporate social responsibility concept [*corporate social responsibility/CSR*]. CSR means making decision and taking actions considering – apart from one's own interest (generating profits) – also care for the social well-being (Davis & Blomstrong, 1975: 13). This category involves fulfillment of social

expectations and sustainable development. According to the definition drawn up by the European Commission, CSR are social and environmental matters, which enterprises voluntarily take account of in their business activities and in contacts with stakeholders (*Green Paper: Promoting a European framework for Corporate Social Responsibility* 2001). In the opinion of Archie B. Carroll (1993: 35), a sustainable company is expressed in several types of responsibility: philanthropic, ethical, legal and economic.

Industrial harmony can be perceived as the basis for any successful business project. An organization is unable to effectively function without clear signs of the harmonious and peaceful co-existence of its various stakeholders. Industrial harmony is related to reciprocal relationships of the employee team with regard to the terms of employment at the workplace (Wobodo, 2019, [in:] Puttapalli & Vuram, 2012). In this space, the deliberations are coupled, among others, with the phenomenon of conflict (interpersonal, intra-group, inter-group, inter-organizational), presence of strikes and the procedures of solving disputes (including negotiations). Harmony on the work space is when there are no strikes, there is mutual trust, and the employees are committed to the tasks entrusted to them. Industrial harmony translates into a good atmosphere at work, and, consequently, the employee's proper mental condition, greater productivity, motivation to work, development of industrial democracy and a high morale. Wang Z.M. noticed, among others, that Chinese managers involved in a conflict within their own culture, demonstrate active care for reinstatement of harmonious relationships (they try to solve the conflict or report its presence), while in the case of intercultural conflicts, they reluctantly consider the possibility of contacting foreigners directly (Child & Warner, 2003 [in:] Wang, 1998).

Within the Chinese cultural space, the following types of harmony are distinguished:

- **of heritage** (e.g. **Taoist and Confucian**), **inter-personal (of relationship)** and **socialist**;

- **of the natural environment, individual’s internal environment (intrapersonal) and of the human life environment** (e.g. in the work environment: **between private and professional life, in management of the organization, industrial harmony** and within a household: **family harmony**;
- **true** (being the goal) and **superficial** (being the means).

The above typology has been characterized in Table 1 below.

Table 1. Typology of harmony

Researcher	Typology	Role/meaning/characteristics
Kwok Leung, Pamela Tremain Koch, Lin Lu	1a. Harmony as the goal	1a. Value;
	2a. Harmony as the means to achieve a material goal	2a. Instrument.
	1b. Harmony affecting <i>lian</i> concept	1b. Moral face referring to value harmony;
	2b. Harmony affecting <i>mianzi</i> concept	2b. Public image and reputation.
L. Huang	1. True harmony	1. Sincere and comprehensive relations, difficult to achieve;
	2. Superficial harmony	2. Used in order to hide protest and superficially get rid of conflicts; easier to achieve.
Virginia S. Y. Kwan, Michael Harris Bond, Theodore M. Singelis	Harmony of relationship	Concept <i>guanxi</i> – interpersonal associations, referring to instrumental harmony, harmony as the means to achieve the goal.

<p>Katarzyna Mazur-Włodarczyk</p>	1a. Harmony of heritage	1a. Elements of the Chinese traditional culture cultivated from generation to generation;
	1.1a. Taoist harmony	1.1a. Natural internal harmony, the aim of which is to harmonize interpersonal relationships;
	1.2a. Confucian harmony	1.2a. Learned interpersonal harmony. The goal are harmonious social relations;
	2a. Interpersonal harmony	2a. Group hierarchy, determination of the principles of conduct in the group, assigned and acquired status, justice, politeness, trust, selflessness, not standing out as compared to the group, relationships <i>guanxi</i> ;
	3a. Socialist harmony	3a. Achievement of socialism that is Chinese in nature.
	1b. Harmony of the natural environment	1b. Harmony of the natural world, of the man with nature;
2b. Harmony of the individual's internal environment	2b. Harmony of the body, mind and soul;	
3b. Harmony of human life environment	3b. Harmony at the place of residence, city, region, country;	

	<p>3.1b. Harmony in the work environment</p> <ul style="list-style-type: none"> – Harmony between private and professional life – Harmonious business management – Industrial harmony 	<p>3.1b. Work-life balance/work-family balance; sustainable business management [<i>corporate social responsibility</i>] – company's involvement in increasing the human capital, care for the natural environment and relations with stakeholders; interpersonal relations on the work space, relations between the stakeholders;</p>
	<p>3.2b. Harmony in the household environment</p> <ul style="list-style-type: none"> - Family harmony 	<p>3.2b. Relations between family members/household members.</p>
Sylvia Xiaohua Chen	<p>1. Interpersonal harmony</p> <p>2. Interpersonal harmony</p> <ul style="list-style-type: none"> – Marital harmony – Social harmony – Racial harmony – Inter-group harmony 	<p>1. Internal balance and peace, harmony of the body and the mind;</p> <p>2. Solidarity, interdependence;</p>
Jesus Sole-Farras	<p>1. Harmony of the contemporary neo-Confucianism</p> <p>2. Harmony in the indirect version</p>	<p>1. Presented in a broad range, in connection with nature, the man's internal world and in the interpersonal perspective, can be reached by self-improvement;</p> <p>2. An important element of the historical continuity and passing of value, offering a comprehensive and humanistic perspective on life;</p>

	3. Harmony of the Chinese socialism	3. Leading to building a consensual world and the implementation of the party's agenda.
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Author's own study on the basis of: Kwan V.S.Y., Bond M.H., Singelis T.M., *Pan-cultural Explanations for Life Satisfaction: Adding Relationship Harmony to Self-Esteem*, Journal of Personality and Social Psychology, Vol. 73, No. 5, 1997: 1038–1051; Leung K., Koch P.T., Lu L., *A Dualistic Model of Harmony and its Implications for Conflict Management in Asia*, Asia Pacific Journal of Management 19/2002: 201–220, <https://doi.org/10.1023/A:1016287501806>; Chen X.H., *Harmony*, [in:] *The encyclopedia of positive psychology*, ed. Lopez S.J., Blackwell Publishing, London: 464–467; Mazur-Włodarczyk K., *Harmony in Chinese economic culture. The perspective of contemporary socio-economic aspects*, manuscript; Mazur-Włodarczyk K., *Harmonia w komunikacji o chińskim charakterze – spostrzeżenia z Polskiej (Europejskiej) perspektywy*, Zeszyty Naukowe Politechniki Śląskiej, Organizacja i Zarządzanie z 124, Wydawnictwo Politechniki Śląskiej w Gliwicach, Gliwice 2018; Mazur-Włodarczyk K., *Perception of Harmony as a Key Element in Interpersonal Communication: Polish and Chinese Point of View*, [in:] *Communication as a Life Process Volume Two: The Holistic Paradigm in Language Sciences*, ed. Bogusławska-Tafelska M., Haładewicz-Grzelak M., Cambridge Scholars Publishing, 2019; Cai W., Huang L., *Interpersonal harmony and conflict: Indigenous theories and research*, Gui Guan, Taipei 1999, [in:] Cohen S.A., Tribe J., *Harmony rules in Chinese backpacker groups*, Annals of Tourism Research, 75/2019: 120–130, 5–7; Sole-Farras J., *Harmony In Contemporary New Confucianism And In Socialism With Chinese Characteristics*, China Media Research, 4(4), 2008, <https://www.researchgate.net/publication/295258546>, on 20.01.2019.

Harmony is an important element of Chinese culture – one of the main keywords used to explain the culture of Middle Kingdom. Despite the fact that mentions of harmony appeared already in the ancient times, in the awareness of the Chinese the word *harmony* has not been identified with a description of the general nature of this culture (Gentz, 2020: 43). At present, this category is visible even in the urban space in China. The marks of harmony – 和谐 (*héxié*) decorate walls, squares, are displayed as posters in parks, on university campuses and even in banks and post offices. Examples of two of them have been presented in Photographs 1 and 2. The phrase *harmony is a virtue* [和为贵] is known not only to every Chinese, but also, decorating city streets, attracts the attention of thousands of foreigners visiting China. For example, it appears in such slogans as: *In applying rituals, harmony is a virtue* [礼之用和为], *Various forms of demonstration of tolerance, harmony is a virtue* [多元包客以和为贵] and *Chinese dream, harmony is a virtue* [中国梦和为贵]. However, harmony symbols are shown not only through words – phrasal verbs and political slogans, but also in the graphic version as the great One *taiji* [太极] (Photographs 3 and 4) combining in itself complementary and contradictory elements *yin* [阴] and *yang* [阳], or through the image of crane (*hè*) and river crab (*héxiè*), being homophones for Chinese sign/word *harmony*. Also the Chinese aesthetics is based on harmony, being visible e.g. when choosing the problem area of works (nature elements), applied proportions, resulting in a sense of prevailing order, geomancy – *feng shui* [风水] – harmonious space planning with the use of the stimulating impact of the environment and the hidden sense in the metaphysical dimension.



Source: Natalia Brede, photograph presented with the author's consent.

Photograph 1. Wall painting entitled *harmony* [和谐]. The slogan in the second row reads: *Diversity and tolerance are appreciated, if harmonious* [多元包容以和为贵].



Source: Natalia Brede, photograph presented with the author's consent.

Photograph 2. Poster entitled *Harmony* [和谐], presenting it as one of key, traditional values of the Chinese society



Source: Katarzyna Mazur-Włodarczyk

Photograph 3. Symbol *taiji* surrounded by eight trigrams (basic elements being combinations of *yin* and *yang*), used as a decorative element



Source: Private library of Katarzyna Mazur-Włodarczyk.

Photograph 4. White-black symbol *taiji* combining complementary contradictory elements *yin* (in black) and *yang* (white), used in creating covers of Chinese business books

In China, it is not only visually possible to record harmony slogans. They have appeared in this cultural space practically since the ancient times. This is proven by references to *yin-yang* described in *the I Ching* [易经] – one of the oldest Chinese classic texts, which was later used as the basis by representatives of Taoism [道家] and Confucianism [儒家]. The Chinese philosophy concerning harmony focuses mainly around three problems: harmony with the world (nature), harmony connected with music and social harmony. The first concept refers to natural harmony, understood as escape from society. Achievement of internal peace is the way to *tao* [道]. Work on oneself, realization of *tao* is possible only by contacting nature, by following the way of the good. In accordance with the rule *wuwei* [为], refraining from contesting nature guarantees achievement of the natural order. Owing to the fact that everything in the world contains elements of *yin* and *yang*, the pursuit of their dynamic balance – harmony between them, gives a sense of internal happiness and beauty, and even “space music”. Harmony with music was also connected in Confucian concepts, described as an echo of the harmony between Heaven and Earth. In the opinion of Xunzi [荀子], continuator of Confucius’ thought [孔子], the strength of music consists in harmonizing the mind. Harmonious interpersonal relations result in the creation of harmonious sounds.

Most importantly, Confucian harmony was situated in the context of social interactions and ritual practices (ceremonies). According to this philosophy, the purpose of life of man and a social group is heading towards harmony. This category became the primary Confucian value (Chu & Moore, 2020). Ethical behavior includes such characteristics as *kindness* – virtuous and ethical behavior [仁], *integrity* – propensity to do good [义] and *ceremonies* – rituals [礼] (Taormina, 2003). Harmony is thus understood as right, proper conduct, according to the tradition, social order/social standards, fulfilling the entrusted duties/roles and maintaining moderation. The above is conducive to avoiding disputes and confrontations as well as stimulating kindness

and righteousness. By moral education (self-improvement) the human creature can become a sage, and by acting harmoniously, i.e. according to the order of Heaven and Earth, a man on the way of *tao*. Rituals foster cultivation of the morally right conduct. Social harmony is created by showing respect to persons who are higher in the social hierarchy within the relationship between the emperor and officials, father and son, an older and a younger brother, husband and wife, as well as between friends. In a broader context this harmony aims at creating an utopian community, characterized, among others, by a sense of welfare, safety and trust. On the other hand, Buddhist teachings encourage one to work on such values as *wisdom, compassion, forgiveness, kindness, respect, sympathy* and *tolerance*. They emphasize the importance of harmony with the natural environment as well as respect for every living creature. In addition, they coax one into the moral leadership in pursuing international social harmony.

Harmonious rhetoric can be recorded also in the Chinese political life. It includes such slogans as *harmonious society* [和谐社会] – socialist welfare society and *harmonious world* [和谐世界] – world of great harmony. Harmonious rhetoric is an element of political strategy, ideological language, which does not only aim at mitigating social conflicts, but – by referring to the traditional Chinese philosophy – in combination with the philosophy of Marxism and socialism, creates a kind of a soft tool of impact on the Chinese society and in a broader context – on the global community (Koptseva, 2016: 387). The harmony value has been classified as one of 12 cardinal social values [社会主义核心价值观], assigned to the national level [国家层面的价值目] together with *prosperity and power* [富强], *democracy* (socialist) [民主] and *civilization* [文明]. Harmony slogans are clearly visible in political communication. They have appeared, e.g. in speeches of consecutive leading politicians: President Jiang Zemin [江泽民], President Hu Jintao [胡锦涛], Prime Minister Wen Jiabao [温家宝] and current President Xi Jinping [习近平]. The harmonious narrative convinces that China's intensive economic growth does not threaten other

countries, both in the geopolitical context and in terms of sustainable development. It encourages to become involved in the Belt and Road Initiative [一带一路] on the principles of peaceful cooperation and multilateral benefits¹. Bogdan Góralczyk is of the opinion that, in China's history, rulers have gladly referred to harmony and avoided disorder, and in addition – in the space of politics this category seems to be not only dynamic, but also exceptionally flexible (Góralczyk, 2010: 245). Harmonious diplomacy supports creation of good neighborhood (international relations with states bordering on the PRC), closing of the relations with emerging economic powers and developing countries, cooperation on the win-win principles, etc. Culture, also including harmony, is an element of Chinese – a value attracting, part of international political marketing, which, as expected by Chinese economist, Hu Angang [胡鞍钢], will create, as early as in 10 years, a sino-centric world, aiming at a great harmony (*How are global views on China trending?*). The harmonious azimuth is also chosen in another economic perspective – sustainable development [可持续发展], to be achieved as planned already next year – 2021. Sustainable development, defined as conducting business operations in harmony with nature so as to not cause irreversible changes therein (Zaufal, 1986), without limiting the future generations' possibilities of fulfilling their needs (*Wyzwania zrównoważonego rozwoju w Polsce*, 2010: 71, [in:] *Our common future*, 1987), includes, in the PRC, e.g.: the energy revolution – based on *green energy*, modernization of the industry branches and the means of transport generating pollution, increasing the number of jobs, raising the minimum wage, ensuring extended social security, quality and access to public services, etc.

¹ This geostrategic project (group of projects) includes land “silk economic belt” and oceanic “maritime silk trail” of the 21st century [丝绸之路经济带和 21 世纪海上丝绸之路]. It consists of six economic corridors: Bangladesh – China – India – Birma, China – Central Asia – Western Asia, China – Indochinese Peninsula, China – Mongolia – Russia, Euroasian Land Bridge and China – Pakistan.

(*China 2030 Building a Modern, Harmonious, and Creative Society*, 2013: 77–78).

A very interesting and important fact should not be ignored – that the pursuit of *harmony* is also noticeable in the scope of everyday life practices of the Chinese, i.e. in the care for the psychophysical condition of the Chinese, in their application of natural medicine, work on breath, controlling the internal energy and balanced physical activity, and by the selection of diet components. Yet another area is many people's aspiration to reach a harmony by experiencing music, painting, calligraphy, participating in a tea drinking ceremony, games such as *weiqi* [围棋]. The area of presence of harmony in Chinese culture has been presented in Table 2.

Table 2. Presence of harmony in Chinese culture

Area	Main components
Chinese language	<ul style="list-style-type: none"> – characters/words corresponding, in terms of the meaning, to the word <i>harmony</i>, among others: 和, 憩, 和谐, 叶, 融, 怡, 均衡, 平衡, 雍, 變, 大同; – phrasal verbs.
Symbolic meaning	<ul style="list-style-type: none"> – crane image; – symbol <i>yin-yang</i> [阴阳], as part of transcendent One <i>taiji</i> [太极]; – river crab image.
Psychophysical health	<ul style="list-style-type: none"> – natural medicine; – <i>qigong</i> [气功]; – <i>taijiquan</i> [太极拳]; – Chinese cuisine.
Aesthetics	<ul style="list-style-type: none"> – calligraphy; – painting; – experiencing either;

	<ul style="list-style-type: none"> – experiencing the beauty of nature, natural scenery; – consumption of tea; – playing <i>weiqi</i> [围棋]; – <i>fengshui</i> [风水];
Philosophical and religious currents	<ul style="list-style-type: none"> – <i>I Ching</i> [易经]; – Taoism; – Confucianism; – Buddhism;
Assumptions of the Chinese socialism	<ul style="list-style-type: none"> – rhetoric of President Jiang Zemin [江泽民]; – rhetoric of President Hu Jintao [胡锦涛]; – rhetoric of Prime Minister Wen Jiabao [温家宝]; – rhetoric of President Xi Jinping [习近平]; – harmonious society concept; – harmonious world concept; – “social” advertising.
Sustainable development	<ul style="list-style-type: none"> – calendar <i>nongli</i> [农历]; – intensive economic growth; – degradation of the natural environment; – social challenges.
International relations	<ul style="list-style-type: none"> – soft power of influence – <i>soft power</i>; – Belt and Road Initiative.

Interpersonal relations	– concept <i>guanxi</i> [关系] ² ; – concept <i>mianzi</i> [面子] and <i>lian</i> [脸] ³ ; – concept <i>keqi</i> [客气] related in a broader context with ⁴ <i>renqing</i> [人情].
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Source: authors' own study.

In China, harmony is presently identified as a personality trait, with the moral basis related to the pursuit of excellence as well as observance of certain principles determined by the group, and, consequently, as a characteristic feature of collectivist societies. Harmony is of high social importance, because, as a cultural attribute, contributes to social behaviors, including economic ones, yet is not always perceived identically by representatives of various groups. Due to the above, in the years 2017–2019, an independent questionnaire survey was conducted among 717⁵ representatives of several groups of young people from: China, Malaysia, Czechia and Portugal. These countries were chosen due to several, following characteristics: they are not neighboring states, but are located in different regions of Asia and Europe, all the four are involved in the Belt and Road Initiative, represent different levels of economic development, their areas have been

² The concept of *guanxi* [关系] is associated with a chain of relations and influences, also described as contacts, connections and benefits resulting from establishing and sustaining interpersonal relationships.

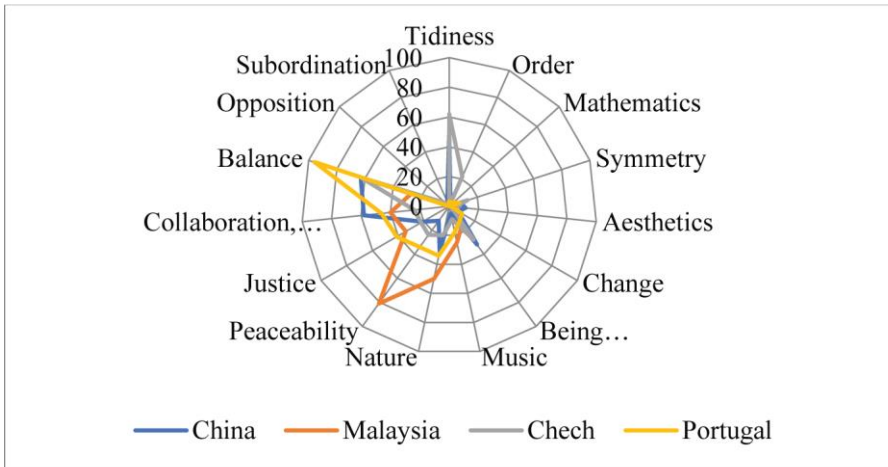
³ The concepts of *mianzi* [面子] and *lian* [脸] is “face” – reputation applicable to the social status, hierarchical dependence and public image. The first category is more combined with perception by others and prestige and the other one with social trust.

⁴ The concept of *keqi* [客气] – the principle of kindness/courtesy, arising from the sincere, friendly attitude, modesty and a civilized or well thought-out strategy related to working on the *mianzi* concept. As well as related to certain sanctions in case it is not used.

⁵ The respondents were 717 higher university students, respectively:
 – 197 persons from China studying at the University of International Business and Economics in Beijing;
 – 220 persons from Malaysia, Univesiti Teknologi Mara;
 – 150 persons from Czechia, VŠB – Technical University of Ostrava;
 – 150 persons from Portugal, Instituto Politécnico de Tomar.

affected by different, presently dominating religions/philosophical currents.⁶ The purpose of the study was to obtain information about the perception of the category *harmony* by the young generation, evaluate its importance in personal communication, as well as indicate behaviors affecting harmony in a group. Based on an analysis of the literature on the subject of harmony, the list of 15 equivalents of this category was created, then, the respondents were asked to select three of them, as the ones matching best, in their opinion, the definitions/notions of harmony. In spite of the possibility of proposing a different category, apart from the mentioned ones, the respondents mostly used those proposed in the questionnaire. The results confirmed that, despite the fact that the category *harmony* is known to everyone, it can be associated with different things. In China, the dominating synonym for *harmony* turned out to be: *balance* (63% of the indications), *collaboration/cooperation* (58%) and *order* (50%). In Malaysia: *peaceability* (81% of the answers) *nature* (50%) and *collaboration/cooperation* (40%). In the Czech Republic: *balance* (63%) and *order* (62%). On the other hand, in Portugal: *balance* (96%), *collaboration/cooperation* (46%) and *justice* (41%). Among the above categories, two of them: *balance* and *collaboration/cooperation* emerged in as many as three out of the four selected research groups. The details have been presented in Diagram 1.

⁶ The dominating religious and philosophical currents having an effect on culture in the countries selected for the studies: China – Taoism, Confucianism; Malaysia – Islam, Czechia – Protestantism, Portugal – Catholicism. However, these are not the only religions present on these territories.

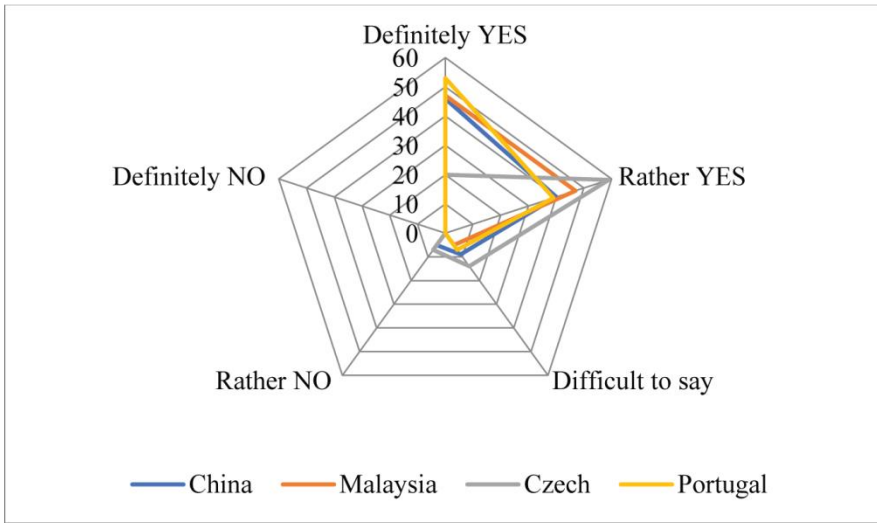


Source: Author's own study.

Diagram 1. Defining harmony [%]

In spite of certain (above presented) differences in defining harmony, and the fact that the respondents from China and Portugal⁷ are classified as coming from typically collectivist states, representatives of each of the groups declared that, in their opinion, harmony is an important element in interpersonal communication. In the Chinese, Malaysian and Portuguese groups, there were more persons definitely convinced about that than those selecting the answer “rather yes”. The details are illustrated in Diagram 2.

⁷ Individualism value indicator for China is 20, and for Portugal – 27. Source: *Country Comparison*, Hofstede Insights, <https://www.hofstede-insights.com/country-comparison/china,czech-republic,portugal/>, access: 19.08.2020.



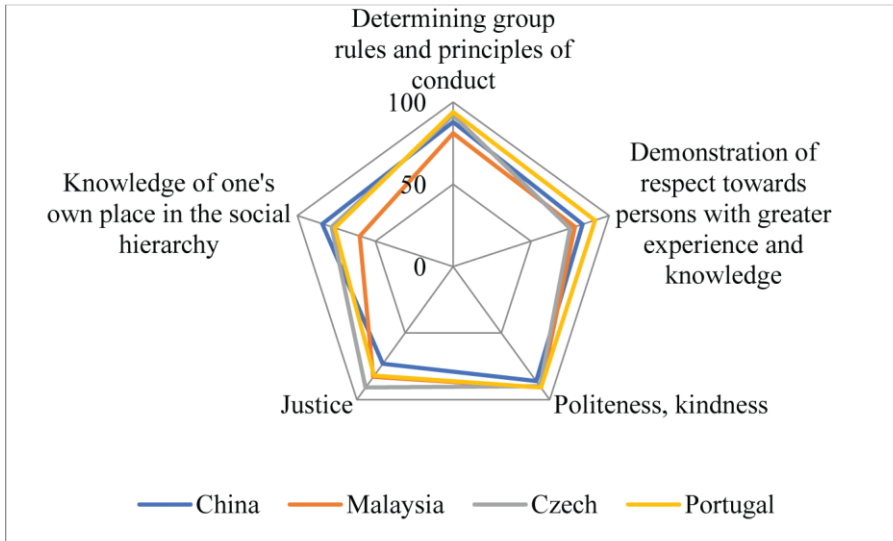
Source: Author's own study.

Diagram 2. Perception of harmony as an important element in interpersonal communication [%]

Notwithstanding the fact that only China and Malaysia⁸ are countries where the inhabitants' culture has been influenced by the Confucian philosophy, it turned out that representatives of each of the groups studied indicated similar behaviors which, in their opinion, favor harmony. These included: politeness/kindness, setting group rules and principles of conduct, justice, demonstration of respect towards persons with greater experience and knowledge as well as knowledge of one's own place in the social hierarchy. The dominant behavior conducive to harmony, i.e. one that obtained more than 80% of the indications in each of the surveyed countries turned out to be: politeness/kindness as well as determination of group rules and principles of conduct (particularly highly valued by the surveyed from Czechia and Portugal – minimum 90% of the answers). Justice was most frequently chosen in the Czech Republic, and demonstration of

⁸ The society of Malaysia is racially diverse, 22% of the citizens are Chinese. See: Jelonek A.W., Trojnar E., *Malezja*. Historia państw świata w XX w., Wydawnictwo TRIO, Warsaw 2009: 8-10.

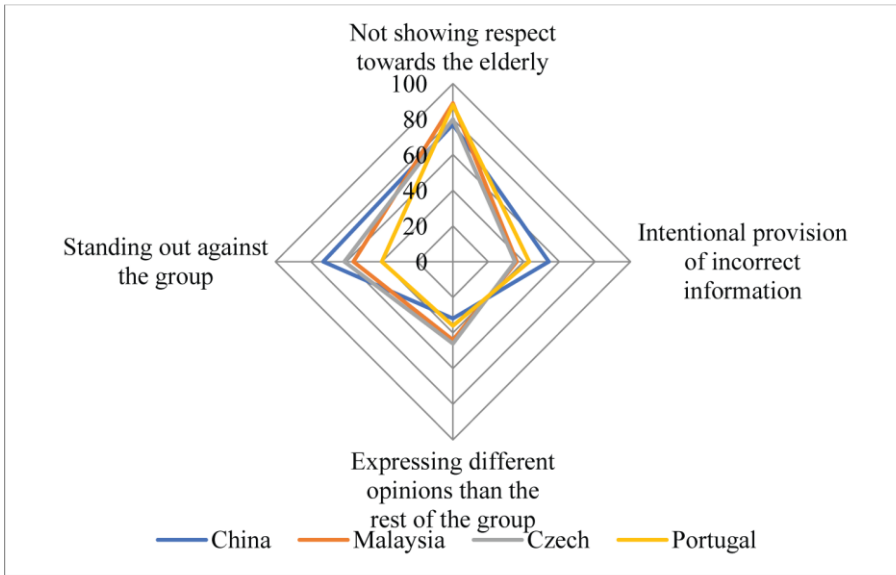
respect towards persons with greater experience and knowledge – in Portugal (91% of the answers each). On the other hand, knowledge of one's own place in the group scored lowest in Malaysia (60% of the indications). The details are illustrated in Diagram 3.



Source: Author's own study.

Diagram 3. Elements favoring harmony [%]

Likewise, in the case of behaviors not favoring harmony, respondents decided to identify similar groups of behaviors which included: not showing respect towards elderly persons, standing out against a group, expressing different opinions than the rest of a group and intentional provision of incorrect information. The first of them turned out to be the most frequently chosen behavior by the respondents from each of the surveyed countries, achieving a minimum of 76% of the answers. Excessive standing out (in a positive or negative sense) against the group was valued highest in China (73% of the indications), and lowest in Portugal (40%). The details are illustrated in Diagram 4.



Source: Author's own study.

Diagram 4. Elements not favoring harmony [%]

Harmony is really an essential value in the Chinese cultural tradition. Knowledge of this category – although it is a very broad term – is conducive to understanding Chinese culture, behavior in private life as well as in the sphere of business operations. Using the question from the title, being in a way a reference to the term applied by Lawrence Harrison and Samuel P. Huntington “*Culture matters*”, we can say that harmony does “matter”, it is important not only in China. However, placing harmony as the purpose of life of the individual and the social group distinguishes China from among other countries, allows it to exert influence in a very wide spectrum, not only locally, but also in the international perspective.

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