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Management with Chinese Characteristics:  
at the intersection of culture and institutions

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**Management with Chinese Characteristics:  
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PhD dissertation

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## PREFACE

*Why is Chinese management Chinese? Are Chinese organizations more similar to each other than to other nations' organizations? What are the external pressures behind this? What are the actual characteristics of Chinese management, what is the current state of academic knowledge on Chinese organizations?*

These are the main questions which motivated my PhD journey and which this dissertation aims to answer. These questions are already influenced by academic experiences, theoretical insights and many invaluable lessons I learned as a doctoral student. But the curiosity itself stems from the years before this time, from the days I enrolled to my first Chinese language class, the day I first set foot in China, when I first landed in a different time zone, where people were different, the food was different, the streets were different, even the air was different. At first, not much resembled to what I was used to, and yet, after some time, this country became a second home for me, and did not feel so different already. I lived in the culture, with this new way of living, new way of thinking, and after some months, textbooks, notebooks filled with *hanzi*, and misunderstood dialogues everywhere with (usually) kind and patient people, the language. These efforts, especially those of learning the language, made it possible for me to enter the workforce in China, first in entry-level foreign student jobs such as English teacher or European-looking hostess, but during studying for my Master's degree I get to be involved in several business transactions between China and Hungary, and even after moving home, part of me stayed there by continuing to work as an employee of the local branch of a Chinese company, and a translator for a Hungarian exporter. During all these experiences, I not only had to translate the language, I had to translate everything, even outside the traditional translator and interpreter roles I often played, I always felt that my job is translating and interpreting between cultures, between nations, between ways of thinking, living and working. I was lucky enough to achieve a pretty good proficiency in *Chinese*, not just the language.

學而不思則罔，思而不學則殆

"Learning without thought is labour lost; thought without learning is perilous."

*Analects (Chapter 2), Translated by James Legge*

## **1. INTRODUCTION AND RESEARCH GOALS**

With the rapid development of the Chinese economy, the proliferation of Chinese companies worldwide, and the increased presence of Chinese business schools in the international academic discourse, the research on Chinese organizations became a major research stream in international journals. This stream of research, often denoted as Chinese management, represents a growing, developing, but also an elusive target for researchers and scholars interested in East Asia. Every country has many unique characteristics stemming from culture, history, philosophy, religion, geography, politics, or traditions. These backdrops inevitably make the life of their organizations unique, resulting in some distinct management practices. What is missing from the literature of Chinese management is a comprehensive understanding of Chinese management practices and the underlying influencing factors. Similar to Japan (Dedoussis, 2001; Minabe, 1986; Oh, 1976; Vaszkun, 2012), Russia (Gurkov & Maital, 2001; Luthans et al., 1993; Taylor, 2002) or Africa (Jackson, 2013; Nzelibe, 1986; Seny Kan et al., 2015), China is generally assumed to have a management system fundamentally different from the Western (Fang, 2012; J. T. Li & Tsui, 2000; Tsui, 2006), and one of the most often cited influencing and explanatory factor behind its uniqueness is Chinese culture, and the legacy of the Confucian ideology (Hill, 2006; Hofstede & Bond, 1988; Warner, 2016). However, empirical evidence to this relationship is still scarce, and there are many unclear aspects of the distinct characteristics of Chinese management and their link to Confucianism.

To this end, I would like to explore which are the aspects of Confucianism with the most significance on today's management, how and to what extent do they influence modern management in China, and how should we interpret these factors to better understand Chinese management practices and situations. The Confucian ideology is one of the most widely known influencing factors of Chinese society, but its exact effect on business situations remains unclear for most Western people – thus, the explanation of the link between the ancient ideology and modern management is an inevitable part of understanding Chinese management.

Chinese management is an often-used term, but the reasoning behind what exactly makes management “Chinese” has a lot of contradictions and unexplored areas – this dissertation aims to discover some of these. More specifically, I intend to explore the role Confucianism plays in the Chinese cultural context relevant for the country's

organizations, but also take into account other cultural and institutional factors which are behind the (relative) homogeneity of Chinese organizations. Finally, I would like to explore the current state of knowledge about Chinese management, the most often studied factors in the internal operation of Chinese organizations.

This dissertation is intended to discover the above-mentioned areas, and will be structured as follows. In this Chapter I already argued the fundamental research goal of this dissertation, in very simple terms – what we need to know is why and how Chinese organizations are more similar to each other than to organizations of other countries. Chapter 2 will summarize some theoretical approaches which incorporate the external environment of organizations – cultural, institutional and contingency approaches will be dealt with. Chapter 3 will specify the research goal and, considering the theoretical underpinnings, break it down into several research questions. Chapter 4 will introduce the research methods and justify the choice of this particular mix of methods. Chapters 5-8 include the articles in which the actual research was published (summarized in Table 1). The articles fully conform the criteria of the article based dissertation, in every case of co-authored papers my contribution to the research was significant and all the co-authors agreed to include our joint papers in this dissertation. Table 1 contains the details of the articles. Finally, Chapter 9 will conclude the dissertation with summarizing the answers to the research questions.

*Table 1: Details of the articles included in the dissertation*

<b>No.</b>	<b>Article Title</b>	<b>Authors</b>	<b>Published</b>	<b>Status</b>
1	The influence of ideologies on Chinese management characteristics and its relevance in cross-cultural management between China and the European Union A conceptual paper	Vaszkun, Balazs – Koczkas, Sara	Budapest Management Review (MTA B)	Published in 2018, DOI: <a href="https://doi.org/10.14267/VEZTUD.2018.05.03">https://doi.org/10.14267/VEZTUD.2018.05.03</a>
2	Does Confucius have a say in management today? Empirical evidence from Asia and Europe	Vaszkun, Balazs – Koczkas, Sara – Ganbaatar, Tseren – Chi-Hsien, Kuo – Yu, Yanghang – Sarvari, Balazs – Orolmaa, Munkhbat	European Journal of International Management (Scopus Q2)	Published in 2022, DOI: <a href="https://doi.org/10.1504/EJIM.2022.120715">https://doi.org/10.1504/EJIM.2022.120715</a>

3	Confucianism: ancient ideology or driving force of the future? A scoping review on the effect of Confucian culture on innovation	Koczkas, Sara	Society and Economy (Scopus Q3)	Published in 2023, DOI: <a href="https://doi.org/10.1556/204.2023.00021">https://doi.org/10.1556/204.2023.00021</a>
4	Chinese management: a systematic literature review of the field	Koczkas, Sara – Vaszkun, Balazs	China Goes Global Conference 2023	Conference Paper, presented at the 17 <sup>th</sup> China Goes Global Conference (July 11-13 2023, Bologna, Italy)

## 2. THEORETICAL UNDERPINNINGS OF DOING RESEARCH IN CHINA – theoretical approaches on the differences and similarities of organizations

### 2.1. About the universality of theories, indigenous management approaches

When dealing with Chinese management, it is important to mention that most management theories were developed in a Western cultural context, primarily in North America and Western Europe – yet they are widely used, across different national and cultural context, often in very different ones from the original birthplaces of the theory (Hofstede, 1993). Recently, especially since the 2010s, a growing stream of research aims to incorporate local additions into existing theories, or develop new, indigenous theories. The term indigenous in management related academic literature refers to what is indigenous, or native, in a given context (country, place, or community), and encourages the study of local practises and insider knowledge primarily in non-Western contexts (Jackson et al., 2008; Lee Park et al., 2018). Indigenous management research aims to overcome the trend of exclusively building on scientific paradigms developed by Western scholars by considering local cultural contexts and understand their influence on management (Horak, 2014, 2018). Majority of indigenous management literature focuses on a certain country or region, and a local management practice which can be traced back to the country’s cultural heritage. Example’s include *ubuntu*, an African indigenous people management system (Ibeh et al., 2022; Jackson et al., 2008); *jetinho*, an informal way of problem-solving in Brazil (Lee Park et al., 2018); the informal interpersonal social networks, called clanism in Kazakhstan (Minbaeva & Muratbekova-



Touron, 2013); *yongso* in South Korea (Horak, 2014, 2015); *blat* in Russia (Balabanova et al., 2018), or *guanxi* in China (A. Chang et al., 2014).

Applying economic or management theories developed in the Western (mostly North American) context to explain Chinese management phenomena certainly has its challenges and limitations. Even though there are significant differences among contextual factors between the Western birthplaces of these theories and the new locations of their application, such as China, the most common choice for conducting empirical research on Chinese management is still the application of established Western paradigms, as opposed to developing indigenous theories (J. B. Barney & Zhang, 2009; Cheng et al., 2009; X. Li & Ma, 2018; Whetten, 2009).

Jia et al. (2012) propose three different degrees of theory contextualization: context insensitive theoretical contributions (theory borrowing), context-sensitive modification of theories (theory contextualization) and introduction of new, context-specific models or concepts (indigenous theory development). While indigenous theory development is promoted among researchers of Chinese management (Leung, 2012; X. Li & Ma, 2018; Tsui, 2006), the most common choice of researchers is still theory borrowing and theory contextualization.

Both approaches have their advantages and drawbacks. Applying Western theories in Chinese context can help to modify or to extend the theories, which might make them broader and more generally applicable outside of Western context (J. B. Barney & Zhang, 2009). If executed in a way that it enables a new perspective on local phenomena, it might offer new insights, as well as contribute to the development, extension or generalization of the theory (Tsui, 2004; Whetten, 2009). At the same time, borrowing a theory from another context has its limitations. Even if Western theories are applicable in Chinese context, their explanatory power might still be low (Meyer, 2006), and possibly, only the limitations of the theories will be discovered (Cheng et al., 2009). Moreover, conceptual and measurement equivalency is difficult to achieve since different concepts and terms can have different meanings across cultures (Child, 2009). On the other hand, Western researchers face difficulties when attempting to contribute to the Chinese theory of management due to their unfamiliarity with Chinese history and culture (Cheng et al., 2009).

Considering the advantages and drawbacks of the theoretical approaches, this research builds upon Western established theories, which incorporate the contextual and environmental factors of the organization.

Since the dissertation aims to discover the effect of Confucian ideology on Chinese organizations, the appropriate theoretical background should be applicable to explain the effect of external factors on organizational practices, and the similarities and differences of organizations across national contexts.

Institutional theory and cultural models are often used to identify the causes of the differences between the managerial and organizational practices of organizations in different national contexts (Beamond et al., 2016; Vaiman & Brewster, 2015). Culture and institutions are undoubtedly major determinants of the external environment of organizations, and the connection between Chinese national culture, institutional environment and Chinese organizations has been studied extensively in the past several decades. According to both the main cultural models and the theory of informal institutions, ancient ideologies, especially Confucianism, are one of the main determining factors that account for the unique characteristics of Chinese organizations.

In the theoretical chapter, I am going to overview the institutional theory and the cultural models, and how they relate to each other, focusing on those aspects of the theories that are relevant to the effect of Confucianism on Chinese management. Contingency theory will be used to explain the connection between the external environment and other factors internal to the organization. The dissertation will mainly focus on the effect of the external environment, and, more specifically, Confucian ideology on Chinese organizations, but the importance of this effect in the current management literature will also be assessed, in comparison to the other organizational subfields of contingency theory.

## *2.2. The institution-based view*

The institution-based view's (IBV) role in the field of strategic management can be conceived as responding to the need of a theory that can include the effects of the firm's environment in its strategic choices, since other leading theories, such as the industry-based or the resource-based view were only able to do that within the significant limits of the task environment (Peng et al., 2009). The emergence of the theory was intertwined with the emergence of management research in China, therefore, much of its

conceptualization comes from the Chinese context (Peng, 2005). The fundamental question of the theory is why organizations are similar to each other (DiMaggio & Powell, 1983), and identifies the institutional environment as an external pressure which results in organizations of a certain field change in a way that makes them homogenous. Scott (1995) argues that beside the technical (production) and managerial activities, organizations are also concerned with the compliance to the norms and conventions of their social context, because they must conform to societal expectations to gain legitimacy. Instead of focusing on financial or efficiency issues, IBV posits that firms are driven by social influence toward conformity through adopting socially valuable actions, or socially compliant managerial practices (J. Barney, 1991). The theory highlights the influence of the external environment on decision making and organizational structures. Under the influence of similar institutional constraints, firms will become more similar to each other, since the constraints cause bounded rationality of the human actors, restricting the perceived alternatives, making the adoption of certain practices and behaviours more likely than others (Barley & Tolbert, 1997). Thus, in different “organizational fields”, which include key suppliers, consumers, regulatory agencies and other organizations with similar activities behave in accordance with these external pressures, thus more similar to each other than to firms in different organizational fields, as it reduces uncertainty and ambiguity (R. Greenwood et al., 2002), and, as these activities become institutionalized, it enhances or even ensures their legitimacy (Kostova & Roth, 2002). Elements of the institutional environment, such as regulatory bodies, the legal system, or culture, are often part of the national context, therefore management practices and actions can vary from country to country. (Kostova & Roth, 2002).

### *2.2.1. Institutions*

There were several attempts to define institutions in academic literature. In the most simple terms, multiple authors refer to institutions as the rules of the game (Boddeyn & Peng, 2021; Peng et al., 2009). According to more formal definitions, institutions are “the humanly devised constraints that shape human interaction” (North, 1990, p. 3), or “regulative, normative, and cognitive structures and activities that provide stability and meaning to social behaviour” (W. R. Scott, 1995, p. 33). Barley&Tolbert (1997, p. 96) define institutions as "shared rules and typifications that identify categories of social actors and their appropriate activities or relationships". They argue that the more recent

an institution, the less likely it is to influence behaviour, and the more easy to be challenged.

The basic function of institutions is to reduce the uncertainty of the economic actors, however, if the institutions are ambiguous, not fully developed or instable, they can also be a source of uncertainty. They affect the legitimacy of practices and behaviours – in terms of what is accepted and considered legitimate by the environments, or the organizational field (Meyer & Peng, 2016). The institutions are classified in several ways in IBV literature (North, 1990; Peng et al., 2009; W. R. Scott, 1995).

Institutionalism is often divided into three pillars (J. Barney, 1991; W. R. Scott, 1995), based on where the emphasis was put by certain groups of scholars:

- The regulative pillar constrains and regulates behaviour, emphasizes explicit regulative processes, like rule-setting, monitoring or sanctioning, imposed upon by regulatory agencies, such as the state or professional associations (J. Barney, 1991; R. Greenwood et al., 2002).
- The normative pillar is a system of values (conceptions of preferred or desirable outcomes/goals) and norms (appropriate ways of achieving goals) that determine and support the evaluation of individual actions and social interactions.
- The cognitive pillar consists of rules (symbols, words, signs, gestures) which shape our conception of reality through the meanings they attribute the certain objects and activities.

North (1990) determines two major groups of institutions, 1) formal and 2) informal institutions. He argues that the majority of institutional constraints are informal, rather than formal, where the importance of informal constraints independently from formal ones is supported by the facts that the same formal institutions have different effects in different societies, and that many aspects of the informal institutions are persistent even if the formal are changing (e.g. foreign occupations or the temporary rule of extremist / authoritarian regimes). Formal institutions belong to the regulative pillar of institutionalism, while informal institutions can be part of the normative and cognitive pillars.

### 2.2.2. *Formal institutions*

Formal institutions are intentionally created (Van Essen et al., 2012) usually by political institutions (North, 1990), such as national parliaments or governments, so they are traditionally conceptualized on the level of nation-states (Meyer & Peng, 2016). It is important that they also contain an element of enforcement, a mechanism which ensures that they are complied to by the economic actors (Peng, 2013). Formal institutions entail constitutions (North, 1990), legal systems (Boddeyn & Peng, 2021), laws, rules and regulations (Peng, 2013), such as private property rights (Puffer et al., 2010), antitrust and competition laws or labour market rules (Boddeyn & Peng, 2021; Peng et al., 2009; Zhu et al., 2012).

### 2.2.3. *Informal institutions*

Informal institutions are “socially shared rules, usually unwritten, that are created, communicated, and enforced outside officially sanctioned channels” (Helmke & Levitsky, 2006, p. 5). They include sanctions, taboos, customs, traditions, and codes of conduct (North, 1990), some aspects of culture and politics, but they are quite distinct from a nations cultural traditions – even though sometimes it is used synonymously (Boddeyn & Peng, 2021), culture can be considered part of the informal institutions, but two are not equal (Peng et al., 2008). As opposed to formal institutions, which emerge intentionally, informal institutions are not created, they emerge spontaneously in certain long-standing social or economic context, and are self-enforcing, since complying with them has more long-term value (Van Essen et al., 2012). The effect of informal institutions on several specific dimensions of business practices, such as marketing channels (F. F. Jia & Wang, 2013), human resource management (Q. Huang & Gamble, 2011) or innovation activities (Zhu et al., 2012), and on the overall economic performance of China (Cunningham & Dibooglu, 2020) were already addressed by multiple research papers.

Formal institutions in transition economies, such as China, are usually underdeveloped, therefore, informal institutions receive increased attention, because they are able to make up for the missing formal ones. The most often mentioned informal institution in China is *guanxi*, which means dyadic social ties based on a system of mutual favours, where reciprocity is expected – in this regard, it is distinct from the Western concept of social capital (Horak & Restel, 2016). Personal *guanxi* of organizational members can enhance organizational relations with the financial sector (Q. Li et al., 2022), political systems

(D. Li et al., 2022) Other informal institutions in China are social institutions, such as how much society honours trust and justice (C. Chan & Du, 2022), how much people trust their immediate social circle (K. S. Chan et al., 2015), or the presence of bribery (Weng et al., 2021).

#### 2.2.4. *National culture as an informal institution*

Culture is one of the most often mentioned part of informal institutions (H. Li et al., 2023; Sauerwald & Peng, 2013). There are countless models and theories to compare national cultures, but the cultural dimensions of Hofstede and the GLOBE project are two of the most influential cultural models which explicitly incorporate Confucianism. Hence, the dissertation will build upon the definitions of culture provided by these studies. In the GLOBE study, culture is defined as “commonly experienced language, ideological belief systems (including religion and political belief systems), ethnic heritage, and history”, while organizational culture “consists of commonly used nomenclature within an organization, shared organizational values, and organizational history” (House et al., 2004, pp. 15–16). According to Hofstede (1980a, p. 24), “culture is the collective programming of the human mind that distinguishes the members of one human group from those of another”.

#### *Hofstede’s cultural dimensions*

In his original study of 40 independent nations, Hofstede differentiates national cultures along four main dimensions (Hofstede, 1980b). *Power distance* indicates the extent to which people in a nation accept the unequal distribution of power – for example, in countries with small power distance, superiors are usually expected to be accessible, while in large power distance countries superiors and subordinates mutually consider each other as different kind of people. *Uncertainty avoidance* indicates the extent to which a society feels intimidated by uncertain situations, thus, attempts to achieve great levels of stability, based on formal rules and the intolerance of deviant behaviour. In places with weak uncertainty avoidance hard work in itself is not a virtue, while high uncertainty avoidance tolerates aggressive behaviour. The *individualism-collectivism* dimension describes individualism as a looser structure between members of society, where people are only responsible for themselves and immediate family members. In collectivist nations, society is organized in groups bigger than family: it can include relatives, clan and organization members. People within the group are expected to take

care for and be loyal to each other. The fourth dimension, *masculinity*, measures the level of certain values – which are attributed to be masculine – in society. These values include assertiveness and caring for money and things instead of others or the quality of life (Hofstede, 1980c).

A later study of Hofstede and Bond (1988) responded to the issue that the original survey did not include elements of Eastern cultural context, was purely built on items developed in Western cultural background. Therefore, a new survey instrument, the Chinese Value Survey (CVS) was created, specifically built on Chinese values, with the involvement of Chinese social scientists. The results indicated that the one of the most important factors of Chinese cultural uniqueness is the country’s Confucian heritage. The foundation of the Confucian ideology are a set of rules and regulations for daily life and interactions, the essence of which is interpreted by Hofstede and Bond (1988) as 1) the unequal relationships between people that ensure social stability; 2) the importance of family as social organization which gives the basis of a collectivist mindset and preserving everyone’s dignity (the concept of *face*); 3) personal virtues in social interactions such as benevolence, or treating others in a way one would wish to be treated; and 4) personal virtues towards one’s task, such as the importance of continuous learning, thrift, patience and perseverance. Based on the results of the CVS, a fifth cultural dimension emerged, called Confucian dynamism (or long-term orientation), since these values are all rooted in the fundamental Confucian virtues. The dimension is associated with values such as persistence, thrift, or ordering relationships by status (Hofstede, 2001; Hofstede & Bond, 1988).

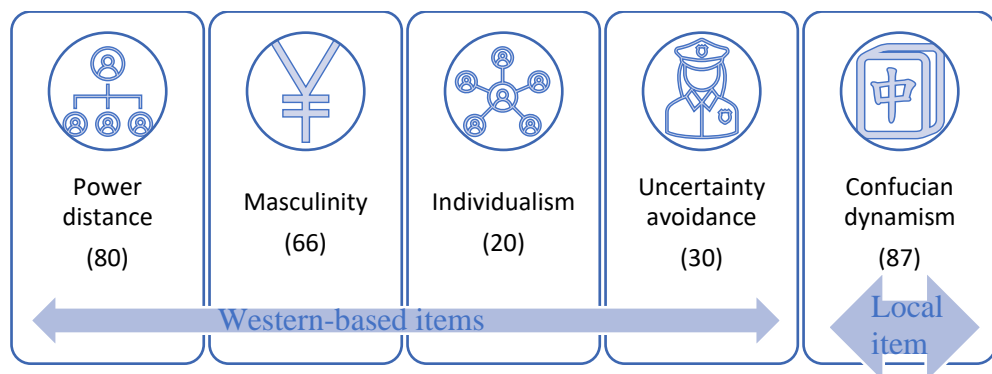


Figure 1: Hofstede culture dimensions - with the values of China

In these five dimensions, China scores high on power distance (80) and long-term orientation / Confucian dynamism (87), relatively high in masculinity (66), and scores lower on individualism (20) and uncertainty avoidance (30). It means, that in general,

inequalities in power are acceptable for Chinese society, which consists of larger groups the members of which are more interdependent and care for each other. Masculine values (being success oriented, even at the expense of family and caring for others) are the dominant ones, but Chinese are typically comfortable with uncertainty and even formal, written rules are considered flexible and adaptable to the situation. China is also a long-term oriented society (which is the dimension based on Confucian values), which means the society is characterized by perseverance and thrift, used to pragmatically adapt to changes and prepare for the future (Hofstede Insights, 2023).

### *The GLOBE project*

The GLOBE project is another major, long-term research project with the purpose of cross-cultural comparison of societal values, organizational and leadership effectiveness in 62 countries. As opposed to Hofstede's original study, which gathered data from a single multinational company's different national branches, the GLOBE project was carried out with the involvement of local researches, covering a wider range of industries and corporations (House et al., 2004). The study builds on 9 dimensions, which are partially similar to those of Hofstede. *Uncertainty avoidance* is approached in a very similar way to the study of Hofstede, it indicates the extent of the reliance of a society on social norms and rules to alleviate the uncertainty of future. *Assertiveness*, similarly to Hofstede's masculinity dimension, measures to what extent aggressive and confrontational behaviour is accepted in interactions. *Performance and humane orientation* are also similar to the masculinity-femininity dimensions: performance orientation demonstrates how much a society encourages and rewards individual performance and developments. Humane orientation, on the other hand, measures the extent to which societies reward caring for others. *Gender egalitarianism* deals with the extent of striving for gender equality within a collective. Collectivism and individualism are addressed in two separate dimensions: *in-group collectivism* deals with the extent of loyalty and cohesiveness within one's family or organization, while *institutional collectivism* addresses how much institutions and organizations encourage collective interest and group loyalty (Chhokar et al., 2007; House et al., 2002).

Based on the results, the participating countries were assigned to 10 distinct clusters with similar underlying value systems: Nordic Europe, Germanic Europe, Anglo Cluster, Latin Europe, Latin America, Eastern Europe, Middle East, Southern Asia, Sub-Saharan



Africa and Confucian Asia. China is part of the Confucian Asia cluster, together with Hong Kong, Japan, Singapore, South Korea and Taiwan. This cluster did not score low in any of the dimensions, their scores were high in some dimensions (in-group and institutional collectivism and performance orientation), but mostly, they were in the mid-range of scores (House et al., 2004). For China in particular, the GLOBE study also highlights the importance of Confucianism. The basic values mentioned here are similar to those mentioned by Hofstede and Bond (1988), but are introduced from a slightly different angle. Chhokar *et al.* (2007) denote the five constant virtues (benevolence, righteousness, propriety, wisdom and fidelity), and the four major virtues of Confucianism: class system (respecting the proper order of social positions), obedience (towards those in higher social position), doctrine of the mean (a principle for conflict resolution centred around avoiding extremes) and *renqing* (kindness, benevolence, righteousness towards others).

*Summary of China’s cultural values rooted in Confucianism*

The values attributed to Chinese national culture are highly in line with the fundamental value set attributed to Confucianism, and the ideology is even mentioned in some instances. The following table summarizes the basic cultural values influencing Chinese society and organizations based on the dimensions of Hofstede’s dimensions, the results of the GLOBE project, and other empirical evidence based on these approaches.

*Table 2. Summary of Chinese cultural values based on Hofstede and the GLOBE study*

<b>Cultural values</b>	<b>Explanation</b>	<b>Confucian background</b>
<b>Group orientation</b>	In the society of China, collectivism prevails over individualism (Hofstede, 2007; J. Li & Madsen, 2010), self-restrained behaviour is expected (Fang, 2006)	Importance of family as social organization
<b>Interdependent and mutually beneficial relationships</b>	Interpersonal (and inter-organizational) relationships are based on reciprocity, but at the same time they are expected to be unequal due to the predefined roles (Baumann & Winzar, 2017; Fam et al., 2009; Kang et al., 2017)	unequal relationship to ensure social stability
<b>Respecting hierarchy</b>	Loyalty to supervisors and adhering to the defined role in the organization and society is expected.	Class system, obedience, unequal relationship to ensure social stability

<b>Centralizing, paternalistic leaders</b>	Reluctant to delegate authorities (Boisot & Xing Guo Liang, 1992; P.-C. Han, 2013; Hill, 2006)	Obedience
<b>Future orientation</b>	Patience, reliability, trustworthiness, loyalty and long-term orientation is expected from members of the society / member of the organization, especially on higher levels of the hierarchy (C. Cheung & Chan, 2005; Hill, 2006; Hofstede & Bond, 1988)	Five constant virtues / personal virtues / <i>renqing</i>
<b>Leading with virtue</b>	Leaders are expected to lead with benevolence, morality, virtue and trust, and by setting example by themselves: gratitude towards their followers should naturally lead to them being loyal and respectful (P.-C. Han, 2013)	Personal virtues / <i>renqing</i>

### 2.3. Contingency theory

Contingency theory addresses the interrelationships between the external environment and the main management functions (or sub-systems) and their different subfields, also referred to as management contingencies. This chapter will introduce the main subsystems or organizations and their most often used contingencies based on contingency theory literature.

Even though contingency theory originates from the 1960s (Burns & Stalker, 1961; Lawrence & Lorsch, 1967), it is still relevant for the research of modern organizations (Burton & Obel, 2018; Vaszkun, 2012; Volberda et al., 2012), since it is one of the few theories to take a comprehensive look at the firm, and consider the environmental factors as well. The theory has more than 50 years of literature which includes different approaches, and different authors highlight different contingencies – what they have in common is the concept of fit, according to which the alignment of the organizational subsystems (or certain contingency variables within) would result in increased performance. In the followings, a collection of the main contingency variables and their classification will be presented.

Lawrence and Lorsch (1967) deal with the interrelations between organizational subsystems and their respective sub-environments, using performance as dependent variable. The organizational subsystems in their study are organizational structure (e.g. span of supervisory control, number of hierarchical levels to a supervisor, importance of

formal rules etc.); goal orientation of the organization (strategic focus: competitive action/processing cost/knowledge development/etc); and interpersonal orientation within the organization (task accomplishment vs social relationships). Luthans and Stewart (1977) use three primary categories in their classification. The secondary variables stem from the primary ones and system performance is a tertiary variable dependent on the others. The primary and secondary level includes the environment, which is beyond the control of the manager, and can be external (e.g., national legislations) and internal (e.g., corporate policies); management variables such as planning and goal setting, or communication; and resource variables, which can be human (demographic and behavioural factors) and non-human.

Drazin and Van de Ven (1985) take a systems approach to organizations through structural contingency theory. They also address performance as a dependent variable, with personnel expertise, specialization, standardization, communication and corporate culture (supervisory and employee discretion) as independent ones. In the publications of Donaldson (1987, 2001), performance is also a dependent variable. His earlier work addresses organizational strategy (degree of product diversification) and structure (reporting relationships), while his later book mainly focuses on organizational size and structure (formalization, decentralization, structural differentiation).

Lee and Miller (1996) address environmental uncertainty and industry technologies; the generic strategy of the organization; and the effect of these constructs on corporate performance (relative profitability and growth, customer and employee satisfaction). Greenwood (1974) focuses on the size and geographical reach of the organization; the formalization of its procedures, hierarchy and integrative devices; and the interrelations between these constructs.

Similar to Lawrence and Lorsch (1967) and Luthans and Stewart (1977), Volberda *et al* (2012) also take a more comprehensive approach to organizations: they address environmental turbulence, the applied technology and the structure of the organization, as well as organizational culture and firm performance (as dependent variable).

Most recently, Burton and colleagues have dealt with the contingency approach in multiple works. They address environmental factors: changes of competition and technology (Burton et al., 2004), environmental uncertainty (Burton & Obel, 2018), complexity and unpredictability (Burton et al., 2021). Organizational size, ownership and

technology (Burton et al., 1999), and workforce size and capabilities (Burton et al., 2021) are also addressed. All of the four referenced studies deal with the structural (e.g., configuration, span of control, formalization, centralization, communication, coordination); behavioural (e.g., organizational climate, leadership style) and performance aspects. Goals and strategic focus are also a main concern of the studies. (Burton et al., 1999, 2004, 2021).

From these studies, the contingency variables were collected and classified into broader categories (which are the equivalent to organizational subsystems). The categories which emerged are in line with the main management functions (planning, organizing, leading and controlling): strategy, organizational structure, behaviour and performance. The four categories based on management functions are complemented by environmental variables: both from the external and from the internal environment.

*Table 3: The classification of the contingency variables.*

<b>Source of the variables</b>		<b>Main categories</b>
<b>Management functions</b>	Planning	Organizational strategy
	Organizing	Organizational structure
	Leading	Organizational behaviour
	Controlling	Organizational performance
<b>Environment</b>		External environment
		Organizational resources and internal environment (intra-organizational context)

### *2.3.1. External environment*

Contingency variables in this category can be classified into two subcategories. Some authors simply denote these as “environment” to describe various sets of variables beyond organizational boundaries, while others use more specific variable denominations for smaller, more specific sets of measurements, such as the uncertainty, complexity, or unpredictability of the external environment. The following table summarizes the variables and their sources.

Table 4: Contingency variables about the external environment of the firm

Contingency variable	Source	Category	Description
Environment (general factors beyond the organization's boundaries)	Burton <i>et al.</i> (1999), Lawrence and Lorsch (1967), Luthans and Stewart (1977)	External environment	Constructs beyond the boundaries and the direct control of the organization
Uncertainty, complexity, unpredictability, turbulence of the external environment	Burton <i>et al.</i> (2004), Burton and Obel (2018), Lee and Miller (1996), Volberda <i>et al.</i> (2012)		

### 2.3.2. Organizational resources and internal environment

The variables in this category fall into two main categories. Organizational resources can be human resources, such as the expertise or the capabilities of the workforce, as well as non-human resources, for example technology related equipment. The other category is about general internal attributes of the firm, such as its size, ownership, location or the applied technology. The following table summarizes the variables and their sources.

Table 5: Contingency variables about the internal environment of the firm

Contingency variable	Source	Category	Description
Size of the organization	Burton <i>et al.</i> (1999, 2021), Greenwood (1974)	Organizational resources and internal environment / intra-organizational context	Internal attributes of the organization, controlled by top management or the ownership, cannot be changed on short- or mid-term
Firm ownership	Burton <i>et al.</i> (1999)		
Applied technology (by focal firm)	Volberda <i>et al.</i> (2012), Burton <i>et al.</i> (1999)		
Capabilities of the firm's workforce	Burton <i>et al.</i> (2021)		
Personnel's expertise	Drazin and Van de Ven (1985)		
Internal environment of the firm, beyond the control of the manager (e.g., corporate policies)	Luthans and Stewart (1977)		
Demographic attributes of human resources	Luthans and Stewart (1977)		
Non-human resources	Luthans and Stewart (1977)		
Geographical reach of the firm	Burton <i>et al.</i> (2021), Greenwood and Miller (2010)		

### 2.3.3. Organizational structure

The structure of organizations is described by multiple different variables in the contingency theory literature. The variables deal with different aspects of structural configuration, such as the hierarchical and the vertical size of the organization, the established channels of communication, the level of differentiation and the efforts towards integrating and coordinating employees, or the level of formality of these rules.

Table 6: Contingency variables about organizational structure

Contingency variable	Source	Category	Description
Structural configuration	Burton <i>et al.</i> (1999, 2004, 2021), Volberda <i>et al.</i> (2012)	Organizational structure	Constructs dealing with the structural configuration and its specificities (e.g., span of control, formalizations, levels of hierarchy etc.)
Span of control	Burton <i>et al.</i> (1999), Lawrence and Lorsch (1967)		
Formalization	Burton <i>et al.</i> (1999), Donaldson (2001), Greenwood and Miller (2010), Lawrence and Lorsch (1967)		
Centralization	Burton <i>et al.</i> (1999), Donaldson (2001)		
Communication	Burton <i>et al.</i> (1999), Drazin and Van de Ven (1985), Luthans and Stewart (1977)		
Coordination, integrative devices	Burton <i>et al.</i> (2021), Burton and Obel (2018), Greenwood and Miller (2010)		
Level of structural differentiation	Burton <i>et al.</i> (2021), Burton <i>et al.</i> (2021); Donaldson (2001)		
Reporting relationships	Donaldson (1987), Donaldson (2001)		
Specialization, standardization	Drazin and Van de Ven (1985)		
Hierarchy/number of levels to a supervisor	Greenwood and Miller (2010), Lawrence and Lorsch (1967)		

### 2.3.4. Organizational strategy

Contingency variables in this category include simple terms such as strategy, goals and strategic focus, mostly used by Burton and his co-authors. Slightly different approaches,

such as goal orientation, meaning the degree of product diversification, competitive action, processing cost, or knowledge development, for example, or generic strategy (cost leadership and differentiation strategies) appear as well. The following table summarizes the variables and their sources.

*Table 7: Contingency variables about organizational strategy*

<b>Contingency variable</b>	<b>Source</b>	<b>Category</b>	<b>Description</b>
Strategy	Burton <i>et al.</i> (1999, 2004)	Organizational strategy	Constructs related to long-term planning, goal-setting and strategic decisions
Goals, strategic focus	Burton <i>et al.</i> (2021), Luthans and Stewart (1977)		
Strategic / goal orientation	Donaldson (1987), Lawrence and Lorsch (1967)		
Generic strategy	Lee and Miller (1996)		

### 2.3.5. Organizational behaviour

Variables attributed to this category also deal with the human resources of organizations, but from a behavioural perspective. Some contingency variables address the individual level (the interpersonal orientation of people, the discretion of leaders and employees, or leadership style), while others deal with the organizational level (climate of the organization, conflict management).

*Table 8: Contingency variables about organizational behaviour*

<b>Contingency variable</b>	<b>Source</b>	<b>Category</b>	<b>Description</b>
Organizational climate/culture	Burton <i>et al.</i> (1999), Burton and Obel (2018), Volberda <i>et al.</i> (2012)	Organizational behaviour	Constructs regarding the behavioural aspects of human resources
Management/leadership style	Burton <i>et al.</i> (1999, 2004, 2021)		
Supervisory and employee discretion	Drazin and Van de Ven (1985)		
Frequency of conflict, conflict resolution	Drazin and Van de Ven (1985)		
Behavioural attributes of human resources: individual level, group level, leadership	Luthans and Stewart (1977)		
Interpersonal orientation (task accomplishment vs. social relationships)	Lawrence and Lorsch (1967)		

### 2.3.6. Performance of the organizations

Contingency variables in this category are rather homogenous and are usually treated as a dependent variable in the studies – if the other subsystems are aligned with each other, and with the external and internal environment of the firm, performance should be at optimal level as well. Performance is usually conceptualized as the overall output, or financial effectiveness of the organization.

Table 9: Performance-related contingency variables and their sources

Contingency variable	Source	Category	Description
Firm/system performance	Burton <i>et al.</i> (1999, 2004, 2021), Burton and Obel (2018), Donaldson (2001), Drazin and Van de Ven (1985), Greenwood and Miller (2010), Lawrence and Lorsch (1967), Lee and Miller (1996), Volberda <i>et al.</i> (2012)	Performance	Overall performance of the organization

### 2.4. External and internal influencing factors of Chinese organizations – a summary

Confucianism is often argued to have a determining effect on Chinese management, which seems to be supported by the institution-based view and the cultural models of Hofstede and the GLOBE study. According to the institution-based view, culture, as an informal institution, is an important determinant of organizational practices, and the major cultural models attribute certain elements of Chinese culture to Confucianism. However, both contingency and institutional theory suggest that other elements of the external environment should be equally important (summarized in table 10).

Table 10: Structure of the institutional environment of Chinese organizations

INSTITUTIONAL ENVIRONMENT		
Informal institutions		Formal institutions
National culture	Social practices	
Confucian elements, e.g., group orientation, respecting hierarchy Other shared values, virtues, principles	e.g., guanxi and other social institutions, industry standards	Legal and regulatory environment (e.g., the Constitution of the People’s Republic of China) Market environment (macro characteristics of the Chinese economy)



Not only are there other important elements of national culture and within the informal institutions which are not necessarily connected to Confucian ideology, but the formal elements of the external environment are important to consider as well. Therefore, it is imperative to assess empirical evidence about the role of Confucianism, and how important it is compared to other external factors. The research questions, introduced in the next chapter, are formulated based on this theoretical dilemma.

### **3. RESEARCH QUESTIONS**

Based on the research goals, the theoretical background, and the content of the four articles of the dissertation, the following research questions were formulated. The answers to each of these questions build on one or two of the articles included in this dissertation, however, they are different from the more specific research questions formulated in the articles themselves. The following questions are formulated specifically for the dissertation as a whole – the following RQ0 is an overarching question, broken down into more specific ones.

*RQ0: What external factors make Chinese organizations similar to each other?*

This question will be answered in four independent articles published in academic journals by answering to following, more specific research questions.

*RQ1: What external factors, rooted in ancient ideologies, determine how today's Chinese organizations work?*

Since the purpose of this research is to gain a deeper understanding of external pressures Chinese organizations are facing, it is essential to start at the basics, and examine the cultural and ideological background of the country, which is the most often associated with the uniqueness of the Chinese context in management research. However, empirical evidence is both scarce and ambiguous about how ancient ideologies are present in the modern manager's everyday activities, how these affect today's organizations in China. One reason of the ambiguity is the different approaches taken to operationalize these ideologies, especially Confucianism. Therefore, to start the examination of the presence of ancient ideologies in modern day's Chinese organization, we first have to know the answer to

*RQ1.1: What are the implications of ancient Chinese ideologies on modern management?*

RQ1.1. will be dealt with in an individual article, which takes into account the most influential ideologies of Chinese history – Confucianism, Taoism, Buddhism and Legalism, and interprets them from a managerial point of view. All of these ideologies are built on fundamental values, many of them applicable to modern management – this article aims to collect and organize them. However, even though ancient ideologies might have different value sets, guiding principles, or certain virtues which could be important to Chinese manager's today – the question is, whether they really are. This dilemma prompted the following research question:

*RQ1.2: What cultural dimensions are attributed to Confucianism and what do they mean for modern management?*

RQ1.2 is addressed by two separate articles. The first one aims to understand Chinese managers' perceptions about the core Confucian values. After collecting the different approaches of management literature to operationalize Confucianism, the paper follows a different approach. It operationalizes Confucianism based on the Analects, which is the collection of Confucius' original teachings, written and organized by his disciples. There is no evidence that this document has actual connection to the sage himself, but this is the closest possible source to him. Therefore, the research paper attempts to understand how Chinese managers of the 21st century interpret the management related values, virtues and principles suggested by this collection. The second article takes a different approach – it attempts to uncover the ambiguity of empirical evidence and the differences in conceptualizations of the relationship between Confucianism and modern management – related to innovation, to be more precise – based on the differences of operationalizations of Confucian culture.

Since the first research question, and its two sub-questions mostly focus on the cultural factors behind Chinese management, the next question incorporates other external factors, and addresses our current state of knowledge about the internal operations of Chinese companies.

*RQ2: What external circumstances (cultural and institutional) and internal factors (contingencies) are the most relevant in today's Chinese organizations?*

This research question will be addressed by an individual article which collects the most recent academic knowledge on Chinese management, following the framework developed in the theoretical chapter about contingency theory. The articles summarize the most recent empirical research results based on 150 articles published between 2017 and 2022, and organize the variables (which denote the studied aspects of the organizations) into the 2 external and 4 internal systems suggested by contingency literature.

*Table 11: Summary of the articles and the corresponding research questions*

Article	RQ	Topic	Contribution
The influence of ideologies on Chinese management characteristics and its relevance in cross-cultural management between China and the European Union A conceptual paper	1.1	Modern relevance of ancient Chinese ideologies	The most important ideologies which determined Chinese history and culture can be translated to modern management, and are discussed in relation to management in scholarly literature. All of them are pretty heterogeneous and there are different interpretations, many different values are attributed to each philosophy, which are sometimes overlapping.
Does Confucius have a say in management today? Empirical evidence from Asia and Europe	1.2	The effect of Confucianism on managerial practices in China	This article provides a more in-depth interpretation of Confucianism to modern management, based on the Analects, to trace it back to the source. Confucianism is important to Chinese managers, they are proud of their traditions, but their actions are based more on the practicalities of reality and a merged perception of traditional Chinese values.
Confucianism: ancient ideology or driving force of the future? A scoping review on the effect of Confucian culture on innovation	1.2	The effect of Confucianism on managerial practices in China, on innovation in particular	Confucianism is interpreted in many different ways in innovation-related literature. Many values attributed to Confucianism have a positive effect on innovation, some have a negative. However, these values (virtues, principles) are often attributed to other ideologies, religions, and even Chinese culture in general.
Chinese management: a systematic literature review of the field	2	Most recent knowledge on Chinese management practices	The most often studied areas of Chinese management can be categorized into the dimensions of contingency theory – currently, the external environment of Chinese organizations does not receive particularly high attention.

#### 4. METHODOLOGY AND RESEARCH PARADIGM

This chapter will introduce the research paradigm / ontological and epistemological approach of the dissertation, and justify the applied research methods of each article. The detailed methodological approach of each individual article can be found within the articles in the corresponding chapters, therefore, they won't be repeated here.

##### 4.1. Research paradigm

The main question of the research paradigm, or the philosophical approach of the research, is how the researcher approaches reality (ontology), and knowledge acquisition about reality (epistemology). To describe the paradigm of the dissertation, I will build upon the Burrell-Morgan matrix and its paradigms about the nature of social science, and the broader philosophical approach of positivism and post-positivism.

##### 4.1.1. The four paradigms of social science according to Burrell & Morgan

In their seminal work, Burrell & Morgan (1979) introduce their framework about the assumptions of social life and social sciences, organized into four paradigms, based on two dimensions: the subjective – objective dimension and the dimension of the sociology of radical change – sociology of regulation. The framework contains the following four, mutually exclusive views of the social work, in the intersections of the matrix: *functionalist, interpretive, radical humanist and radical structuralist paradigm.*

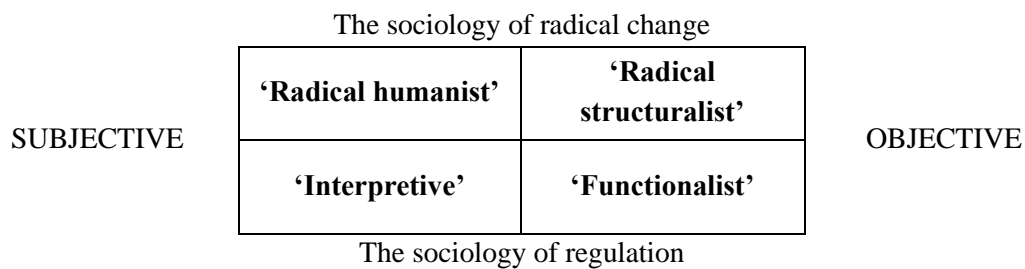


Figure 2: The four paradigms of the Burrell-Morgan matrix (Source: Burrell & Morgan (2016, p. 22))

The *functionalist paradigm* follows the sociology of regulation and takes an objectivist point of view – it attempts to give explanations for the status quo and the current social order in a positivist way (Burrell & Morgan, 1979). Its ontological position is realism – the universe is objectively given, its empirical entities exist independently from the

observer's point of view or appreciation (Goles & Hirschheim, 2000). A functionalist research is usually about theory testing rather than development, if theory development does happen, it is usually done in a deductive way. A major requirement of functionalist research is that the data collection and analysis shall be replicable by other researchers, and that it is based on prior theory (Shah & Corley, 2006). The *interpretive paradigm* also accepts the sociology of regulation, thus the existing social order, but it aims to understand the individual's subjective interpretation of reality. This approach helps in the exploration of the normative and cognitive convictions of research participants (Burrell & Morgan, 1979), therefore, interpretive research does not necessarily aim for replicability, and should be only representative of the participants' interpretations (Shah & Corley, 2006). Similarly, the *radical humanist paradigm* builds on a subjectivist standpoint and human consciousness, it does not, however, accept the sociology of regulation. This paradigm posits that the existing social arrangements constrain human development, therefore, these limitations should be overthrown. The *radical structuralist paradigm* also advocate for the sociology of radical change, but from an objectivist and realist point of view. As opposed to the radical humanist paradigm, instead of human consciousness, it focuses on structural relationships within the social world (Burrell & Morgan, 1979).

#### 4.1.2. *Positivist and post-positivist approaches to research*

Positivism and post-positivism are broad social and intellectual movements, offering more generalized philosophical approaches to reality (Fuller, 2001). In the following, I will focus the introduction of these two concepts to their relevance to research in the social sciences.

The positivist approach to reality suggests that a single, objective reality exists independently from individual perceptions (Hunt, 1991; McKenna et al., 2011). Hassard (1991) describes it as the epistemological stance of the objectivist approaches of the Burrell – Morgan matrix, according to which society has a real existence, and it aims for order and regulation. A positivist/functionalist research should be objective and value-free, where the researcher is separated from the research participants by the rigour of the scientific method (Hassard, 1991). Rigour and validity are central to a positivist research: in a rigorous research, information is obtained and analysed according to a certain standard of accuracy, so that results can be trusted, while the validity of the research is

measured by the strength of the conclusions, and whether they can be generalized to the larger population or to other contexts (McGregor & Murnane, 2010).

The post-positivist approach builds on positivism, however, there are some major differences. Contrary to positivism, which argues that a single, and objectively observable reality exists, the post-positivist ontology posits that “social reality is out there and has enough stability and patterning to be known”, and post-positivist epistemology argues that “social reality is measurable and knowable, albeit difficult to access” (Bisel & Adame, 2017, p. 1). In other words, similar to the interpretive paradigm, post-positivism accepts socially constructed reality, but argues that it still has enough pattern to be observable and measurable. Contrary to positivism, post-positivism does not support an objective, value-free research process where science is isolated from the people observed in a controlled environment. Instead, it holds that research should be value-laden, and people are a central asset in it, regarded as participants in the process, not just objects to be observed. The environment should not be controlled, rather natural, while the intent of the research is to seek patterns, commonalities and underlying structures. Instead of rigour and validity, a post-positivist research aims for credibility, dependability and confirmability (McGregor & Murnane, 2010). According to the post-positivist approach, it is not possible to completely separate the researcher from the participants, but researcher bias should be minimized within the applied research method as much as possible (Bisel & Adame, 2017). Since a fully accurate representation of the reality is not possible to achieve, bias cannot be completely avoided, all observations will be inherently influenced by individual and cultural biases. Therefore, great importance is attached to controlling for bias in the design and execution of the research: the neutrality of the researcher shall be ensured using control groups and multiple forms of triangulation (Spencer et al., 2014).

#### *4.1.3. Philosophical approach of the dissertation*

The dissertation takes a qualitative approach to data collection and analysis, which in most cases entails making sense of textual data through coding, structuring and framework building. According to Parry et al. (2014), a research where qualitative data is analysed with qualitative methods mostly takes an interpretive or a post-positivist approach. In this dissertation, the approach to data collection and analysis and the nature of the overall research goal and the research questions fall within a functionalist paradigm of the Burrell-Morgan matrix, and takes a mostly positivist approach.

However, since the dissertation consists of four independent articles, there are some variations. While all four papers are rooted in the functionalist paradigm and accept the sociology of regulation and describe reality from an objective point of view, the literature review papers (papers no. 1, 3 and 4) take a more positivist approach, while the paper based on primary data takes a rather post-positivist stance. Table 12 below summarizes how this is manifested in the different aspects of the research approach.

*Table 12: Summary of the research paradigm*

<b>Perspective</b>	<b>Research approach</b>	<b>Paradigm</b>
<b>2<sup>nd</sup> Article (qualitative content analysis of primary data)</b>		
Ontology	Objective: the aim of the research is to discover some of the patterns of the reality of Chinese organizations	Functionalist / Post-positivist
Epistemology	Objective: the research attempts to describe Chinese organizations through the interpretations of the research participants, who provide insight to and enable the recognition of structures and patterns in their difficult to access socially constructed reality	Functionalist / Post-positivist
Sociology of regulation	Accepted: the research aims to uncover the existing social order of Chinese organizations	Functionalist
Role of the researcher	The researcher aims to stay neutral in the process, however, researcher bias is acknowledged and expected, but reduced as much as possible through triangulation	Post-positivist
Role of the participants	The participants were not observed, data was collected through semi-structured interviews, which allowed for minor modifications based on the personality of the participants. The interviews took place in a familiar setting, e.g., their own office.	Post-positivist
<b>1<sup>st</sup>, 3<sup>rd</sup> &amp; 4<sup>th</sup> Articles (review papers)</b>		
Ontology	Objective: the aim of the research is to discover the objective reality of Chinese organizations	Functionalist / Positivist
Epistemology	Objective: the research attempts to describe Chinese organizations through secondary data collected from academic literature, which, contrary to the primary data, does not consider individual interpretations	Functionalist / Positivist
Sociology of regulation	Accepted: the research aims to uncover the existing social order of Chinese organizations	Functionalist
Role of the researcher	The researcher is neutral	Positivist
Role of the participants	Due to the nature of the data (secondary), the participants are not known to the researcher, it is not possible to account for individual interpretations. Participant can be considered as research objects observed from the outside.	Positivist

#### *4.2. The applied methods*

To answer the research questions, the first step is the conceptualization of Chinese ideologies for modern management. The identification of the appropriate sources of these ideologies is a highly selective process and requires a multidisciplinary approach, which cannot be systematized through a search query in a certain database. Therefore, a narrative approach (Paré et al., 2015) was taken to select and analyse the included studies in a conceptual paper. Conceptual papers are used to develop ideas, perspectives, insights and information for further empirical research (Nasution et al., 2021; Sohi et al., 2022), therefore it provides an appropriate starting point and foundation for the next parts of the dissertation.

The second article applies a qualitative method to determine whether Confucian values are present in the practices of Chinese managers. This article uses qualitative content analysis (Y. Zhang & Wildemuth, 2016) with a grounded theory coding technique (Strauss & Corbin, 1998) in the data analysis. This method is appropriate to uncover the participants' subjective interpretations on the subject matter, thus enabling a deeper understanding of Chinese manager's interpretation of Confucianism and other cultural values related to leadership.

The third article applies a scoping review method. Scoping reviews are mostly used in the field of life sciences and education (Bouck et al., 2022; Vanka et al., 2020), but they are gaining momentum in the management field as well as a tool for research synthesis (Lorenz et al., 2021; Matenda et al., 2022). This particular approach of literature review is suitable for a thematic analysis of the contents of both empirical and conceptual papers (Paré et al., 2015). This article aims to discover the differences in the operationalization of Confucian culture, and how the different approaches to Confucian culture are associated (empirically or conceptually) differently with its effect on innovation in organizations.

The methodology of the last article is a systematic literature review (Tranfield et al., 2003) which analyses 150 empirical research papers on Chinese management practices between 2017 and 2022. After collecting the variables and the discovered connections between them by these articles, we have a snapshot of the state of academic knowledge on management practices in Chinese organizations. The systematization of the variables is based on the contingency theory framework introduced in Chapter 2.3, therefore, it



also provides information on which elements of the external environment are most relevant in today's Chinese management research. The systematic literature review method is appropriate for the qualitative analysis and narrative synthesis for a comprehensive set of empirical (quantitative) studies (Paré et al., 2015).

*Table 13: Summary of the methods applied in each article*

<b>Article</b>	<b>Research question(s)</b>	<b>Method</b>
The influence of ideologies on Chinese management characteristics and its relevance in cross-cultural management between China and the European Union A conceptual paper	RQ1.1 What are the implications of ancient Chinese ideologies on modern management?	<b>Conceptual paper</b> This paper collects the notions of the most important ideological and philosophical schools of Chinese history, and highlights their relevance for modern management, thus providing perspectives and insights for further empirical research.
Does Confucius have a say in management today? Empirical evidence from Asia and Europe	RQ1.2 What cultural dimensions are attributed to Confucianism and what do they mean for modern management?	<b>Qualitative content analysis</b> This paper goes deeper into Chinese manager's subjective interpretations about the presence of Confucian values in their work to provide practical insights into the Confucianism – management relationship.
Confucianism: ancient ideology or driving force of the future? A scoping review on the effect of Confucian culture on innovation	RQ1.2 What cultural dimensions are attributed to Confucianism and what do they mean for modern management?	<b>Scoping review</b> This paper demonstrates how the different operationalizations of Confucianism influences its associated relationship with innovation.
Chinese management: a systematic literature review of the field	RQ2 What external circumstances (cultural and institutional) and internal factors (contingencies) determine how today's Chinese organizations work?	<b>Systematic literature review</b> This paper explores the current state of academic knowledge about Chinese organizations, and highlights those aspects of the external environment which are most relevant today.

### 4.3. Challenges of doing research in China

Doing research in China is not only challenging because of the issues of applicability of Western concepts in a different cultural context. The country's cultural and geographical distance from Hungary also poses a practical challenge in executing data collection for empirical research. In the followings, I will collect the major challenges of cross-cultural management research in general, and conducting empirical research in China in particular, suggested by the literature, considering how they affect this research.

- Development of research instruments: using instruments developed for another culture can be problematic (Adler et al., 1989; Berrien, 1967; Stening & Zhang, 2007), and ensuring the equivalence of concepts and definitions also requires special attention (Buil et al., 2012; Cavusgil & Das, 1997).
- Data collection issues: equivalency of the research settings (in case of comparative research), several issues can emerge, such as courtesy bias (the importance of *giving face*), the characteristics of the researcher (nationality, race, gender), the participant's anxiety because of potential hidden agenda, and their greater reliance to indirect communication. It is important to ensure voluntary participation and anonymity, and the best approach is a face-to-face approach. The use of triangulation (of the theoretical, methodological approach or of the researcher, best is collaboration with local researchers) is recommended to ensure validity (Stening & Zhang, 2007). The equivalency of the translated survey is also a key issue in data collection, since it not only has to be grammatically and aesthetically correct, but also needs to convey appropriate information by taking into account the cultural considerations. To achieve equivalence, the iterative back-translation method is suggested and the involvement of local, native speaker translators (Cavusgil & Das, 1997).
- Data interpretation issues: researchers interpret data through their own cultural filter, which is especially problematic in China, a high-context culture ( the meaning is often hidden in what they say) – it is recommended to work with local experts / researchers on this part, too (Berrien, 1967; Stening & Zhang, 2007).

The following table summarizes how the potential issues were handled during the research process. It is also important to note though, that in the background of the data collection issues there is a need for a local personal network to establish the trust of the participants. In case of the qualitative data collection, which was carried out in 2018-

2019, this was achievable. Any further attempts at local data collections were largely hindered by the coronavirus outbreak in 2020 and the subsequent restrictions and bans on international travel to and from China for nearly three consecutive years.

*Table 14: Tackling the challenges of doing research in China*

<b>Potential issue</b>	<b>Preventive measures</b>
Equivalence of research instruments	When developing the qualitative interview framework, we did not rely on Western developed constructs. Instead, we developed our own interview questions based on an important element of the local cultural heritage, the text of the Analects, which is one of the earliest sources of Confucian thought.
Challenges of data collection	We attempted to conduct face-to-face interviews whenever it was possible, but in some cases, where physical distance did not allow it, we always conducted the interviews in real time (in video chats or phone calls), never used e-mails to forward the questions. All the interviewees participated voluntarily, if a potential participant was reluctant, we gave them space to make their decision without pressure. Their anonymity was ensured, the transcripts did not include names, only codes assigned to each participant. We applied triangulation to increase validity, willingness to cooperate (some participants might be more willing to participate with a researcher of certain characteristics), and also, to broaden our reach – seven researchers of four nationalities (Hungarian, Mongol, Chinese and Taiwanese) conducted the interviews. We made sure that in case of the Chinese participants, the interview was held in their native language. The interview question were translated using the back-translation method with the inclusion of a native Chinese translator.
Challenges of data interpretation	To ensure that the coding and interpretation process of the research is not culturally biased, the whole process was shared with every member of the research team, which ensured a multicultural point of view.

## **5. MODERN RELEVANCE OF IDEOLOGIES IN CHINESE MANAGEMENT**

The following article will be centred around Research Question 1.1 (*What are the implications of ancient Chinese ideologies on modern management?*) with the aim of providing an explanation about the link between ancient Chinese ideologies and modern management. The paper takes into account the most influential ideologies from Chinese history – Confucianism, Taoism, Buddhism and Legalism, and interprets them from a managerial point of view. All of these ideologies are built on fundamental values, many of them applicable to modern management – this article aims to collect and organize them. Since the focal question of dissertation centres around Confucianism, the main contribution of this paper is collecting the aspects of Confucianism which can be relevant for modern management.

**The influence of ideologies on Chinese management characteristics and its relevance in cross-cultural management between China and the European Union.  
A conceptual paper**

### *5.1. Abstract*

In this paper, the authors give an introduction to the four most important ideologies impacting culture and the way of thinking in China today, i.e. Confucianism, Daoism, Legalism and Buddhism. First, the authors provide an overview of the historical period where these ideologies originate from, and explain how their concepts were interpreted by the social elite. In the next chapters, they examine each of the ideologies separately. Confucianism is the best-known Chinese ideology worldwide, in relation with business it is mostly dealing with questions of business ethics, while Daoism addresses behavioral questions and Legalism examines the methods of leadership from a rather totalitarian point of view, all of them specifically related to Chinese management. Buddhist economics deals with comprehensive economic questions, but it can be used for developing more sustainable management practices. Although the authors examine their current impact on management in China, this paper logically paves the way for further research areas such as the impact of Buddhist economics on Chinese management, or the

correlation between the embeddedness of these ideologies and a leader's preferred managerial role or management style.

Keywords: Chinese management characteristics, cross-cultural management, Confucianism, Daoism, Legalism, Buddhism

The examination of ideologies in research related to Chinese management is usually conducted from a historical perspective. This paper aims to pave the way for broader research overcoming the historical perception and linking the ideological influences on Chinese managerial behavior with cross-cultural management concepts to support the economic cooperation of the People's Republic of China and the European Union. Chinese<sup>1</sup> capital has an increasing importance in Hungary and in the other countries of the European Union (see Figure 1 and 2.): the overall value of the imported products from China to the EU (Eurostat, 2018), as well as the amount of foreign direct investment from China to Hungary (KSH, 2018) has almost doubled during the past ten years, while the exports of the EU to China are triple of the 2016 amount. With the Belt and Road initiative<sup>2</sup>, Chinese influence is expected to grow exponentially. Chinese firms are becoming strategic partners of Hungary with large-scale investments targeting the country. The growing number of Chinese organizations inevitably results in increasing interactions between the people of China and Europe. Chinese leaders and managers take part in cross-cultural preparation trainings to get acquainted with the European culture, business practices and other cultural differences, but it is equally important for us to have a basic knowledge of the Chinese business culture to make the cooperation more effective. Since each organization has its unique way of responding to internal and external challenges, considering the characteristics of the other culture and attempting to adapt to it can be crucial for managers engaged in multinational activities (Fekete & Dimény, 2012).

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<sup>1</sup> In this paper, when addressing contemporary issues of China, we always refer to the political unit of the People's Republic of China, excluding the special administrative regions of Hong Kong and Macau as well as the Republic of China (Taiwan).

<sup>2</sup> The Belt and Road initiative was prompted by President Xi Jinping in 2013 in an attempt to emphasize the openness of the Chinese economy and to support its integration with the development of the world economy (S. Chan, 2018). Du and Zhang (2018) found, that after the 2013 announcement of the initiative, Chinese firms became more willing to engage in mergers and acquisitions, with Western Europe being one of the main destinations of investments in both infrastructure and non-infrastructure sectors.

### The amount of export and import products between the PRC and the EU, 2006–2017

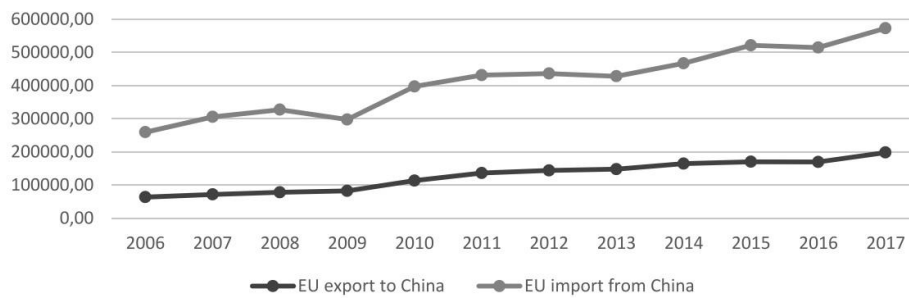


Figure 3: EU28 - China trade balance, total product (million EUR). Source of Data: Eurostat

As the Chinese and European approach to business and management is inherently different, the understanding of the Chinese way starts from the historical and ideological background of the country. Considering this, the aim of this paper is to provide a basic insight to the most influential ideologies of China.

### The amount of Chinese foreign direct investment in Hungary, 2006-2016

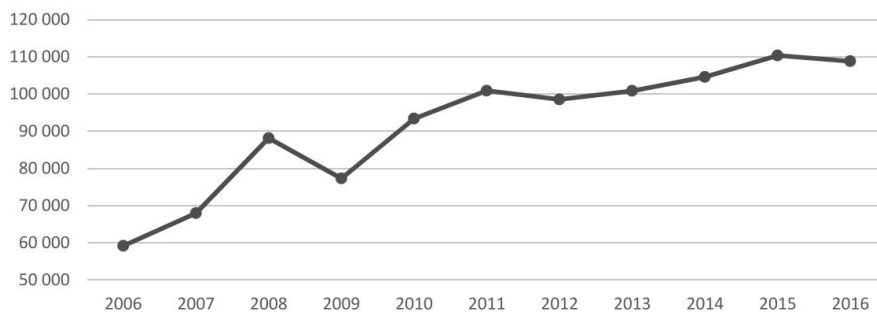


Figure 4: Chinese FDI to Hungary (million EUR). Source of data: KSH

For the better understanding of the concepts, it is important to be familiar with the historical periods each ideology comes from. Historically, Confucianism and Daoism originate from a socially and politically transforming country, while Legalism can be traced back to an era of wars (Salát, 2009). This historical background defines the ideologies, while all three of them aim to solve the problem of their respective historical era, Confucianism and Daoism emphasize the importance of virtues and depict the

qualities of an ideal leader (Rozman, 2002; J. Xu & Wang, 2009). Legalism is more pragmatic, as it attempts to give specific, practical advice on how to defeat the enemy and remain in power (Fu, 1996). Buddhism is the most important ideology of foreign origin in China, missionaries from India used land (different paths of the Silk Road) and maritime (from the Western coast of India towards Canton) pathways to reach China. The time of the first appearance of Buddhism in China is dated around the beginning of the 1st century, which was an era of revival, social, political and economic prosperity (Hamar, 2004).

The historical introduction is followed by the description of each ideology, their main concepts, theorists, the context and the social group the ideologies can be best applied to – which also highlights its contemporary relevance and possibilities for the fields of further research. To see the economic significance of these theories, we are going to review the works of contemporary researchers who examine the relation between the concepts, or certain parts of the concepts, and today's management theories and practices.

### *5.2. Historical background*

This chapter provides an overview of the historical situation in which the ideologies to be discussed were conceived: it is important to note, that all the ideologies were born during a relatively unstable era after a long time of social and political stability. The most common characteristics of Chinese management (such as centralized control, collectivism, harmony, paternalistic leadership, flexible strategies, family businesses, strong organizational networks and the importance of business connections) can be traced back to the early thinkers and ideologists of China (Rarick, 2009) before and during the early years of the country's first unification.

The first centuries of Chinese history are only documented based on transliterations of ancient myths, for the existence of which there are no evidences, but as tradition they are an important factor for the country, and still have great importance in Chinese philosophy. The legends include mythical figures such as the Yellow Emperor (Huangdi 黄帝), who is believed to have invented some important tools (for example the axe, the mortar or well drilling), or Fuxi 伏羲, who taught people to hunt, to fish and to cook

meat. One of the last heroes of the period were Yao 尧 and Shun 舜, who were the archetypes of the Confucian 'superior man'. The first dynasty proven to have existed was the Shang dynasty 商 (18<sup>th</sup> – 11<sup>th</sup> century BC) (Fung, 1997). The aristocratic social structure was formed during these times, the destabilization and transformation of which, at the end of the Zhou dynasty 周 (1046-221 BC), provided the basis for the formation of the most important ideologies. While the first roots of Confucianism<sup>3</sup> date back to a historical period of social stability (the Western Zhou 西周 period, 1046-771 BC), and the development of the Confucian philosophy and Daoism started in an era of social transformation and economic prosperity (Chunqiu 春秋, 722-481 BC), the first representatives of Legalism lived in an era of wars, social and political unrest with the main purpose of the economy being to serve the military (The Warring States 战国 403-221BC) (Salát, 2013).

After the Warring States period, the country was unified by the Qin dynasty 秦 (221-206 BC), and Qin Shi Huangdi became the first emperor of China. He governed the country based on rigorous Legalist principles and strict regulations which resulted in his great unpopularity, therefore, shortly after his early death in 206 BC, the Qin dynasty has fallen. To avoid a similar fate, the first emperor of the succeeding Han dynasty started the consolidation of his predecessor's legacy with the easing of regulations and tax burdens. The power of the central administration remained weak, but the country started to regain its strength and political, social and economic stability. This was the time where the first written evidence of Buddhism originate from, and starting from this period, the first religion and ideological school of foreign origin started to gain reputation and popularity in China (Fitzgerald, 1989).

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<sup>3</sup> The first sections of the Book of Changes (Yijing 易经), the Book of History (Shujing 书经) and the Book of Songs (Shijing 诗经) originate from the Western Zhou period.



### 5.3. Confucianism

#### 5.3.1. Historical background

The name, which most of the Western world uses to address this ideology, originates from the 16th century, when Jesuit missionaries Latinized the name of the founder of the philosophical school (Kongzi 孔子 or Kongfuzi 孔夫子). In China, however, it is called *ru* 儒 (or *rujia* 儒家), originally referring to a certain group of literates. Only later, when Confucianism (or Ruism) was recognized as a prominent school, has this ideology become identified with Confucius and his disciples. Confucius and his disciples belonged to the social group of *ru* (mentioned earlier in this paragraph), whose occupation was the studying and teaching of the “six classics” (Book of Poetry, Book of History, Book of Rites, Book of Music, Book of Changes and the Spring and Autumn Annals) (Yao, 2000). The teachings of Confucius are the foundations of the Confucian school; however, they were not created by him, his teachings were based on lessons he drew from Chinese history. Therefore, Confucius is regarded as interpreting, preserving and mediating the ancient heritage of China and, together with his disciples and followers, synthesizing it into a system of principles, virtues and ideologies suitable for different aspects of life, society and politics (Hofstede & Bond, 1988). As in the background of Confucian teachings was an intention to contribute to the consolidation and to the restructuring of social and political circumstances, it can not only be regarded as an ideology of human life, but it is also an important theory of power and authority. The first unification of China was achieved based on legalist principles, and in this era (Qin Dynasty 秦, 221-206 BC) Confucianism was suppressed. Confucianism started to gain reputation again during the ruling of a Han Dynasty 漢 emperor, Dong Zhongshu (191-115 BC), and gradually, it became the official ideology of the country. The Taixue 太学, or the Imperial Academy was established 124 BC, which served as the educational institution for prospective government officials and bureaucrats (Salát, 2009).

#### 5.3.2. Modern implications

Warner (2010), seeking the conception of Confucian HRM, finds, that with China being the first country to base its bureaucracy on education instead of bloodlines, with a solid Confucian foundation of civil service enduring through different historical circumstances

and rulers, contributed greatly to the theory and practice of not only Chinese, but also to the Western management and bureaucracy. Until its abolition in 1905, the Confucian Four Books and Five Classics served as the basis of scholar official classes and the imperial exams of the examination system, which meant that those aspiring for highest ranking offices had to study these works in great detail (Csikszentmihalyi, 2005). The most important principles of Confucianism are about preserving traditions, possessing good human qualities and adhere to the rules of social hierarchy (Fitzgerald, 1989). The ideal person, which everybody, especially leaders should strive to be, is called junzi 君子, or 'superior man'. The Confucian concept of junzi, or superior man is described as follows: "Is it not a pleasure, having learned something, to try it out at due intervals? Is it not a joy to have like-minded friends come from afar? Is it not gentlemanly not to take offence when others fail to appreciate your abilities?" (The Analects, I/1, cited by Lin and Ho (2009). This idea can support the cooperation of people from different cultures working together in multinational corporations and provides a solid foundation for harmonious relations among the members of a diverse community on the long-term (L.-H. Lin & Ho, 2009).

Hofstede and Bond (1988) pointed out, that beside the three cultural dimensions applying to both East and West (Power Distance, Individualism/Collectivism, Masculinity/Femininity), there are two dimensions which are unique to the East and West respectively: Uncertainty Avoidance and Confucian Dynamism. The latter consists of values rooted in the teachings of Confucius: searching for Virtue, as opposed to seeking the absolute Truth in uncertainty-avoiding cultures. These virtues are the necessities for one to become a junzi: ren (仁, benevolence, humaneness); yi (义, righteousness); li (礼, proper rite); zhi (智, knowledge); xin (信, integrity). Ren, or benevolence is the most important among them, and it can be associated with several qualities an ideal person has to hold, such as caring, perseverance, self-restraint or modesty. Chan (2008) attempts to define the relationship between business ethics and profit making in the Confucian value system. He notes, that even though in some cases profit making in Confucian works is associated with inferior personality or a ruining effect on the county, they don't completely disparage business activity. Confucian thinkers argue that one should strive for human virtues (benevolence, righteousness, humanity, development of personality)

instead of their wealth. However, this should not be interpreted as a necessity for complete cease of business activities, it rather suggests that one should find the balance in striving for profit and human virtue. The social harmony is a result of respecting social hierarchy which, according to the Confucian teaching, consists of five relationships and is described by ten morals (Kósa, 2013a). Two of these relationships are inside the family, while the remaining are related to society, and all of them describe connections between superiors and subordinates: father's endearment, son's filial devotion, elder brother's gentleness, younger brother's respect, husband's fidelity, wife's compliance, senior's benevolence, youth's submission, ruler's kindness, and subordinate's loyalty (Child & Warner, 2003). As Hill (2006) argues, the key Confucian principles have significant impact on Chinese leadership style, interpersonal relations and individual values. The paternalistic leadership style and the regarding of the corporation as family, as well as the preservation of hierarchy and avoiding self-interest can all be traced back to the principle of *li* and to the rigid system of connections. The roots of the paternalistic leadership, which is a hierarchical leadership method common in overseas and mainland Chinese family businesses, are in the traditional Chinese family structure, which is also defined by classical Confucian values. The father – son relationship is extended to superior – subordinate relationships of the company, where the superior has to guide, protect and care to the subordinate, who, in return is expected to be loyal and deferential (Farh et al., 2008). Chan (2008) argues that Confucian values and business ethics puts greater emphasis on hierarchy, *guanxi* and social harmony. The practice of *guanxi* (interpersonal relationships or connections) is based on the Confucian principles of reciprocity and interdependence and involves mutually beneficial social interactions.

Harmony in a company refers to every participant knowing their place and role while complying with order and practicing benevolence towards each other (B. X. Wang & Chee, 2011). The outcome of the research of Wong et al. (2010) also supports the idea that hierarchy and the role of *guanxi* between subordinates and supervisors has an outstanding importance in Chinese management. Wood and Lamond (2011) examine the presence of Confucian values in business ethics and how to reach self-regulation through them. They conclude that business leaders in China today still consider being a *junzi* as the standard of personal integrity, which can be achieved by developing self-regulation. The Confucian practices to achieve this include rites and ritual, music, self-examination and mentoring. The virtue of rite (*li*) and rituals of the organization can help define the

communication between people and strengthen their loyalty and integrity to the organization. Music can play a role in building unity (e.g. by starting the day with a song together) or developing interpersonal relationships among business partners or colleges (e.g. karaoke singing). The Confucian practice of self-examination includes one's reflection and consideration of everyday events, behavior and attitudes which is also an important educational practice of developing ethical managerial skills. Employee orientation, education and career development would not be a sufficient way of mentoring in an organization, according to Confucius. It should rather include encouraging active discussions, with offering encouragement and corrections to the opinions of the participants (Woods & Lamond, 2011). A prerequisite to benevolent leadership is also the self-cultivation, and if one possesses this ability, they will be able to shape and to lead others (X.-H. Yang et al., 2008).

#### 5.4. *Daoism*

It is important to note, as the two concepts may differ from each other, that when describing Daoism in this paper we always refer to the Daoist philosophy, as opposed to religious Daoism.

##### 5.4.1. *Historical background*

Traditionally, the author of the most important work of Daoism, the *Daodejing* 道德经 (Classic of the Way and Virtue), is *Laozi*, however, there is no clear evidence supporting this, and it is widely accepted that the *Daodejing*, which is also called *Laozi*, is a collection of works of several different authors. *Laozi* was working in the Archives of the imperial court during the Zhou dynasty but seeing the power of the dynasty decline made him leave the court. According to the tradition, during his journey he wrote down his thoughts about *dao* 道 (lit. 'way') and *de* 德 ('virtue') when he met a guard at the border who asked him to leave his wisdom for them before he leaves. After leaving, there is nothing known about him (Kósa, 2013b). The *Daodejing*, and the teachings of Daoism are interpreted in multiple ways. An important interpretation is that it was intended for the ruling class of the late Zhou period to offer suggestions for the moral and political problems of the era. In this regard, Daoism disagrees with and criticizes Confucianism, claiming that is not effective in solving the problems of society, moreover, the Confucian

suggestions are harmful for the already disorganized social order (Chan, A. K. L., 2000). Also to the contrary of the proactivity of Confucianism, Daoism emphasizes *wu wei*, or non-action, and does not support hierarchy as much as Confucianism (Warner, 2010). During the Qin dynasty (221-206 BC), both Confucianism and Daoism were prohibited to teach or to study. The revival of Daoism started only during the late Han dynasty, when the religious Daoism has also emerged. Parallel to Confucianism becoming an official state ideology, *Laozi* became the founder of a new religion, which, however, had little in common with Daoist philosophy (Fung, 1997). The most important principle of Daoism is the *dao* 道 (the Way) itself. It refers to a natural, universal way of life, the way everything should be and the natural rules that control the universe, such as the change of seasons. It is also associated with the pursuit of the perfect order, where every controversy (such as life and death) can be resolved, and for which the sage should strive (e.g. *yin* 阴 and *yang* 阳). Even though the *dao* has overcome the concept of yin and yang, it is still somewhat closer to the yin, or female principle, which is characterized by softness, femininity and water-like qualities. An important quality of the sage ruler is the *wu-wei*, or non-doing, which means that the ruler identifies himself with the *dao* and instead of pursuing his own goals, allows the *dao* to be manifested through him (Kósa, 2013).

#### 5.4.2. *Modern implications*

An effective way of adapting Daoism to leadership is the water-metaphor. According to Laozi, the best human qualities are similar to that of water, so every people, especially leaders, have to pursue these water-like qualities, namely altruism, modesty, flexibility, transparency or honesty, and persistency. The leadership style of people should be also similar to water – gentle but persistent. When striving to achieve a goal, leaders should bear in mind how water is very soft, yet it can attack and form hard things due to its power and persistency (Lee – Han – Byron – Fan, 2008). As it can also be seen from the above, according to Laozi, the Daoist leader is invisible (Helle, 2017). He should understand and predict the environment and help the organization adapt to it and maintain harmony. According to the findings of Jung et al (2010), the invisible leadership style is the less risk-taking, the less communicating, the less likely to articulate vision or monitor operations, relatively unlikely of authoritative behavior, but also not showing as much benevolence as the other leadership styles examined in the study (advanced,

authoritative, progressing). The importance of the concepts of the invisible leadership in modern Chinese organizations is also supported by the study of Wong et al. (2010), who find that the trust of workers towards the management and towards the organization cannot be clearly distinguished, as they conceive these two entities very similar.

The other important aspect of Daoism is the concept of *de* 德, which refers to a humanistic behavior, a character of virtue. According to Daoist principles, humans should be humble and modest, and shouldn't have too many desires because those who have desires, are not content, they don't know where their boundaries are. These might seem, to a certain extent, similar to Confucianism. However, Laozi has despised on Confucian values of humanity and righteousness, because these virtues mean that one has lost *dao* and *de*, where *dao* is superior. Harmony, the balance of yin and yang is an essential part of Daoism, it should be priority for leaders to preserve this for the organization to be successful. *Yin* can be understood as the receptive, structural part of the organization while *yang* is the active, creative, functional part (Durlabhji, 2004). According to Wang and Chee (2011), the Daoist organization should be decentralized, with great autonomy to its departments and little interactions between them. The long-term policy is unchanged and aims to provide comfortable living for itself and its people, it maintains little communication towards outsiders and has a low public profile.

## 5.5. Legalism

### 5.5.1. Historical background

Legalism is both similar to and different from the other ideologies. It is similar, because its goal is to solve the social and political problems of its era, but it is also different, because instead of looking for experiences of the past, it believes that for the unprecedented problems, new, radical solutions are required. After the fall of the Zhou Dynasty, wars between the states became more and more frequent, which required a solid administrative background with the concentration of power to deal with the increasingly complex tasks. Governors started to implement the practical and effective ideas and were looking for people supporting them with such suggestions (Fung, 1997). Legalism is also different from Daoism or Confucianism because it is not an organized philosophical school, there were no masters, teachers and disciples. Legalism is a term given by

succeeding generations to a certain group of people, thinkers, advisors, who were engaged in similar activities and were dealing with related problems based on similar values. It was Han Fei who can be considered the founder of the school, he attempted to collect and improve the teachings of his predecessors according to his system. It is due to his work, that the works of numerous Legalist thinkers were preserved. At first glance, one could think that Legalism has no roots in Chinese history and cultural tradition, and after it supported the unification of China and the emergence of the Qin Dynasty (221-206 BC), it disappeared completely. In fact, there were several statesmen during the Chunqiu period (722-481 BC), who can be regarded as the forerunners of Legalism because of their pragmatic regulations, and, after the fall of Qin Dynasty, during the early years of Han Dynasty, Legalism continued to exist as an independent school, before its integration into Confucianism and becoming an important part of state ideology (Salát, 2013). Because Legalism originates from a period of social and political instability and frequent battles between the concurring states, its principles are also different from those of other Chinese ideologies, they seek practical answer for the most urgent problem of the period: how to deal with the changing social structures and how to defeat the other states in order to rule the whole country. Basically, it attempts to give specific guidance on matters of leadership and organization methods, but from a totalitarian point of view (Fung, 1997). One common feature of the Legalist thinkers was the aim of their work: to defeat other states and to stabilize the position of the governor. From this aspect, Legalist principles are the exact opposite of Confucianism, Daoism or Buddhism. If war, punishment or betrayal serves the purpose of the governor, then these are more than acceptable methods to use. Legalism is very rigorous and shows no mercy to anyone, it was the first concept which placed law equally above everybody (Fu, 1996). According to their idea, there is no difference between civils and nobles, relatives and strangers, law imposes the same verdict on everyone regardless of their social status. This perception is an important legacy of Legalism. Three famous Legalist thinkers, Shen Buhai, Shen Dao and Shang Yang were the first to emphasize the importance of the concepts of *shu* (tactics), *shi* (power) and *fa* (rules or law). The three concepts were later synthetized by Han Fei. Obtaining and preserving power is one of the foundations of ruling, because it allows the ruler to impose his will on his subordinates, using different tactics. The ruler must use the power of law for the population, which imposes punishment on people harming the country and rewards them in case of being useful (Salát, 2013).

### 5.5.2. *Modern Implications*

Legalism was an important ideology behind China's ruling, but usually it was combined with Confucian values, especially in times of social and political order and prosperity. In periods of turmoil and unrest, Legalism appeared more frequently than Confucianism. The theory can also be applied to modern organizations. Most importantly, as opposed to Confucianism, Legalism builds on the basic thought of all human behaviors being driven by self-interest. According to this belief, an organization following Legalist principles should establish a profit-driven culture, make sure that every employee's duties are clear and not overlapping with each other, the self-interest of people is satisfied by clear goals, and that every person, regardless of their position, is treated fairly and rationally (B. X. Wang & Chee, 2011).

In Legalism (B. X. Wang & Chee, 2011), the position of a leader is defined by the three main concepts, *shi* (power or authority), *fa* (law) and *shu* (tactics). The first to obtain is power, once a leader has power, they can start using law and (management) techniques to govern subordinates. The basis of power is position (*wei*), however, according to Hanfei, it is rather considered as a prerequisite to power, but is not sufficient to maintain it, one must have talent and capability to achieve organizational goals, which also includes assigning capable people to key positions.

One of the tools to manipulate subordinates is *fa*, or rules and regulations. According to Hanfei, these should be initiated by the leader, however, the origin of the law is supposed to be the *dao*, as the fundamental principle and main driving force of the universe. The task of a good leader is using this to decide about right and wrong and establish the rules accordingly. This concept also underlines the importance of institutions in society and defines the relationship between people and the state, similar to the perception of homo-economicus or classical capitalism, where people are direct subordinates of the state without family ties or other subjective factors influencing the decision making (Sárvári, 2017).

The other tool of the leader to manipulate its people and achieve organizational goals is *shu*, or management technique. This includes the above mentioned assigning of capable people to key positions, as well as following the projects and controlling the results and evaluating contributions and granting rewards (Hwang, 2008). This perception of the single leader who directs his subordinates is a characteristic of individualistic societies,



in collectivistic societies the common interpretation of the function of a leader is that he is solely responsible for any failures of the organization, but the successes of it are attributed to the whole collective (Dickson et al., 2012).

## 5.6. Buddhism

### 5.6.1. Historical background

Buddhism is one the most important religions in China, and as opposed to the ideologies addressed above, it stems from outside the country, and it developed its basic principles independently from Chinese history before arriving to China (Tőkei, 1996). During the first few hundred years of Buddhism in China, it received significant impacts from Chinese ideologies, mainly from Daoism. This is the reason why the terminology of Buddhism and Daoism is similar, for example they both use the concept of *youwei* (doing) and *wuwei* (non-doing). In fact, rather than claiming the values of Buddhism being misinterpreted in China, we can say that a Chinese “version” of Buddhism was created by synthetizing it with traditional Chinese ideologies (W.-T. Chan, 1957). The Doctrine of the Mind and the School of Emptiness both had significant effect on the Chinese way of thinking. After the Doctrine of the Mind started to be suppressed, and from the merging of Daoism and the School of Emptiness, the Chan Buddhism came into being (Fung, 1997). As Chan Buddhism is the biggest school of the religion in China (Hamar, 2004) and the limitations of this paper do not allow to address the numerous other schools of Buddhism, in the following we always refer to Chan Buddhism. According to the main principle of Buddhism, karma means the actions or deeds of the beings of the universe, which necessarily results in a consequence in the near or distant future. So, the life the individual is built from the succession of the karma (which is the cause of everything) and the impacts caused by the karma. This is not only interpreted to the life of people, but also to the whole universe, therefore, an action in the life of a sentient being can also result in causes in their subsequent life. This is the cycle of successive existence (Samsara), which is the basis of the sufferings of sentient beings. According to Buddhism, the suffering stems from the ignorance of people and their desire for and insisting to living, which makes them unable to quit the eternal cycle of births and rebirths. The liberation from this cycle means realizing nirvana (Fung, 1997).

### 5.6.2. *Modern implications*

Buddhist economics was first mentioned by (Schumacher, 1973), and it became a popular discipline since then. Its foundations are the values of Buddhism, and, as opposed to the homo-economicus, it describes the economic agents as (1) having only limited rationality, (2) being interdependent to each other and (3) aiming to minimize losses. The Buddhist approach distinguished two kinds of goods, those, which (1) satisfy human needs, and those, which (2) satisfy customer demand beyond basic human needs. The insisting or desire to consumption is considered as a cause of suffering, therefore Buddhism doesn't accept this consumption pattern and defines economic effectiveness as satisfying basic human needs with optimal use of resources (Kovács, 2016). The ethics of Buddhism is in synergy with the concepts of sustainability and responsibility; the study of Du et al. (2014) finds a positive effect of Buddhism on corporate environmental responsibility. The study of Zsóka (2006) also supports this idea, it found that the environmental values an organization possesses also manifest themselves in the organizational culture, which suggests that a corporation with Buddhist values could be more likely to implement a responsible environmental strategy. The purpose of a Buddhist organization must be in line with the Buddhist idea of the meaning of life, therefore, every function of the organization (execution, communication, strategy, R&D etc.) need to have a common goal of securing the spiritual development and harmony of the employees and stakeholders of the organization. This vision implies that materialism is only acceptable until it supports the functioning of the organization, the ethics followed by the organization and its people will not accept power-seeking or self-centered behavior, as these would have an isolating effect on the individual and an overall negative effect on the organization. Hence, managers and leaders of the Buddhist organization must have developed inner space and awareness towards their employees so that they can support the realization of the well-being and harmony of the people and the organization. They must reach a great quality of presence to be able to help the people with professional and personal struggles and to encourage them to work autonomously and constantly monitor themselves according to Buddhist values (Borden, M. E. & Shekhawat, P. S., 2010). According to Kovács (2014), implementing Buddhist elements in current management practices could be a feasible solution to today's global issues. The practice of meditation and improving mindfulness supports leaders in both adequate self-reflection and in being more effective in problem solving, decision making, avoiding mistakes and improving overall efficiency. By fostering compassion towards all sentient

beings (i.e. the employees), the managerial body can transform into a group which supports sustainability on personal, organizational, social and environmental level without pursuing its own interest (Kovács, 2014). Muzzenberg (2014) identifies three main concepts of Buddhism which can have an impact on organizational performance. The three laws of nature (1) underline that just like everything in the universe, organizations also depend on other organizations and external factors and they also have an influencing effect to the outside world (interdependence). Therefore, they should act accordingly and make the right choices considering how it affects others. Moreover, because everything has cause and effects, and the effects will become causes of other things in the future, these form an endless chain in which each organization has to take responsibility for the changes caused by them. This is further emphasized by the law of impermanence, which points out that there is nothing which wouldn't change over time. For businesses, it is important to consider these factors while making decisions, it is essential to understand the causes of their situation and to assess the alternative solutions according to the desired effect. The concept of emptiness (2) refers to similar phenomena. In Buddhism emptiness can be translated as a universal interdependence of everything, which can be applied to sentient beings as well as organizations. For the latter it means, that they should not consider themselves independent, as it can lead to big problems if they don't recognize their dependence on human or natural resources. The dependent origination (3) refers to the 12 concepts of what happens in the mind: ignorance, mental formations, consciousness, mind-and-body, six senses, contact, sensation, craving, clinging, becoming, birth and decay-and-death. It is important to be conscious about these states of mind to avoid those leading to unethical actions (e.g. craving) (van den Muzzenberg, 2014).

### *5.7. Summary and implications*

The most important Confucian values are respecting traditions and adhering to the rules of social hierarchy, and possessing the five virtues: ren (仁, benevolence, humaneness); yi (义, righteousness); li (礼, proper rite); zhi (智, knowledge); xin (信, integrity). However, the theorists of Daoism place dao and de above the Confucian values of ren (humanity) and yi (righteousness). The Daoist qualities of altruism, modesty, flexibility, transparency or honesty and persistency can also be measured to determine the impact of

ancient culture on managerial behavior. The five relationships and their adequate behaviors (father's endearment, son's filial devotion, elder brother's gentleness, younger brother's respect, husband's fidelity, wife's compliance, senior's benevolence, youth's submission, ruler's kindness, and subordinate's loyalty) can be extended to a corporate level to define the relations between leaders and subordinates. Another important aspect of business where Confucianism can be applied is business ethics, where Confucian values can show directions for leaders to become more effective by the five virtues, and to find balance between striving for profit and for human virtues. Legalism attempts to give specific guidance on matters of leadership and organization methods with outstanding importance of law and regulations. Legalism was the ideology which formulated one of the most important and longest standing concepts of China, the superiority of law and its equal placement above everybody, regardless of social status. An organization following Legalist principles should establish in a profit-driven culture, make sure that every employee's duties are clear and not overlapping with each other, the self-interest of people is satisfied by clear goals, and that every person, regardless of their position, is treated fairly and rationally. A Legalist leader must consider the three main concepts: *shi* (power or authority), *fa* (law) and *shu* (tactics). The basic thought of Buddhism is that the suffering of sentient beings stems from the ignorance of people and their desire for and insisting to living, which makes them unable to quit the eternal cycle of births and rebirths, and that everyone should strive for having less desires to liberate themselves from this cycle and to reach nirvana. This principle is also an important part of Buddhist economics, which defines economic effectiveness as satisfying basic human needs with optimal use of resources and identifies desire to consumption or insisting to consumption as a cause of suffering. A Buddhist organization needs to have a common goal of securing the spiritual development and harmony of the employees and stakeholders, and will not accept power-seeking or self-centered behavior. A Buddhist leader helps his people with professional and personal struggles, encourages them to work autonomously, and constantly monitors himself according to Buddhist values. Buddhism is also in synergy with the concepts of sustainability and responsibility, and implementing Buddhist elements in current management practices could also be a feasible solution to today's global issues, as studies have shown, Buddhism has a positive effect on corporate environmental responsibility. According to cross-cultural management studies, the

ability of cooperation of different cultures can be measured in different dimensions, such as individualism and collectivism (Ralston et al., 1999) or avoiding and competing behavior in conflict management (Morris et al., 1998). To integrate the values of the ideologies and measure their impact on modern management, we assume that Confucian and Daoist values mostly influence the conflict avoiding behavior of the leader, while the impact of Legalist values is more detectable on the level of individualism and collectivism.

### *5.8. Conclusion*

The summary highlights that most of the ideologies address the ideal human behavior and the qualities of an ideal leader. Based on this result, we believe that the most relevant fields of business administration to associate the ideologies with are leadership and management theories, and in particular the theories of different leadership styles. Among the Chinese ideologies, Confucianism seems to be the most, and Legalism the least researched topic in connection with Chinese management characteristics. In fact, since some concepts of Legalism gradually integrated into Confucianism, these two are often examined together. The presence of Daoism in Chinese leadership methods is the most difficult to examine, since, even though Daoism also addresses the qualities of an ideal person, its rather dealing with problems of wider perspective, such as the meaning of life or the way life should ideally be conducted. Buddhism is different from the other ideologies in multiple aspects. First, its development cannot be associated with social and political changes in China which was the motivation for the development of the other philosophies. Its first appearance in China is also dated several centuries later than the foundation of the Chinese ideologies. However, due to its global reputation, in relation with economics, it is the most researched ideology among the ones addressed in this paper. We should note that research on Buddhism and on Buddhist economics are not necessarily specific to China, so it is a possible area of further research to define the impact of Buddhism on Chinese management and leadership practices. In consideration of the context of the work, the authors concluded that fruitful collaboration between European companies and the increasing number of Chinese managers in Europe (and in Hungary in particular) could be supported by more precise research data. These data should shed light on the correlation between management styles and/or managerial roles,

and the deepness of a manager's knowledge on these ideological principles. Therefore, we have defined the following directions to be basis of further research:

1. Examine the impact of the specific cultural characteristics of certain geographical sub regions of China on the interpretation of cultural heritage and its impact on management practices.
2. Examine the impact of the status of the decision maker on the involvement of their cultural beliefs and values during decision making – as Ónodi (2010) pointed out, involving personal values into decision making is dependent on the status of the stakeholder.
3. Determine the impact of policies of Mao Zedong and the creation of the PRC on the presence of classical ideologies in the modern Chinese mindset through a comparison with the Republic of China (Taiwan).
4. Establish the framework for qualitative research on the leadership styles of Chinese managers engaged in cross-cultural management with the European Union after the assessment of the possibilities of integrating the four ideologies into a common influential system or dealing with them separately.

## 6. THE ROLE OF CONFUCIANISM IN MODERN MANAGEMENT

The following article contributes to Research Question 1.2: *What cultural dimensions are attributed to Confucianism and what do they mean for modern management?*

In the previous article, a theoretical approach was taken to discover the possible modern implications of Confucian ideology. The role of the following article in the dissertation is to explore the actual relevance of these hypothetic implications in modern Chinese management, based on the interpretations of Chinese managers.

### **Does Confucius have a say in management today? Empirical evidence from Asia and Europe**

#### *6.1. Abstract*

With the growing number of Sino-European business transactions, the cooperation of Chinese and European managers is becoming an increasingly important topic. In the theoretical foundation of this paper we review the main concepts of Confucianism and apply them to modern management. The result is a conceptual framework which is tested in the empirical section of the paper based on the results of more than 30 interviews. Data obtained from Chinese managers was compared with that from a control group consisting of managers of European and Asian origin. The methodology and findings enabled us to discover subtle differences between the concepts of Confucianism and Chinese and Western management practices.

**Key words:** Chinese management, Cross-cultural management, Leadership, Confucian management, Confucianism, Management style, China, Confucian philosophy

#### *6.2. Introduction*

During the past two decades, Chinese-European business relations have become significantly more important (Blomkvist & Drogendijk, 2016) – both the number of Chinese–European joint ventures in the People’s Republic of China (PRC), and Chinese-owned companies in Europe is growing (Lew & Liu, 2016). This phenomenon is

naturally resulting in an increase in personal, and more importantly, professional interaction between Chinese and European leaders.

With the international development of Chinese companies, the increasing amount of Chinese foreign direct investment in the world, and the Belt and Road Initiative, Chinese managers have spread across the world (Davies, 2017). Consequently, encounters with Chinese management and cooperation with Chinese firms have become a regular feature of “Western” business life as well. However, European managers’ knowledge about Chinese management is relatively limited, not only due to language-related issues, but also because the opening of the Chinese economy to foreign capital has occurred relatively recently. Literature only suggests that the basic features of “Chinese management” are a paternalistic leadership style, family-like corporations, a strong emphasis on hierarchy, and the avoidance of self-interest (Fang, 2006; Hill, 2006; Hofstede, 2007; Warner, 2010). Thus, the objective of this paper is to offer theoretical and empirical insight into Chinese management and its connection with Confucianism to both researchers and managers.

Cross-cultural cooperation and management have always been a challenge for companies and people (Johnson et al., 2006). Even if managers work in a country that is culturally relatively similar to their own, preparatory training is often held beforehand to make their adaptation to the new environment easier, and cooperation with their new colleagues more effective (Earley, 1987). Relations between Chinese and European managers are extremely prone to misunderstandings due to a lack of information about the professional behaviour and the underlying cultural background of counterparts. Therefore, we believe that enriching the understanding of European managers about the cultural backgrounds of their Chinese counterparts may increase their tolerance and lead to more effective cooperation, which will also increase the productivity of their collaborative work or joint projects.

Literature often claims that to understand the Chinese way of thinking, one cannot avoid becoming acquainted with ancient, traditional ideologies such as Confucianism (Boettcher, 2007). However, despite considerable research into Confucianism, it remains a puzzle for the Western world how such an ancient ideology can impact current business situations, and to what extent it can influence managerial decision-making and behaviour. An important limitation of the international discussion about this topic is the



scarcity of empirical evidence. In this study we attempt to bridge this gap with qualitative data collected from practitioners of Chinese management. In the following chapters, we will examine the main ideas related to Confucianism, attempt to translate these ideas into real-life situations, and, finally, will test empirically whether Confucianism does really matter in terms of doing business with the Chinese.

Countless scientific publication addresses the topic of “Chinese management”. The addition of the term “Chinese”, before management, suggests that there is something unique to the practices of Chinese businesses, other than their geographical location. The purpose of this research is to collect the attributes identified by empirical findings on management practices in the Chinese context, and to provide a conceptual framework of Chinese management, for teaching and training purposes both in academic and business environments in the “Western” context.

### *6.3. The importance of Confucianism through Chinese history*

Following the life of Confucius (551-479 BC), various rulers and governments kept his ideas alive and discovered their significance in contemporary life. For modern authors, Confucianism involves many different areas, such as business ethics and philosophy (Wu, 2014), the importance of education and tradition (Deng, 2011), good human qualities (*junzi*) (Huff, 2016) and social hierarchy (Warner, 2016). The main means of implementation are rites, rituals, music, self-examination, and mentoring. In this chapter we introduce the historical evolution of Confucianism to aid understanding of its role in contemporary China. Confucianism has a history of over two millennia, which makes its comprehensive definition an extremely complex task. One must consider multiple factors, including the purpose and the circumstances of the definition. In what follows, we highlight some of the most important historical milestones of the ideology which influence its current interpretation.

The roots of Confucianism date back to even before the life of the sage himself, since the principles of the ideology were not invented by Confucius – although he was the first to elaborate and conceptualize the “rulers’ best practices” embedded in Chinese traditions. The systematization of these traditional principles started with Confucius and became a distinctive school founded upon his and his disciples’ work (Yao, 2000). The ideology first started to gain importance during the period of Warring States (403-221 BC), when

scholars who could address issues concerning ideal leaders and social structures were in high demand (Rarick, 2009). During times of social unrest, political instability, and constant wars, the ideas of the main philosophical schools of China (Confucianism, Daoism, Legalism) supported the aspirations of warring monarchs. Confucianism became a state philosophy during the rule of Han Wudi (141-87 BC), who founded an imperial school to teach Confucian classics (which later became a preparatory institution for government officials). However, the school of “Confucianism” which he promoted instilled ideas that were significantly different from the original thoughts of Confucius. The era of Han Wudi marked an important milestone for Confucianism: from this time until the fall of China’s last imperial dynasty in 1911, the doctrine has continuously prevailed as a state-level philosophy (P.-C. Han, 2013).

After the Revolution and the fall of China’s last imperial dynasty (the Qing Dynasty in 1911), most of the older Confucian institutions were abolished and the Confucian doctrine started being disregarded. On these grounds, during the early years of the republican China, “New-Confucianism” emerged in an attempt to apply new perspective to the concepts of hierarchy and harmony by emphasizing rationality and humanism (P.-C. Han, 2013; Warner, 2016). The Guomindang-led Republic of China in the 1920s mixed Confucian thought with Christianity, and Sun Yat-Sen even declared that his principles had a direct Confucian background. In the early years of the People’s Republic of China under the rule of Mao Zedong, Confucianism was regarded as “reactionary” and its promotion was thus strictly prohibited. In the succeeding era of Deng Xiaoping, characterized by policies of modernization and openness, interest in Confucianism surged, but it was not until the actions of Jiang Zemin 2002 that the doctrine became widely promoted again, including at the state-level. Since the Sixteenth National Congress of the Communist Party of China in 2002, the CPC has sought to strengthen its position by focusing on cultural leadership and promoting ancient Chinese ideologies such as Confucianism (Wu, 2014).

#### *6.4. Theoretical framework – teachings of Confucius that are applicable to modern management thought*

Numerous sources on Chinese management (Ackerman et al., 2009; Fam et al., 2009; Hofstede, 2007) suggest that Confucius’ ideas define modern management in Chinese companies. However, Warner (2016) suggests that Confucianism was more prevalent in

the first half of the twentieth century compared to the second one, and he also regards the claim that the so-called Confucian Management of today is directly derived from the original doctrine to be dubious and questions whether it is the main influence on current Chinese management practices.

In the following, we provide a summary of the perceptions and findings of international literature about Chinese corporations, management, and managers in connection with contextual, cultural, and especially Confucian values.

#### *6.4.1. The Confucian organization and its actors*

One of the most obvious characteristics of Chinese organizations is that group orientation and collectivism prevail over individualism (Hofstede, 2007; J. Li & Madsen, 2010). Multiple authors also highlight that Chinese management in general is driven by respecting interdependent and mutually beneficial relationships. This phenomenon is observed both between supervisors and their subordinates, and between business partners (C. Cheung & Chan, 2005; P.-C. Han, 2013; Zakić, 2010), who are, nonetheless, not expected to be equal due to the predefined roles of individuals (Baumann & Winzar, 2017; Fam et al., 2009; Kang et al., 2017). Chinese management, according to Boisot and Xing (1992), tends to be more personalized and have more centralizing tendencies than its Western counterpart – managers are usually not only reluctant to commit themselves in writing, but also to delegate authority. Since in contemporary Chinese management the corporation is often regarded as a family, a paternalistic leadership style prevails (P.-C. Han, 2013; Hill, 2006), in which leaders are primarily concerned about the social welfare and the interest of subordinates (C. Cheung & Chan, 2005).

These traditional Chinese characteristics are potentially coherent with Confucianism. Confucian leaders value harmony and respect hierarchy, and adhere to their defined roles inside the organization and society (P.-C. Han, 2013; Suen et al., 2007; B. X. Wang & Chee, 2011; Y.-T. Wong et al., 2010). The need for the parental responsibility of rulers and the filial piety of subordinates (i.e. paternalistic leadership) was also promoted by Confucius (D. Y. Ho, 1994). The ideal portrait of the Confucian entrepreneur has been addressed by multiple authors, and numerous characteristics have been attributed to this image. The most important values of a Chinese manager are considered to be patience, reliability, trustworthiness, loyalty, and a long-term orientation – thus an emphasis on future-oriented Confucian values such as persistence and thrift (C. Cheung & Chan,

2005; Hill, 2006; Hofstede & Bond, 1988). According to Cheung and Yeo-chi king (2004), the real Confucian entrepreneur – who does not aim to maximize personal profit but pursues moral virtues instead – will soon become extinct. For the latter, profit making is only possible when in line with the standards defined by their moral beliefs, and they value trust, a positive work ethic, and dedication to excellence, self-cultivation, and lifelong learning instead of focusing on personal profit (P.-C. Han, 2013; Hill, 2006). A Confucian leader should continuously assess himself, including his morality and justice (Yijie & Xin, 2008), and conduct self-examination, self-reflection, and practice discipline on a daily basis (Woods & Lamond, 2011). An ideal leader should value tolerance and concern for harmony, avoid disagreement and the pursuit of self-interest, should be trustworthy, seek harmony, and respect hierarchy (P.-C. Han, 2013; Hill, 2006). They should lead with benevolence, morality, virtue, and trust, and by setting an example: accordingly, the gratitude of followers will naturally lead to their being loyal and respectful (P.-C. Han, 2013). Confucianism – along with the political environment and Chinese stratagems – seems to have affected the Chinese business negotiation style as well (Fang, 1999). According to the “Ping-Pong” model of Fang (2006) and Ghauri and Fang (2001), the Chinese negotiator values mutual trust and benefit, righteousness, sincerity, respects hierarchy, age and etiquette, and behaves in a group-oriented, self-restrained way.

#### *6.4.2. The Confucian Work Ethic*

One of the most widely studied areas of business in connection with Confucianism is business ethics. Confucianism has a mitigating effect on unethical corporate behaviour, can strengthen business ethics, contribute to the establishment of a consistent corporate culture, and to ethical decision making (X. Du, 2015). This is because, while it is compatible with management practices, Confucianism also requires a contribution to society and leadership based on morals (Romar, 2002). The key Confucian concepts which can be associated with business ethics are moral character, humanity, human relationships, lifelong learning, and moderation (Seow Wah, 2010). The most important work-related ethical principles of Confucianism include reciprocity, loyalty, thrift, dedication, concern for society, harmony (G. K. Y. Chan, 2008; Rarick, 2007; Zhu, 2009), and workplace rituals (T. W. Kim & Strudler, 2012). According to Ackerman et al. (2009), government involvement in an enterprise has a positive influence on consumer

perceptions of the latter's brand and products because of three important Confucian dimensions: meritocracy, loyalty to superiors, and the separation of roles and responsibilities. On the other hand, the presence of government officials can reduce the influence of Confucianism on the management of state-owned enterprises (X. Du, 2015) and the career progression and mobility of managers (A. L. Y. Wong & Slater, 2002). Confucianism is negatively associated with the role of women in organizations (X. Du, 2016).

The concept of the Confucian Work Ethic (CWE) provides a theoretical framework within which to incorporate these seemingly diverse effects of Confucian values on the Chinese workplace. The concept consists of a set of values attributed to Confucianism (Rarick, 2007), based on the value dimension of Confucian work dynamism initially proposed by Hofstede (1984). The values include self-discipline, diligence, persistence, hard-work, respect for educational achievement, harmony, and cooperation (M.-P. Huang et al., 2012; J. Li & Madsen, 2010). Kang et al. (2017) highlight four important value orientations of Chinese organizations that originate from Confucianism: seniority, relationship, righteousness, and benevolence, which are also consistent with CWE values. Leong et al. (2014) claims that the Confucian value dimensions of diligence and harmony are significantly related to job satisfaction and commitment.

In this chapter we have formulated assumptions about what we can expect Chinese managers to say or think regarding interactions with others (such as managerial behaviour, decision-making, and interpersonal relationships) and their personalities, based on the extensive literature about the relationship between Confucianism and Chinese management styles. Table 15 summarizes our findings about Chinese management practices and the personal characteristics of managers that may be attributed to Confucian influence according to the above-reviewed literature.

Table 15: Findings from literature about the Confucian influence on Chinese management

<b>Interactions with others / Management practices</b>	
<b>Hierarchy</b>	Centralized power, paternalistic leadership with parental responsibility (for expected filial piety and dedication)
	Unequal relationships characterised by mutual trust and benefit
	Group-orientation, framed by age and etiquette
<b>Ethics</b>	Ethical decision-making, contribution to society is important
	Long-term orientation
	Respect for educational achievement
<b>Leadership</b>	Managers lead with benevolence, morality, virtue and trust, and by setting an example
	Concern for harmony, avoiding disagreement
<b>Managers as individuals / Personal characteristics</b>	
<b>Behaviour</b>	Self-restrained behaviour and self-moderation
	Avoid the pursuit of self-interest
<b>Virtues</b>	Self-cultivation and lifelong learning
	Patience, reliability, trustworthiness
	Self-discipline, diligence, persistence, hard work

### 6.5. Research design and methodology

In this study, while we accept the suggestion that because most leadership theories were developed in an individualistic context they might not be suitable for applying to collectivist societies such as China (Filatotchev et al., 2019), we address the proposal that Confucianism is the main determining factor behind Chinese managerial practices and behaviour. The goal of the research is to increase understanding of whether Confucianism is a determining factor in Chinese management, and whether Chinese managers attach importance to Confucian values in their managerial behaviour, especially in their leadership style and personal and professional traits.

To be more specific, we address the following research questions:

- To what extent do Confucian values influence the leadership style of Chinese managers?
- Are the personal and professional value sets of Chinese managers more similar to Confucian values than those of their non-Chinese counterparts?

To address the research questions, a qualitative content analysis approach was used on a dataset created from interviews with managers from various backgrounds. Qualitative content analysis helps interpret textual data through a systematic classification process, with special consideration to context, in order to identify the core concepts within the data (Mayring, 2010; Y. Zhang & Wildemuth, 2016). This approach was chosen as a method of inquiry because it is consistent with our research goal: during the data analysis, we sought to identify the main concepts from the interviewees' narratives which relate to our research questions and make a comparison between the concepts of the Analects, the findings of international management literature on Confucian management, and our empirical results.

#### *6.5.1. Data collection*

The data collection method involved conducting personal, semi-structured interviews with managers from China (both the People's Republic of China [PRC] and the Republic of China [ROC/Taiwan]), the European Union ((France, Germany, Hungary) and Mongolia. For the analysis, the interviews were divided into two main groups: a Chinese (PRC, Taiwan) group and a control, or non-Chinese, group. The criteria for the participants of the Chinese group included being citizens of the People's Republic of China, and having grown up and completed primary, secondary (and preferably higher) education there. In the final sample, all of these criteria were met, with all of the Chinese participants completing higher education at least partially in mainland China. The main purpose of including the non-Chinese group was to provide a basis for comparison in relation to the responses of the Chinese respondents, thus the nationality criteria for the former participants were relatively loose: anyone from outside Mainland China and Taiwan could be included, but preference was given to those of Western (European or North American) origin. Due to the limited number of non-Chinese participants in our research, findings concerning this group are also relatively limited and may be interpreted as initial orientation for future research.

We employed the snowball sampling (Goodman, 2011) technique to choose our participants. As Torres de Oliveira and Figueira (2018) argue, in a Chinese context one of the most difficult tasks is conducting interviews, therefore the present researchers asked their own personal contacts whether they were willing to participate, or to introduce us to other individuals within their personal relationship groups, if they believed that the former matched our criteria. For all of our participants, regardless of nationality, we employed the following criteria: they should be working in a for-profit organization under market conditions, and have subordinates working under their supervision. As our goal was to understand the managerial practices of Chinese leaders in a business environment, we sought to avoid including government officials or other government-related policy makers.

Our final sample included 22 Chinese (both from the PRC and ROC) managers, with an average age of 34, ranging from 27 to 53 years old. The sample included nine female participants. The position of all respondents was head of department or higher. In the control group we interviewed eight managers: two from Hungary, two from Germany, and one each from Mongolia and France. Two of the respondents from the control group were Canadian citizens of Taiwanese origin (both of them had spent the majority of their childhood and young adulthood in Canada). Their average age was 39.5 years (the youngest respondent was 31 years old and the oldest 53). The average period of managerial experience of the Chinese group was close to seven years at the time of the interviews, while that of the control group was more than nine years.

We collected primary data from interviews which followed a semi-structured protocol with the main content of questions based on the main concepts of the Analects. The questions were translated from English into Mongolian and Chinese, and translations were double-checked with the back-translation method (Brislin, 1970). The primary language of the research and the interviews was English (i.e. whenever participants had an adequate command of the English language, we conducted the interviews in English). However, since our goal was to ensure a comfortable atmosphere and let participants freely express themselves, we arranged the interviews in respondents' respective mother tongues if necessary (this was ultimately only necessary in the case of the Mongolian and four of the Chinese participants. In each case, a Chinese/Mongolian-speaking researcher conducted the interviews and the transcripts were translated into English later by the same researcher). This method allowed us to minimize any discrepancies potentially



arising from involving interpreters and translators who might not be as acquainted with the context. The translations were subject to random checks by other researchers based on the voice recordings.

Whenever possible, the interviews were conducted personally. We successfully arranged personal interviews with Chinese managers in Hungary, Mongolia, France, and China and with non-Chinese managers in Hungary and Mongolia. However, with some participants personal meetings were not possible – these interviews were conducted via Skype (for participants located in Europe) or WeChat (for participants located in China).

### *6.5.2. Interpretation of Confucianism - a conceptual framework*

Since in this study we address the Confucian elements of Chinese leaders, we attempted to confine the ideology accordingly and create a basis for the interview framework based on thoughts and values most closely associated with Confucius himself, and the elements of his work that describe the ideal leader. We chose the Analects as our main reference, because, even though it was not written by Confucius himself, it contains the thoughts of the sage edited by his disciples and is therefore traditionally considered the closest source to Confucius. We have used the English translation of Waley (1998) for the relevant parts.

First, we selected those parts which are the most relevant from the perspective of a manager today (II/3, 12, 20; III/7; VI/3; VII/1,2,3; VIII/4; IX/1, 3, 22; XI/3; XII/16; XIII/3, 9, 23; XVI/1, 4, 5; XVII/24; XIX/5, 11), then organized the thoughts of Confucius along two main dimensions: management practices (how should a ruler govern?) and the personality of a manager (how should a gentleman/ruler act?).

Regarding Confucian management practices, we found the following:

1. **Importance of morality:** instead of regulations, people should be governed by moral force and rituals. Loyalty can be earned by showing piety, kindness, and dignity towards others (Analects II/3, II/20).
2. **Considering individual circumstances:** when considering the evaluation of work that is delegated, a leader should promote those who are worthy, and train those who are incompetent. Financially, a leader should help those in need, instead of the already wealthy (Analects II/20, VI/3).

3. **Respecting and preserving traditional knowledge:** traditional, experience-based methods should prevail over creative new innovations about which there is no experience – a leader should transmit knowledge, not invent (Analects VII/1, 2, 3).
4. **Concentrating on people's strengths, not their weaknesses:** a leader should pay attention to the merits of others instead of their shortcomings, and always speak in an appropriate manner (Analects XII/16, XIII/3).
5. **A leader should serve their people:** The goals of a ruler are to multiply, to enrich, and to teach people (in succession) (Analects XIII/9).

Regarding the personality of a Confucian manager, we found the following:

1. **Leading people is a profession in itself:** a leader should have general moral qualifications rather than being specialized in a particular area (Analects II/12).
2. **Leaders should have strong moral character:** a leader should never be arrogant or violent and always act in good faith. (Analects VIII/4).
3. **Leaders should pursue morals instead of financial profit:** a leader should always consider what is right, not what is profitable (Analects IX/1).
4. **Leaders should be trustworthy and reliable, thus earning respect:** good leaders keep their promises, are honest, transparent (not opposing others in hidden ways, but openly); must be good, wise, and brave; should not criticize others; should show respect towards older people.
5. **Leaders should consciously assess and improve themselves:** good leaders are continuously learning, are always aware of what they have already learnt, and of what they still lack (Analects XIX/5).

The above-collected attributes are accepted as the characteristics of Confucian management practices and Confucian managers' personality traits. The purpose of identifying these attributes was twofold: first, to serve as a basis for designing the interview structure, and second, to clearly define Confucianism in a way that could be used as a reference when interpreting the research results.

### 6.5.3. Designing the interviews

The interview questions were formulated based on the above-described Confucian attributes, and divided into four parts. The purpose of the first part was to collect statistical data about the participants' personal profiles. The next two parts were based on our analysis of the Analects regarding the managerial behaviour and the personal values of participants. In the last part of the interview we assessed the knowledge and perceptions of participants about Confucianism and its impact on Chinese management.

Table 16 summarizes the interview structure.

*Table 16: Summary of the interview structure*

<b>Category</b>	<b>Question examples</b>
1. Personal profile	<i>Citizenship, gender, age, industrial field of workplace, position in organization</i>
2. Leadership methods	<i>What do you think is the best way to govern subordinates? How should one impact their behaviour?</i>
	<i>Please describe what you consider an ideal employee to be.</i>
	<i>Some people suggest that a manager-subordinate relationship is in many senses like a father-son relationship (or parent-child one, since it can include female managers or employees). What do you think of this claim?</i>
3. Personality of a manager	<i>What kind of training or education should a manager have, in your experience? Why?</i>
	<i>How do you know what you still lack, and how do you try to learn new things and improve yourself? Is it possible to remind yourself about what you still need to learn? How do you do this?</i>
4. The concept and the impact of Confucianism	<i>To what extent (%) in general do you think that Confucianism impacts Chinese managers and Chinese management?</i>
	<i>How would you define what Confucianism is?</i>

As the interviews were conducted by different interviewers in different locations, we agreed on preliminary guidelines that the interviewers should follow. First, the sequence of the question categories should not be changed, but the sequence of the questions within each category could be modified according to the actual interview situation. Second, the interviewer could support the interviewee with further explanations about the question if something was not clear to the participant. Some potential explanations were highlighted in the interview guideline. Third, the interview questions should not be shared with the participants prior to the interview, since this could influence the actual interview situation. We required that an interview invitation letter was sent to all participants beforehand to inform them about the framework of the conversation. Fourth, we proposed that audio recordings were made with participants' consent. This was eventually given in every instance.

#### *6.5.4. Validity, procedure, and limitations of the research process*

During the research process the authors followed a naturalist (interpretive) paradigm (Welch & Piekkari, 2017) to represent the constructions of reality of the interviewees. In taking this approach we did not formulate prior assumptions or hypotheses, but used an inductive coding technique to let the concepts of the participants emerge from the interview transcripts.

Due to the nature of the snowball-sampling method, the researchers who participated in selecting the participants and collecting data not only had to consider the potential participants' fit with the pre-defined criteria, but also their personal compatibility – those participants with whom the interviewer had personal working experience were assigned to another interviewer, or if this was not possible, the participant was excluded to avoid biasing the data.

Involving multiple researchers in the data collection process was both a challenge and an opportunity. While it enabled us to enrich the dataset, thereby increasing the validity of the research by permitting the inclusion of participants from geographically and culturally diverse regions and organizations, it also meant that researchers from culturally diverse backgrounds conducted the interviews. To avoid contextual bias, feedback was collected, and questions were rephrased to avoid misinterpretations. However, the advantages of the involvement of multiple interviewers outweighed the disadvantages, not only because this provided access to a much richer dataset, but also because

investigator triangulation (Denzin & Lincoln, 2018; Sántha, 2017) of data collection and analysis increases the validity of research by controlling for individual researcher bias.

#### 6.5.5. *Data analysis*

Analysis of the interviews followed the coding protocol defined by Strauss and Corbin (1998), which was originally developed for grounded theory building, but which also corresponded to our goal of interpreting textual data through a systematic classification process. We followed the three stages of the process; namely, (1) open coding, (2) axial coding, and (3) selective coding (Blair, 2015).

During the open coding phase, the researchers manually assigned a code to each unit of the interview transcripts in a line-by-line analysis of the transcripts. The smallest unit included only several words within a sentence, while the longest unit consisted of three sentences. At this phase our goal was to explore the underlying psychological and social phenomena represented by the words and thoughts of the interviewees. After examining the categories in the open coding phase, in the axial coding phase we attempted to link codes together based on common characteristics and organize them into categories and subcategories. During this phase it emerged that the narratives of the interviewees contained expectations about different roles in the organization at different levels of action. Specifically, the roles included employees and managers (or leaders), while the levels of action were the individual, the group, and the company. This means that the interviewees expressed what they expected from employees and managers as individuals, as group members, and as members of the whole organization. The axial coding phase resulted in the classification of the initial categories of open coding into two main categories (expectations from employees, and from managers) with three subcategories in each main category (individual level, group level, company level). Some of the initial categories which were not related to any of these key categories were excluded at this point.

At the selective coding phase, our goal was to create concepts from the categories and subcategories defined at the previous stages. These concepts summarize the interpretations of the interviewees about ideal managers and employees.

Table 17 provides an overview of the final concepts that emerged during the selective coding process within the groups and subgroups defined by the axial coding stage.

Table 17: Main concepts of participants about management in Chinese companies

	<b>Interviewees' expectations about employees</b>	<b>Interviewees' expectations about managers</b>
<b>Individual level</b>	<ul style="list-style-type: none"> <li>Managers value self-motivated, responsible employees who can work independently</li> <li>Managers expect employees to have personal goals and internal motivation to work</li> </ul>	<ul style="list-style-type: none"> <li>Formal education is a prerequisite, but general leadership qualities and position-specific skills determine the quality of a leader</li> <li>Managers should be self-aware, competitive, and restrain their emotions</li> <li>Communication is an important tool for knowledge transfer and performance development</li> <li>Colleagues and superiors should be a source of self-improvement</li> </ul>
<b>Group level</b>	<ul style="list-style-type: none"> <li>Employees should show group-oriented behaviour and accept the superiority of leadership</li> <li>Good personal performance is the most important characteristic of an employee, but good relationships are also expected</li> </ul>	<ul style="list-style-type: none"> <li>The leader is the engine of the group, creates its orientation, and should serve its people</li> <li>The leader sets an example, bears the final responsibility, and has ultimate authority</li> <li>The manager should always consider individual circumstances when evaluating employees or assigning tasks</li> <li>The manager should continuously support employees with external sources of motivation (e.g. financial benefits)</li> <li>(Informal) relationships between manager(s) and subordinates determine the performance of the group</li> </ul>
<b>Company level</b>	<ul style="list-style-type: none"> <li>Managers need employees to make the company's interest their first priority</li> <li>Managers expect employees to identify with company goals, and achieve their personal goals through them</li> <li>Employees should be humble, respectful, and dedicated</li> </ul>	<ul style="list-style-type: none"> <li>The leader represents the company's interest in the group, acts as an intermediary, and takes responsibility for transposing company interests to the group level</li> <li>The leader knows and follows company strategy and defines actions accordingly</li> <li>Everyone in the company should be handled the same way, regardless of their position in the hierarchy</li> </ul>

## 6.6. Research findings

For the interpretation of the results, the final concepts were assigned to the groups based on the interview structure: concepts about leadership methods (governing subordinates, describing subordinates and relationships, compensation and goal setting, and performance evaluation) belong to the group of management *practices*, while personal characteristics (educational background, self-improvement, self-expression, self-control, personal values and virtues, and goals) were classified as managerial *characteristics*. The final categories in the Chinese group were compared with the results of the non-Chinese group to highlight the similarities and differences.

### 6.6.1. Findings about management practices

#### *Relationship with subordinates*

To explore the attitude of participants toward their subordinates, we asked the former about their preferred method of governing subordinates, about their ideal employees, and about whether they agree with the notion of comparing “supervisor-subordinate” relationships to “father-son” relationships.

For governing subordinates, the need to define rules was mentioned most frequently in the Chinese group: 12 out of the 22 Chinese respondents claimed that regulation was the most effective management method. The second most important method was reported to be leading by setting an example, and maintaining attentive communication with subordinates.

In the description of an ideal employee, attitude and dedication were the most highly ranked characteristics. The attitude of employees was mentioned by all but six Chinese respondents, while skills were only brought up as a key factor twice.

*“In my opinion, the ideal employee should have a good attitude. In many cases, good attitudes are more important than ability and experience. For me, ideal employees should be willing to develop themselves and should be very punctual”.*

The majority of participants do not agree with the suggestion that a supervisor-subordinate relationship should be similar to a father-son, or parent-child relationship. However, most of them described their relationship with their subordinates as friendly, or even “brotherly”, as mutually beneficial, and as respectful of hierarchical roles. *“You can get along with them as friends or even family members, but you still have to draw a*

*line and maintain boundaries. Keeping an essential distance can act as a conflict-absorber and minimize damage”.*

Based on the participants’ answers, we found the following to be the most important characteristics of managers’ relationships with subordinates (numbered in order of most to least frequently mentioned):

1. Managers value self-motivated, responsible employees who can work independently
2. Managers need employees to consider the company’s interest to be their first priority, to have personal goals and be internally motivated to work, and to reach their personal goals through working for company goals
3. Everyone in the company should be handled the same way, regardless of their position in the hierarchy
4. The leader is the engine of the group, creates its orientation, and should serve its people

Comparing the above results to those of the non-Chinese group, we discovered that the first three points are very similar to each other – non-Chinese participants also value the same characteristics in their employees. The fourth point was not articulated by non-Chinese participants, and the latter group also attached more importance to the informal relationship between managers and subordinates.

#### *Compensation and motivation of subordinates*

In terms of the compensation and motivation of subordinates, Chinese participants unanimously argued that the role of regulation was the most important method, and that compensation should be based on performance, with only a minority mentioning the need to consider individual circumstances or to create the possibility for personal development to motivate staff. However, consideration of individual circumstances was mentioned in connection with decision making and delegating tasks. Based on the participants’ answers, we found the following to be the most important principles for motivating and evaluating employees (numbered in order of most to least frequently mentioned):



1. Personal performance is the most important metric for an employee, but good relationships are also expected
2. A manager should continuously provide employees with a source of external motivation (e.g. financial benefits)
3. A manager always has to consider individual circumstances when evaluating employees or assigning tasks
4. Informal relationships between manager(s)-subordinate(s) determine the performance of the group

Comparison of the above-described results to those of the non-Chinese group shows that their answers are rather similar: performance is considered the most important element of compensation; however, members of the non-Chinese group tend to be more flexible in terms of evaluation, and the relative frequency of mentions of the importance of the need to adapt to individual circumstances is greater.

#### 6.6.2. *Findings about the personal characteristics of managers*

##### *Education*

Both the Chinese and the control group's perception of the educational background of a good manager is that skills and experience are much more important than a formal education. However, their answers suggest that they take formal education (a university degree) as a prerequisite for managers which supports their basic reputation in front of their team.

*“First of all, we must continue to learn relevant management knowledge and enhance our management ability and vision. Then, we should try to achieve more through practice, because practice makes real knowledge”.*

In the case of perceptions about the necessary educational background of a manager, we could not identify major differences between the Chinese and non-Chinese participants. Both groups believe that while a formal education provides useful knowledge for leaders, it is something anyone can achieve – as opposed to personal traits (such as charisma, ability, a willingness for self-development, and an ability to lead people), which only self-aware, natural leaders possess.

Based on the participants' answers in both groups, we have identified the following as the most important characteristics of the educational background of a leader:

1. Formal education is a prerequisite, but general leadership qualities and position-specific skills determine the quality of a leader
2. Communication is an important tool for knowledge transfer and performance development

### *Personal values*

Both groups attach equal importance to the personal values of responsibility, trustworthiness, honesty, and self-consciousness (including continuous learning and self-restrained behaviour). Based on our panel, these qualities must inherently be part of a manager's personality and attitude, irrespective of their nationality, citizenship, or cultural background.

While the importance of continuous self-reflection and a desire to improve goes without saying in both groups, the participants of the control group claimed to explicitly desire feedback from colleagues or friends (*"Whenever I go to a job, I create a network of people who reflect what I do: employees, peers, as well as my own boss". "The things you need for that are be open-minded, to ask for feedback, ask superiors, colleagues, subordinates..."*), while their Chinese counterparts describe feedback as a rather passive process that involves learning from the examples of more experienced people, or drawing conclusions about certain situations by themselves (*"Sometimes I learn a lot of things from experienced people, they can even be my employees". "There are really a lot of situations and opportunities to find out my shortcomings; for example, during talks with clients".*)

Overall, when describing the personal characteristics of a leader, the perceptions of the whole panel create a rather homogeneous picture. We found that our respondents consider the following to be the most important personality traits of a manager:

1. Managers have to be self-conscious, competitive, and restrain their emotions
2. Colleagues and superiors should be a source of self-improvement
3. A leader should set an example, bear the final responsibility, and have ultimate authority
4. The leader represents the company's interest in the group, acts as an intermediary, and takes responsibility for transposing company-level interests to the group level

### *Perceptions about Confucianism*

Naturally, Chinese managers are more familiar with Confucian values compared to Westerners, most of who did not even attempt to answer specific questions about Confucianism. However, we found that while the Confucian heritage of the Chinese participants seems to be important (the latter covered the topic using 184 words / person on average, compared to 20 words/person for the control group), their knowledge about the ideology is limited to a number of specific concepts, and other ancient Chinese philosophies are equally important to them. Furthermore, many participants claimed that the impact of Confucianism on their own behaviour (cca. 40% on average) and on Chinese management in general (54%) is considerable, but 14 out of 22 respondents were unable to identify specific sources or ideas about Confucianism, or offer a general definition of it.

### 6.7. Discussion

In Tables 4 and 5 we summarize the most important management practices and characteristics of managers based on our literature review, conceptual framework, and interview analysis.

#### 6.7.1. Management practices (rules of interaction)

Table 18: Confucian ideals about managerial interactions and interview responses

	<b>Analects</b>	<b>Literature</b>	<b>Interviews</b>
<b>Managerial role / method</b>	Instead of regulations, people should be governed by moral force and rituals	Managers should lead benevolently, with virtue, and by setting an example	Regulations are the most effective management method, but setting an example is also important
<b>Giving feedback (evaluation, compensation)</b>	Promote those who are worthy and train those who are incompetent; Focus on the merits of others instead of their shortcomings		After objective evaluation, compensation should be merely based on performance
<b>General communication style</b>	Always speak in an appropriate manner, never be arrogant or violent	Have concern for harmony, avoid disagreement	Friendly but professional communication with everyone (regardless of their hierarchical position)

<b>Relationship with superiors</b>	Filial piety, loyalty and devotion Show respect to older people	Filial piety, loyalty and devotion	Good attitude (self-motivated, autonomous, and responsible) and dedication
<b>Relationship with subordinates</b>	Help those in need, instead of those who are already wealthy; A leader should serve their people	Parental responsibility, Unquestionable authority	Careful communication, friendly but distant relationships; Informal relationships between manager(s)-subordinate(s) determine the performance of the group; The leader is the engine of the group, and should serve its people
<b>Ethics (definitions of good and bad)</b>	Traditional, experience-based methods should prevail over creative new innovations – a leader should transmit knowledge, not invent. Profit is only good if it respects harmony and society	Age and etiquette shape social life; contribution to society and mutual benefit are important	No clear consensual insights

As illustrated in Table 18, the principal role of a leader has always been to demonstrate a moral example in Chinese organisations. However, modern management apparently requires that the social nature of organisations become more bureaucratic, and requires the definition of clear rules and policies. This seems to be a major trend regarding the evolution of Chinese management: from an idealistic view of the morality of the ruling aristocracy, management has increasingly become a more pragmatic and bureaucratic profession.

Our findings show that merit has always been linked to performance, and a respectful, appropriate tone should be used with everyone. Confucius himself seemed to pay attention to differentiating between people with regard to individual circumstances, although our “modern” managers choose a simpler approach: they believe that everybody should be treated the same way.

According to the literature about Confucian management practices, three important aspects of Chinese management are influenced by Confucianism: the attitude towards hierarchy, virtues, and interpersonal relations.

In terms of attitude towards hierarchy, according to the literature managers separate roles and responsibilities in teams and adhere to their defined role(s) inside the organization and in society, while respecting interdependent and mutually beneficial (but unequal) relationships, as well as hierarchy, age, and etiquette. While our Chinese participants also attach importance to relationships inside the company, and acknowledge the superiority of the leader, the importance of hierarchy and interdependent relationships are not clearly articulated. Neither is an emphasis on these factors a major component of the Analects.

For managers, the most important virtues of an employee, as described in the literature review, are righteousness, sincerity, persistence, thrift, a positive work ethic, dedication to excellence, self-cultivation, and lifelong learning. Even though these values do not seem to be specific to China or Confucius at first glance, their importance is highlighted in the Analects, and our participants (both Chinese and non-Chinese) also consider them to be important traits of subordinates.

The literature suggests that in interpersonal relationships Confucian managers should lead with morality, behave in a group-oriented way, value tolerance, have concern for harmony, and avoid disagreement. From these factors, only leading with morality is mentioned in the Analects, and group-orientation by our research participants. While harmony seems to be a desirable trait of organizations, the need to avoid disagreement was not specifically stated by any interviewee. Disagreement can even be considered useful or necessary in modern management for helping to reach consensus. Based on our sample, a sense of service (also promoted by Confucianism) is still a leadership characteristic which is more prevalent among Chinese than managers in the control group.

### 6.7.2. Personal characteristics of managers

Table 19: Confucian ideals and about the managerial personality and interviewee responses

	<b>Analects</b>	<b>Literature</b>	<b>Interviews</b>
<b>Professional background and skills</b>	A leader should have general, moral qualifications rather than being specialized in a particular area		Skills and experience are much more important than formal education (which is still a prerequisite)
<b>Training</b>	Good leaders are continuously learning, are always aware of what they have already learnt, and of what they still lack	Self-cultivation and lifelong learning	Continuous learning (using the example of more experienced people, or by drawing conclusions about situations by themselves)
<b>Professional behaviour</b>	Good leaders keep their promises, are honest, transparent (do not oppose others in hidden ways but openly)	Self-restrained behaviour and self-moderation A manager avoids the pursuit of self-interest	Managers have to be self-conscious and restrain their emotions
<b>Personal skills and virtues</b>	Must be good, wise, and brave; not criticize others	Patience, reliability, trustworthiness	Responsibility, trustworthiness, honesty, and self-consciousness

According to the literature about the personal characteristics of managers, two important aspects of Chinese managers are influenced by Confucianism: their behaviour, and personal values.

Among the behavioural traits, the literature suggests that Chinese managers are self-restrained and moderate, while they pursue moral virtues instead of financial profit. Our research participants also believe that a good leader should be self-restrained (never lose their temper or show emotions in professional situations). Although pursuing virtues instead of profit is also a favourable trait of leaders according to the Analects, this was not a recurring theme in participants' answers.

About personal values, the literature suggests that managers should lead based on their morals (patience, reliability, loyalty, thrift, dedication, concern for society and harmony)

and should be committed to lifelong learning and continuous self-assessment. The latter attribute is the only one which is clearly supported by both the Analects and our research participants.

### *6.7.3. Confucian, Chinese, or global management?*

As stated previously, while some of these management practices and characteristics can be associated with the ideas of the Analects (such as respect for rules, the collectivist nature of dedication, and learning from the wise), the former concepts are prevalent in multiple, inseparable features of Chinese society. Some of these features – listed below – might be connected to the country's Confucian heritage, but it would be misleading to attribute them exclusively to Confucian influence.

#### *Respecting rules*

When it comes to managing, compensating, or motivating subordinates, the first tool most Chinese managers think of is the predefined rules of the workplace. This means that expectations, tasks, incentives, bonuses, and punishments are all integral parts of company operations, and every manager and employee is usually very well aware of this. While rules are also an inevitable and necessary part of Western management systems, and also are an important determinant of compensation schemes and motivation, Western managers rather conceive of regulations as a framework that defines the boundaries, instead of guidelines for creativity and taking the initiative.

#### *Setting an example to employees*

While leading by example is important for both groups, Western managers look at this from a somewhat different point of view. For them, being an example for subordinates is part of the bigger process of being a leader, while for Chinese managers this concept is more clearly articulated. Chinese managers are more conscious about not expecting their subordinates to do anything which they would not do themselves, and they are more aware during their everyday activities that, as managers, they serve as role models for employees.

#### *Learning from more experienced people*

For Chinese employees it is also more important to have such role models and to look at their supervisors as individuals from whom they can learn. This fact partly explains our previous claim of the importance for Chinese leaders of role models.

*Being dedicated and expecting dedication towards the company*

Since group orientation and collectivism are important determinants of Chinese society, dedication toward the company and colleagues is usually a stronger expectation at every level of the organisation. While it is also important for Western managers to be able to identify with company goals (both themselves and their subordinates), individual circumstances and goals are emphasized much more strongly.

*Regarding self-reflection and self-development as a passive, internal process*

Regardless of nationality, it is evident that a leader has to be conscious about their behaviour and constantly examine themselves in order to develop and improve. While Western managers are willing to ask for direct feedback from colleagues, partners, or friends, their Chinese counterparts prefer to formulate conclusions by themselves based on their own observations and self-reflections about situations.

*6.7.4. Limitations of the research and directions for future research*

During the analysis of the data we collected, we had to be aware of certain limitations. First, the information about participants' personal profiles (aside from their nationality, which was used to classify the participants into Chinese and non-Chinese groups) was handled in an aggregated form for statistical purposes only. This means that we sought to create a comprehensive picture from our participants' responses, but did not aim to identify potential connections between their perceptions and their social or professional circumstances. Second, to respond to several questions participants had to report on their own behaviour. These answers might be biased, since respondents' own perceptions about themselves might differ from those of their employees or supervisors. Third, two respondents from the control group were Canadians of Taiwanese origin, while one European manager had acquired his first years of work experience in a culture influenced by Confucian ideals. Even though these respondents did not spend the majority of their childhood in Taiwan or China, their background might have had a distorting effect on their responses.

Further limitations of this study can be traced back to the geographical boundaries within which we conducted the analysis. Since participants were located around the globe, from



Europe to Asia, and four different languages were involved (Chinese, Mongolian, Hungarian, and English), the interviews were conducted by various members of the research team. Even though the basic guidelines were agreed upon beforehand, the approach of each interviewer towards participants and the process naturally differed because of the diverse cultural and personal backgrounds. This may have influenced the consistency of the data we collected. On the other hand, we intended to draw a wider picture of Chinese managers so some aspects were not examined in detail. Other characteristics of Chinese society, as well as the effect of age and geographical region, are undoubtedly key influences on the behaviour of managers, thus it may be worth examining these aspects in more detail than this study has allowed.

Moreover, with all these factors considered, Confucianism is not the only ancient ideology to impact Chinese leadership ethics: Daoism, Mohism, and Legalism have also had an influence (C. Cheung & Chan, 2005) – and there have been many other cultural impacts on Chinese management. Although the impact of these (compared to Confucianism) is less emphasized and more difficult to separate from other impacts (Ralston et al., 1999), the focus on Confucianism can also be considered a limitation of this paper.

### *6.8. Conclusion*

Our findings imply that widespread perceptions of the association between Chinese managers and management and Confucianism tend to exaggerate certain features of the business leaders of China. The existence of a paternalistic leadership style and the similarity of Chinese corporations to families is often emphasized, although our findings indicate that Chinese leaders rather denounce this resemblance due to the fact that their formal working relationships are incompatible with the nature of the intimate relationships of family members. Chinese leaders do feel responsible for the welfare of their subordinates and indeed seek harmony and avoid conflict whenever possible, but in this respect they are no different from their Western counterparts. The main motivation of Chinese and Western managers is not so dissimilar; all of them wish to promote the goals of the company, and to transform these and the way in which they may be achieved so as to make them compatible with the motivation of employees. Importantly, while

Western leaders are more likely to consider the individual circumstances of a given employee or situation, Chinese leaders rather stick to pre-defined rules and consider individual cases in terms of pre-existing patterns. On the one hand, this shows some conformity with the Confucian principles which can be found in the Analects (such as a preference for traditional, experience-based methods over new ones), but at the same time it contradicts others: for example, the importance of leading through morals instead of regulations. This highlights the complexity of the motivations and background of Chinese management – calling them “Confucian” would be rather inaccurate and lack consideration of the many other factors that impact Chinese business and society. Some other differences between the Chinese group and the control group have no connection to Confucian values, which also supports our claim that Chinese management must be assessed from a much wider perspective. While Confucianism is undoubtedly one of the most important components of the cultural heritage of the country, and one which should be cherished both in China and worldwide, it is perhaps misleading to use it as reference point for understanding the behaviour of Chinese business leaders. We believe that those Western managers who often encounter their Chinese colleagues should become familiar with the teachings of Confucius, but also bear in mind that the latter influence is only one piece of a huge and complex puzzle that makes up the mindset of the Chinese manager.

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## **7. CONFUCIANISM: ANCIENT IDEOLOGY OR DRIVING FORCE OF THE FUTURE?**

The following article also contributes to Research Question 1.2: *What cultural dimensions are attributed to Confucianism and what do they mean for modern management?*

The previous article discovered how Chinese individuals think about their values and approaches as a manager, and how these relate to Confucian values. The next article will complement these findings with exploring the role of Confucian values not only on the individual, but also on organizational level, and it will highlight how research bias can influence research findings about the relationship between Confucianism and modern management.

### **Confucianism: ancient ideology or driving force of the future? A scoping review on the effect of Confucian culture on innovation**

#### *7.1. Abstract*

This paper aims to explore the ambiguous relationship between Confucian culture and innovation based on scholarly literature. Applying a scoping review approach, the purpose of the literature review is to uncover the reasons behind the ambiguities of empirical research results and conceptualizations of how Confucianism affects innovation on the individual and on the organizational level. The paper builds on the assumption that the different operationalizations of Confucian culture are behind these contradictions. Since Confucianism is an ideology that has developed for over 2000 years, and even its most often cited virtues and principles are quite heterogenous, approaches to its operationalization in the management field are also diverse. The results of the literature review indicate that different approaches to Confucian culture indeed show homogeneity in the conceptualization of the Confucianism-innovation relationship. Virtues and principles related to rigid hierarchies and great power distance have a detrimental effect while others a rather positive. Therefore, the paper argues that a more specific denomination of cultural factors should be necessary to avoid biased and unspecified results in both theoretical and empirical approaches.

Keywords: Confucian culture, innovation, innovative culture, innovative behavior, Confucian virtues

## *7.2. Introduction*

For an innovative organization, it is important to have a cultural background that supports development and change. Multiple research supports the notion that to be successful in innovation, one has to establish an appropriate organizational culture (Ahmed, 1998; Galiulina & Touate, 2022; Tambosi et al., 2021). According to research results, many characteristics of organizational culture have a positive effect on innovation: for example, green organizational culture (Gürlek & Tuna, 2018); “cooperative” and “innovative” culture (Taghizadeh et al., 2020); flexibility and external focus (Sanz-Valle et al., 2011), or adhocracy culture (Naranjo-Valencia et al., 2011). On the other hand, hierarchical culture is often associated negatively with innovation (Naranjo-Valencia et al., 2011; Rezaei et al., 2018). The relationship between national culture and organizational culture has also been discussed by academic research for decades. Many authors have argued for the influence of national culture on organizational culture in different country contexts, such as Brazil (Garibaldi De Hilal, 2006), China (Sun, 2002), India, Brazil, and the USA (Nelson & Gopalan, 2003), or the United Arab Emirates (Klein et al., 2009). However, most of the literature on the relationship between organizational culture and innovation originates from developed economies with Western cultural backgrounds such as the United States and the United Kingdom. East Asia, where Confucian culture is dominant, is fairly underrepresented. From East Asia, only China and India represent themselves on the list of countries of the Scopus database, when searching for the combined keywords of “innovation” and “organizational culture”. This suggests that the role of culture in innovation has been predominantly studied from a Western perspective.

At the same time, looking at innovation from an East Asian point of view is undoubtedly of interest to scholars interested in either innovation or the cultural background of management, since most of these countries have rather different histories, traditions, and perceptions about innovative activities than the Western world. China’s economic development has been based on traditional manufacturing industries for decades, being heavily dependent on foreign companies for innovation (Y. Huang et al., 2016), and thus, staying well behind developed countries’ innovative capacities (Mu et al., 2010). State ownership in China has also been argued to have a detrimental effect on innovation (Jiao

et al., 2015). Chinese manufacturers have for a long time applied imitation instead of, or as an antecedent to, innovation (Chung & Tan, 2017; Yip & McKern, 2014). Many authors also argue that Japan's innovative capabilities lack behind – not only do they appear to be unable to establish new industries (Storz, 2008a), they are also underrepresented in the new key industries worldwide (Storz, 2008b), struggle to revitalize innovation leadership and are stuck in closed innovation paradigms (Ikeda et al., 2016), are mostly taking a slower, incremental innovation approach, as opposed to radical innovation, which is more prevalent in Europe (Pettigrew et al., 2000), and are even prone to block innovative initiatives (Vaszkun, 2013).

One important thing these countries have in common is Confucian culture. Being an ancient ideology of preserving the ancient heritage of China and synthesizing it into a set of principles to guide different aspects of society, Confucianism is generally associated with a traditional way of thinking (H. Y. Kim et al., 2020; Wan et al., 2021). Confucianism is a major determinant of culture and society in many emerging economies in Eastern Asia (e.g., China, Japan, South Korea, Singapore, Taiwan). At the same time, Confucianism to this day is argued to affect these countries' organizations and management practices (Hofstede & Bond, 1988). Most often, Confucianism is associated with more traditional areas of management, such as leadership (Solansky et al., 2017) or business ethics (Ip, 2009), but some other results indicate that Confucianism has no direct effect on modern management at all (G. Li & Yeh, 2023). Still, there are several papers that address Confucian cultural background and innovation – if we accept the premise that the ideology is still a major influencer in corporate management in East Asia, we should be aware of its consequences for the future. The literature on this topic is however quite heterogeneous – there are some contradictory empirical evidences and conceptualizations about how Confucian culture affects innovation, and the approaches to operationalize Confucianism are also diverse – which is an understandable consequence of the heterogeneity of the ideology.

### *7.2.1. Research background: Confucian culture*

The origins of Confucianism date back more than 2000 years ago to Confucius and his disciples. Taught by the sage to his followers, the foundations of the ideology were a synthesis of principles and virtues from ancient Chinese tradition (Hofstede & Bond, 1988). Many different values are attributed to Confucianism – in the following, the most often cited ones will be summarized. *Respecting traditions and the rules of social*

*hierarchy* (Fitzgerald, 1989) is a principle based on five main types of predefined relationships and the virtues associated with them: father and son (father's *endearment* and son's *filial devotion*), brothers (elder brother's *gentleness* and younger brother's *respect*), husband and wife (the husband's *fidelity* and the wife's *compliance*), youth and seniors (senior's *benevolence* and youth's *submission*) and ruler and subordinate (ruler's *kindness*, and subordinate's *loyalty*) (Child & Warner, 2003). The virtue of striving to be a better human, or a so-called *superior man* (L.-H. Lin & Ho, 2009), is also a basis of Hofstede and Bond's (1988) Confucian dynamism cultural dimension, which denotes five main virtues: *benevolence, righteousness, propriety, wisdom and integrity*.

The effect of Confucian culture on different aspects of modern management and organizations has been studied by numerous authors. On the individual level, the major research streams focus on work values (Jaw et al., 2007; Ralston et al., 1999; Vaszkun & Saito, 2022); leadership (X.-P. Chen et al., 2014; C. Cheung & Chan, 2005; L. Ma & Tsui, 2015), interpersonal relationships (Hong, 2004) and citizenship behavior (Y. Han & Altman, 2010; Hunsaker, 2016). On the organizational level corporate governance (Jin et al., 2023; W. Yu et al., 2021), business ethics (X. Du, 2015; Ip, 2009) and corporate social responsibility (V.-I. Tian et al., 2022; L. Zhao & Roper, 2011) are the most often addressed topics about Confucian culture. Confucianism is found to have both positive and negative effects on modern management, such as fostering self-enhancement (Jaw et al., 2007), parent-like responsibility and loyalty (Vaszkun & Saito, 2022) or in-role and extra-role performance (X.-P. Chen et al., 2014) as positive influence, and negatively affecting subordinate performance (X.-P. Chen et al., 2014) or enhancing the gender pay gap (Jin et al., 2023).

### 7.2.2. *Research background: Innovation and its enablers*

This paper follows the definition of innovation by Singh and Aggarwal (2022): “the operationalization of creative potential with a commercial and/or social motive by implementing new adaptive solutions that create value, harness new technology or invention, contribute to competitive advantage and economic growth.” This definition gives us three important aspects of innovation: 1) creative potential as an antecedent of innovation, which, in practice, might include relevant learning opportunities and research and development activities; 2) new solutions, technologies, or inventions; and 3) harnessing these innovations as value-added new products, services or processes.

Various scholars have investigated different enablers of innovation, such as dynamic capabilities (Teece, 2007), strategic orientation (Gatignon & Xuereb, 1997), social capital (Camps & Marques, 2014) or knowledge creation (Esterhuizen et al., 2012). Furthermore, research has also explored additional factors influencing innovation, such as organizational structure (Gaspary et al., 2020), technological capabilities (J. C. Ho, 2011), external collaboration (Csedő & Zavarkó, 2020; R. Ma et al., 2013), and entrepreneurial orientation (Shehzad et al., 2023). Others address the effect of organizational and national culture on innovation performance (Ahmed, 1998; Galiulina & Touate, 2022; Tambosi et al., 2021). The impact of national culture on individual and organizational innovation behaviors was also assessed by multiple studies: collectivism and power distance (R. Du et al., 2017); the impact of individualism/collectivism and uncertainty avoidance on innovation diffusion (Desmarchelier & Fang, 2016); foreign ownership in a transition economy (Zdunczyk & Blenkinsopp, 2007); the effects of individualism, power distance, masculinity, uncertainty avoidance, long-term orientation, and indulgence on new product development (Sivakumar & Roy, 2019).

#### 1.1. Research background: Confucianism – innovation relationship

Confucianism is often associated with organizational practices in East Asia and recently a growing number of research has addressed its effect on innovation (G. Li & Yeh, 2023; X. Ma et al., 2023; X. Xu et al., 2022). Confucianism is undoubtedly a major influence on society and business in many emerging Asian nations, but at first glance, its foundations in ancient Chinese traditions seem contradictory with modern practices and future-oriented innovation. The Confucianism – innovation relationship has been addressed in a growing number of studies since the 2010s, but existing empirical and conceptual evidence provides us with ambiguous results. The relationship has been studied in multiple areas of management, such as business ethics (Yeh & Xu, 2010), organizational performance (G. Tang et al., 2011; M. Zheng & Tanaka, 2017) or organizational behavior (Y.-Y. Chang, 2018; Moake et al., 2019), and in multiple different countries, such as Japan (Haglund, 1984), Malaysia (Yamazakia & Kayes, 2010), Taiwan (T.-S. Han et al., 2010), Korea (Flight et al., 2011), but mostly in China (X. Feng et al., 2021; Wan et al., 2021). While many of the papers find a positive association (Rhee & Kim, 2019; G. Tang et al., 2011; M. Zheng & Tanaka, 2017) between Confucian cultural background and innovation, others argue that Confucianism has negative consequences for innovativeness (X. Feng et al., 2021; H. J. Lee et al., 2020;

Wan et al., 2021), and several other papers argue that the two constructs are unrelated (Li – Yeh, 2023).

### 7.2.3. *Research scope and research questions*

Seeing the heterogeneity of the papers on the topic and the ambiguous result, this paper intends to create a framework to interpret the relationship between Confucianism and innovation. Confucianism is approached and operationalized in many ways in management related academic literature. It is presumed that the approach each research takes to operationalize the ideology would have a determining effect on the outcome – the positive or negative association between Confucianism and innovation. Therefore, the research questions are as follows:

*RQ1: How is Confucian culture operationalized in connection with innovation?*

*RQ2: According to scholarly literature, how does Confucian culture impede, and how does it promote innovation?*

### 7.3. *Methodology*

To get a comprehensive picture on the relationship between Confucian culture and innovation, a scoping review approach was applied. The purpose of scoping reviews is to indicate the nature and size of a particular research field, they address broad research questions, and apply a comprehensive search strategy for selecting the articles, which can be both empirical and theoretical, but their selection is based on explicit inclusion criteria, and the analysis of the selected papers is conducted with content or thematic analysis (Paré et al., 2015). To determine the explicit selection process, the steps proposed by Tranfield *et al.* (2003) were followed. First, the inclusion criteria and appropriate keywords were determined for the comprehensive database search. The first search was conducted in the Scopus database because it includes the relevant journals and most of the content from other databases, in addition, it provides precise filtering options to enhance the search results (Anand et al., 2021). Due to the broad meaning of these keywords resulting in a high number of irrelevant results, terms such as “change”, “transformation”, “development” or “research” were omitted from the query. After careful consideration, the keywords “innovation” and “invention” were included, in order to include all the possible articles about innovation and related learning and R&D



activities. Since the aim was to find papers that deal with innovation and Confucianism at the same time, the word “Confucius” was added to the query as well. An asterisk was applied at the end of the stem of the words (“innovat\*”, “invent\*” and “confuci\*”) to make sure that any variant of the words is included. The subject area of the search was limited to business and management and economics, the language to English, the source type to journal articles, book chapters and conference papers, thus excluding editorials and review pieces. This initial search yielded 69 articles. To get a more comprehensive pool of articles, the same search was conducted in the Web of Science database (Cerchione et al., 2020), which yielded an additional 6 papers.

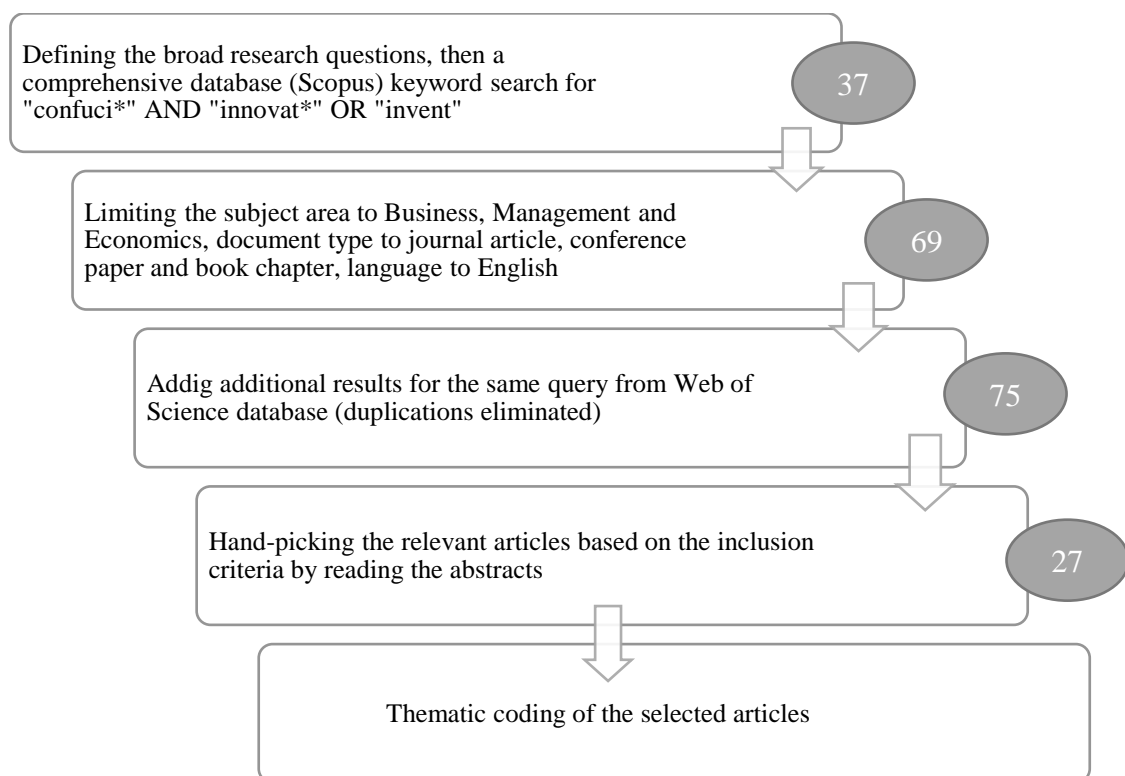


Figure 5: The execution process of the scoping review method.

### 7.3.1. Analysis of the selected papers

Next, all the papers from the databases were carefully reviewed to decide which will be included in the analysis. The titles and abstracts of each article were cross-checked with the inclusion criteria – only those articles could be included, which were dealing with 1) a context of Confucian culture, and 2) addressed innovation as a dependent variable (or equivalent of a dependent variable in conceptual and qualitative papers) in organizational context. In multiple articles, innovation and Confucianism were addressed “next to each

other”, but not related to each other – these pieces were excluded during the analysis. After hand-picking the relevant papers for the research, the final sample included 27 papers.

A thematic analysis was conducted on the relevant 27 papers by coding them in an Excel sheet in predefined categories, such as the definition of Confucianism, the definition of innovation, the relationship the paper associates with these two constructs, the country where the research was conducted and whether it addresses Confucianism and innovation on the individual or on the organizational level.

#### *7.4. Findings and discussion*

##### *7.4.1. Different operationalizations of Confucian culture*

In the analysed papers Confucianism is operationalized in different ways. We can distinguish between them along two main dimensions: the level of inquiry and the specificity of the definition. First of all, there is a difference in the levels of inquiry. There are a few studies which focus on the values and the belief system of the individual persons within the organization. However, majority of the authors take a broader approach, and consider Confucianism as the cultural background of the organization, the common belief system which surrounds its people. In addition, in some papers, this cultural background is addressed as a general national or regional setting which affects organizational practices, without specifying the exact virtues or principles. The most often taken approach though is to take an excerpt of the collection of Confucian values and examine or conceptualize the effect of that specific element of the ideology on innovation. In the followings, the most often used Confucian values will be summarized.

Respecting *hierarchical order* and *seniority*: Confucian cultures respect the older, attach great importance to hierarchies, in which ranking orders are often based on age, or time spent at the company. Additionally, first-borns are considered most important in families, which can have an effect on organizational practices in the case of first-born leaders. The organizational values not only emphasize hierarchy, but also the importance to conform to the supervisory rules, which is also crucial to maintain organizational harmony and good relationships. High *power distance* is closely related to respecting hierarchy and seniority. These values are also addressed by the Hofstede value dimensions. *Benevolence* and *righteousness* are two of the five Confucian core values. While some of the articles include all of these five principles (Y. Chen et al., 2022; Wang – Sun,

2019), others focus on just one or two – mainly benevolence and/or righteousness (Chen *et al.*, 2022; Tian *et al.*, 2022). *Collectivism* and *group orientation* are also addressed several times as national (Flight *et al.*, 2011) and organizational attributes (H. J. Lee *et al.*, 2020) – collectivism, as a main component of Confucianism, is also an important element of the Hofstede value dimensions (Hofstede & Bond, 1988). The importance of *learning*, self-cultivation, and self-development is also discussed related to innovation, both from a Confucian (C. Zheng *et al.*, 2017) and neo-Confucian perspective (H. Y. Kim *et al.*, 2020). Table 20 summarizes the different operationalizations of Confucian culture in the sample. An extended version of the same table can be found in Appendix 3, which contains the exact references for each category.

Table 20: Different approaches to the operationalization of Confucian culture in innovation-related literature.

Operationalization of Confucian culture	Level of inquiry	Approach to Confucianism	Cultural background on:	Variables / values
	Individual	Specific virtues/principles	x	Seniority, benevolence, righteousness, harmony, learning and education, power distance
	Organization	Specific virtues/principles	x	Same as above, plus collectivism, group orientation
		General cultural background	Country level	The country is considered Confucian (e.g., according to GLOBE study)
Regional level	The close region of the firm is considered more affected by Confucianism (e.g., the number of Confucian temples nearby)			

The heterogeneity of the papers in the approach to Confucianism is clear. The above-mentioned values are each mentioned in at least two different papers of our sample, however, there are multiple other values with a single use only, such as faithfulness, the doctrine of the mean, long-term orientation or the concept of the superior man. Overall, Confucianism is associated with innovation more positively. On the individual level, Confucian culture seems to be working in favour of innovative attitudes and behaviours. Controversies in results show up mainly at the organizational level, where positive results still outnumber negative ones, but negative associations are also significant, and make the overall picture much less unanimous. In the following, it will be assessed how the

different operationalizations of Confucian culture affect its associated relationship with innovation.

#### 7.4.2. *How and when does Confucianism enable innovation?*

On the individual level, Confucianism is exclusively measured by certain virtues or principles which are attributed to the ideology, such as collectivism, benevolence, righteousness, or wisdom (the importance of continuous learning) which are almost exclusively associated positively with individual innovative behaviour. More specifically, the five virtues (*benevolence, righteousness, propriety, wisdom, and integrity*), *zhong-yong* thinking, and continuous learning all are associated positively with different innovative behaviors. It is important to note though, that these individual-level innovation measures are quite heterogenous and range from employee idea generation and realization through consumer perceptions of innovation and the perceptions of intellectual property right protection (identified as the prerequisite of innovation) to innovation-related learning and self-development activities. For example, Zhou and Yang (2022) find that employee's *Zhong-yong* thinking (a way of traditional Confucian thinking which considers multiple perspectives and strives for harmony) enhances their innovative behavior, such as generating new ideas or solutions, and constantly looking for opportunities. Similarly, Wang and Sun (2019) associate the effect of the five Confucian virtues positively with innovation – approached as the attitudes towards the protection of intellectual property rights, which can foster innovation.

On the organizational level, a Confucian organizational background has mixed associations with organizational level innovation measures. As a general, country level cultural background, two papers confirm a positive effect on new product innovations. In case of specific virtues and principles, the picture is much more heterogenous – out of the 9 papers addressing this focal point, 5 finds a positive association, and 2 more associates certain values positively, while others negatively with Confucianism. More precisely, the virtues and principles of collectivism, group orientation, hierarchy, harmony, sincerity and benevolence are positively associated with organizational product and process innovation, as well as innovative culture and knowledge exchange, which are important enablers of innovation. For example, the main virtues of Confucianism are associated positively with innovation multiple times, Tian *et al.* (2022) find benevolence useful for innovation, Zheng and Tanaka (2017) find the eight Confucian values beneficial for management innovations, and Rhee and Kim (2019) also

associate a set of fundamental Confucian values positively with product innovation. Collectivism and other group-oriented values are also found to have a positive effect on perceived organizational innovativeness (H. J. Lee et al., 2020) and organizational creativity (X. Ma et al., 2023). Respecting the rules of social relationships is associated positively with the likelihood of innovation in teams (Percy – Dow, 2022) and an overall innovative culture (Yeh – Xu, 2010).

#### *7.4.3. How and when does Confucianism impede innovation?*

Confucianism is most often associated negatively with innovation when it is operationalized as a set of specific virtues or principles, for example as high power distance, or as respect for seniority and hierarchy. In turn, these virtues and principles are almost exclusively associated negatively with Confucianism – hierarchy is the exception, with being associated positively with innovation on one occasion. However, in this case, the operationalization of innovation is quite heterogenous – general organizational creativity and innovativeness, perceived organizational innovativeness or willingness to change, R&D investments, their efficient turnover into new patents, and the number of new patents. Overall, there is a more behavioural approach to innovation when it is negatively associated with Confucianism. Power distance is associated negatively with innovation on multiple occasions, Ma *et al.* (2023) argue for a negative connection between large power distance and organizational creativity, Xu et al. (2022) between power distance and innovation efficiency, and Ying *et al.* (2022) also associate power distance negatively with new patents and innovation investments. The importance of rigid hierarchies and respecting (mostly age-based) seniority is also found to have a negative effect on perceived organizational innovativeness (H. J. Lee et al., 2020) and the number of new patent applications (Wan et al., 2021).

#### *7.4.4. Mixed results*

The effect of individuals' Confucian beliefs on organizational-level innovation outputs is not an extensively studied area, only 2 papers in our sample fall into this category. One of these two papers associated Confucian dynamism positively with management innovation (Y.-Y. Chang, 2018), while the other one associated the importance of seniority negatively with the number of patent applications (X. Xu et al., 2022). Confucianism as a regional level cultural background (usually measured with the number of Confucian temples in the area of the focal firm) also has inconclusive associations in

our sample. Four papers deal with this kind of operationalization, two of them (Wan et al., 2021; Yan et al., 2021) find a negative association between Confucianism and innovation (measured as R&D investment and patent numbers), one finds no relationship between Confucian cultural background and patent count, and one paper identifies Confucian background as a positive stimulus of innovation (as R&D investment).

#### *7.4.5. Summary of the findings*

In the following, the findings will be summarized to answer each research question explicitly and provide a comprehensive framework on how the operationalization of Confucian culture affects the detected relationship between Confucianism and innovation.

*RQ1: How is Confucian culture operationalized in connection with innovation?*

Confucian culture in the innovation-related literature is operationalized in multiple different ways. First, we can differentiate between the organizational level (the organization as a whole, homogenous unit is influenced by the ideology) and the individual level (individuals within the organization are influenced by the ideology, to different degrees). On the individual level, Confucianism is operationalized as a single value or a set of values attributed to the ideology, such as benevolence, righteousness, respecting hierarchies, or a collectivist mindset. On the organizational level, while these specific values are also applied, Confucianism is often operationalized as the general cultural background of the country, or the region of the focal firm. One prevailing variable in this group is the number of Confucian temples in the area of the firm, but some other studies simply consider companies Confucian when they are located in, or their major shareholders come from Confucian Asia (according to the GLOBE study).

*RQ2: According to scholarly literature, how does Confucian culture impede, and how does it promote innovation?*

Confucianism plays a complex role in enabling or impeding innovation, and the exact effect found by each study largely depends on the level of analysis and the approach to the operationalization of Confucian culture. At the individual level, Confucian virtues and principles, such as collectivism, benevolence, righteousness, and wisdom, are positively associated with innovative behavior, including idea generation, problem-solving, and intellectual property rights protection. On the organizational level,

Confucian values like collectivism, group orientation, hierarchy, harmony, sincerity, and benevolence are generally seen as facilitators of organizational innovation, fostering product and process innovation, innovative culture, and knowledge exchange. However, Confucianism's negative impact on innovation is observed when specific virtues like high power distance and respect for seniority and hierarchy are considered. These values tend to be associated negatively with innovation, particularly in terms of organizational creativity, innovativeness, R&D investments, and the number of new patents. The relationship between individuals' Confucian beliefs and organizational level innovation outcomes remains relatively underexplored, yielding mixed results. Similarly, the influence of Confucianism as a regional cultural background on innovation outcomes also lacks consensus, with studies reporting both positive and negative associations.

Table 21 summarizes the findings of the literature review, organized into a framework based on the level of inquiry and the operationalization of innovation and Confucianism. An extended version of the same table can be found in Appendix 4, which contains the exact references for each category.

Table 21: Confucianism – innovation framework.

			Operationalization of innovation		
			Individual level	Organizational level	
Operationalization of Confucianism	Individual level	Specific virtues/principles	<b><i>Positive</i></b> – 5 papers <i>Neutral</i> – 2 papers	<i>Only 2 studies – one <b>positive</b> (Confucian dynamism) and one <b>negative</b> (seniority) association)</i>	
	Organizational level	Specific virtues/principles	<b><i>Positive</i></b> - 1 paper	<b><i>Positive</i></b> association in 6 papers, mixed values <b><i>Negative</i></b> association in 4 papers, values about hierarchy, seniority and power distance	
		General cultural	Country level	Not applicable	<b><i>Positive</i></b> association in 2 papers
			Regional level		<b><i>Positive</i></b> association in 1 paper <b><i>Negative</i></b> association in 2 papers <i>Neutral</i> association in 1 paper

### *7.5. Limitations and directions for future research*

For the literature review, the scope was limited to the Scopus and Web of Science databases and English language. While these databases contain majority of the relevant English language literature, the analysed sample might have been extended by including further databases, possibly even in Chinese language. Due to the assumption that the most relevant research results from China are also published in English, the decision was made against this.

Confucianism was selected as a main keyword to filter for associations made specifically between Confucian ideology and innovation. However, as we have seen, in many papers Confucianism is addressed as only one of its components – such as power distance or collectivism. Conducting a search query in Scopus database for these keywords together with innovation would probably yield several dozen more papers – but since the purpose of this study was to explore the connections made between Confucianism and innovation, any additional keywords were excluded, thus keeping the focus on the original research goal.

### *7.6. Conclusion*

#### *7.6.1. Theoretical contributions*

The findings of this paper can be summarized as follows. First, Confucianism is more often associated positively than negatively with innovation. Generally, a Confucian belief system of the individual seems to have a positive effect on their individual innovative behavior. The connection between individual Confucian beliefs and organizational-level innovation is an underrepresented area in the literature. Confucianism as a background to the organization as a whole is the most often taken approach in relation with organizational-level innovation. The association between Confucian background and innovation is mixed in this group of studies, mostly depending on the conceptualization of Confucianism. If it is operationalized as a single, or several similar values (power distance, collectivism, harmony etc.), and that value relates to respecting hierarchies, power distance, and seniority, the association is negative, in case of any other values, it is positive. In the case of approaching Confucianism as a homogenous regional or national cultural background, the associations are rather mixed.



Therefore, this paper argues to forego over-emphasizing the Confucian background of East Asian countries related to innovation. Confucianism is a complex philosophy which has been developing for more than 2000 years, therefore, it is not a homogenous cultural background, so in many cases, attributing managerial consequences to Confucian culture in general is no different than attributing them to the country itself. A more specific denomination of cultural factors behind management is called for. Confucianism is a melting pot for many values, morals, and ideas, developed, collected and interpreted in many different ways – it is certainly not to be neglected in East Asia but approaches to its operationalization should be as specific as possible to avoid potential bias.

#### *7.6.2. Practical contributions*

Based on the findings regarding the operationalization of Confucian culture and its impact on innovation, several conclusions and implications can be drawn for general usability and practical application.

Confucian values can be leveraged to facilitate organizational innovation. Practitioners should encourage collectivism, group orientation, hierarchy, harmony, sincerity, and benevolence within their organizations. These values contribute to creating an innovative culture that promotes knowledge exchange, product and process innovation, and a supportive environment for creativity. Emphasizing the importance of these values in organizational policies and practices can stimulate innovation within teams and across the entire organization.

It is important for practitioners to be aware of the potential negative impact of certain Confucian values on innovation. Values such as high power distance and excessive respect for seniority and hierarchy may hinder creativity, innovativeness, and R&D investments. Organizations should strive to strike a balance between maintaining respect for traditional values and fostering an environment that encourages open communication, collaboration, and creativity. Recognizing and addressing these impediments can help organizations overcome cultural barriers to innovation.

In conclusion, both practitioners and researchers can benefit from the insights provided by scholarly literature on the operationalization of Confucian culture and its impact on innovation. By understanding the positive and negative associations between Confucian values and innovation, practitioners can design interventions, policies, and practices that harness the strengths of Confucianism while mitigating its potential drawbacks. This

knowledge can guide practitioners in creating a conducive environment for innovation, nurturing individual creativity, and fostering organizational growth in Confucian-influenced contexts. At the same time, management scholars can be more aware of the limitations and impact each different operationalization approach means for the outcome of the research.

## **8. FURTHER DRIVING FORCES OF CHINESE MANAGEMENT**

The following article aims to answer the 2<sup>nd</sup> Research Question: *What external circumstances (cultural and institutional) and internal factors (contingencies) are the most relevant in today's Chinese organizations?*

The article collects the most recent academic knowledge on Chinese management, following the framework developed in the theoretical chapter about contingency theory. Its role is to discover the most often studied areas of Chinese management in recent years, and to explore whether these areas overlap with the cultural and institutional factors discussed previously.

### **Chinese management: a systematic literature review of the field**

#### *8.1. Abstract*

**Purpose** – The purpose of this paper is to explore and synthesize empirical research results on Chinese organizations since 2017, contributing to the academic study of Chinese management, and highlighting the main variables through which researchers currently study Chinese corporate management.

**Methodology** – The paper follows a systematic literature review approach. Following the steps of SLR, the 150 most cited empirical research papers, published between 2017-2022, were selected from the Web of Science database. Deductive and inductive coding was applied consecutively on the 729 variables obtained from the studies to outline the

major research themes. The coding was based on the contingency dimensions we applied to interpret organizational subsystems.

**Findings** – We found that organizational behavior has been the mostly studied dimension of Chinese organizations since 2017, with emphasis on the individuals and HRM practices. The second largest stream addresses corporate strategy, dominated by innovation- and sustainability-oriented strategies. At the same time, the organizational structure has received less attention recently.

**Originality** – The originality of the paper lies in its comprehensive approach – a comprehensive review of CMS literature has not been completed since the early 2000s. We did not constrain the research to any subfield of management, the most important inclusion criteria were that the data used in the analysis has to originate from Chinese organizations.

**Keywords:** Chinese management, literature review, external environment, Chinese context, strategy, structure, organizational behavior

**Paper type:** Literature review

## 8.2. Introduction

Scholarly literature on Chinese Management Studies (CMS) has been gaining confidence in the recent decades (W. Liu et al., 2022). The quantity of academic work – both empirical (e.g., Liang and Gong, 2017; Liu *et al.*, 2017; Ren *et al.*, 2021) and theoretical (e.g., Chuang *et al.*, 2015; Li, 2014) have shown an increasing tendency, indicating a surging interest in China as management context. In this study, we contribute to the CMS literature by a comprehensive literature review which investigates the main topics addressed by the most recently published empirical papers from the Chinese management context. We do not constrict the review to a specific area of management – the scope of the selected studies is empirical papers with data from mainland Chinese companies. By taking a comprehensive approach to Chinese management, we can discover the major areas of interest of today’s CMS scholars, and the distribution of academic interest among the main management areas in China. To our knowledge, such a comprehensive review on Chinese management has not been completed since the early 2000s (J. Li & Tsui, 2002; Peng et al., 2001), with our focus being slightly different from that of the previous reviews: we address the Chinese mainland only, and put emphasis on the

content of the studies, rather than the contributors. For this study, we took a systematic literature review approach, which offers a transparent and reproducible tool to identify key scientific contributions to the field (Tranfield et al., 2003).

### 8.2.1. Relevance of the topic and RQ development

The relevance of Chinese management is reflected by the increasing number of publications on the topic. Conducting a query in the Web of Science database to search for pieces addressing Chinese management, we find that the steady increase in the number of relevant papers from the new millennium gains momentum in the second half of the 2010s, as shown in Figure 1.

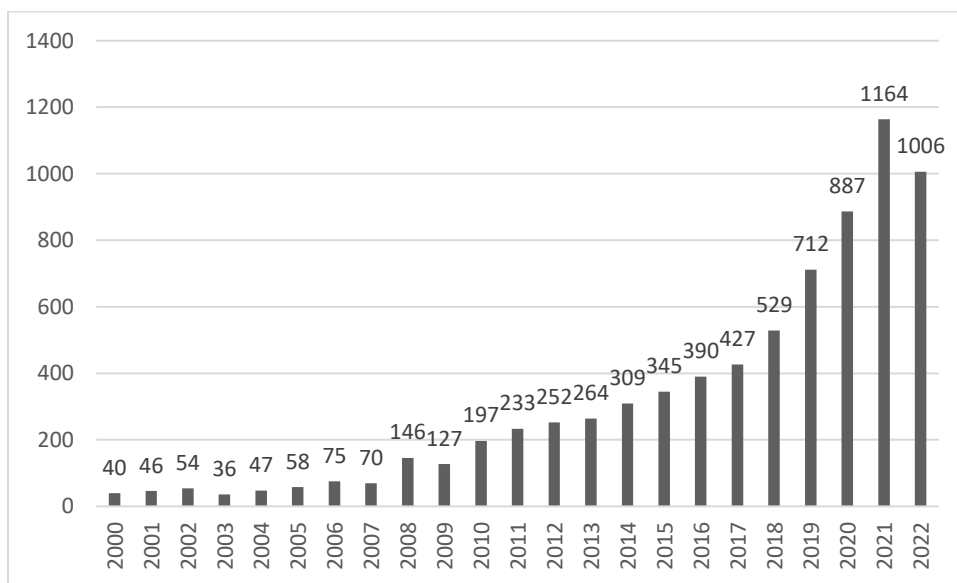


Figure 6: Distribution of articles published on Chinese management between 2000 and 2022.

In the meantime, Chinese management became an established research field, with dedicated academic outlets, such as *Management and Organization Review* or *Chinese Management Studies*. In the recent decades, China did not only become a major actor of the global economy and international trade, but the underlying managerial practices were also followed and supported by academic interest, prompting a discussion on the approach scholars should take in this developing country with a unique external environment for its organizations (Cheng et al., 2009; Child, 2009; G. Liu & An, 2021). The largest stream of research takes the same geographically neutral approach as it would in any other region (e.g., Kong et al., 2020; Wang et al., 2019), while others argue for more context-specific theory or variables (Fan et al., 2019; Jing & Van de Ven, 2014).

Even though CMS has certainly become an important field of inquiry within management studies, literature reviews are still a scarcity, and most of them address a specific subdomain of management, with a distinct unit of analysis. Li and Tsui (2000) and Peng *et al* (2001) published the only studies to take a comprehensive look at the Chinese management literature, with the latter including not only the mainland, but also Hong Kong, Taiwan and Southeast Asian territories. Both reviews explore the main contributors, most cited articles and authors of the field, and the most important topics covered. Several more recent review papers address narrower topics within CMS, such as business ethics (Y. He & Cai, 2012; Yin & Quazi, 2018); human resource management (X. Liang *et al.*, 2010, 2012); or supply chain management (F. Jia & Zsidisin, 2014; J. Li & Sarkis, 2022). Another stream of review papers deal with general issues of Chinese management research (G. Liu & An, 2021; Shenkar, 1994).

Therefore, the aim of this paper is twofold. First, we aim to collect and organize the contemporary issues of CMS, identifying the mostly studied aspects of Chinese organizations against the backdrop of China as a business context and its most pressing issues. Second, through highlighting the lesser studied management areas, we seek to suggest directions for future research.

### *8.3. Theoretical and research background and research question development*

In the followings, we will introduce the research background and theoretical approach we are taking to China as a unique management context. First, we'll address what makes China a unique business environment and what are the current challenges of the country and the businesses operating within, then, we'll introduce the theoretical approach we will follow in the interpretation of management and organizations.

#### *8.3.1. China as a business environment*

China as a business environment is characterized by a unique set of factors which influence how organizations are managed. Based on academic literature and World Bank country diagnostics, we identified a set of such factors in two major groups: a traditional and a modern group of factors.

##### Traditional factors

Traditionally, the uniqueness of the Chinese business environment has three major determinants: politics, economy, and cultural values. China is a country with a long

history of centralization of power, accepting inequality, valuing orders and rigid structures, still governed by a one-party system. Even though the rapid economic development since the country's opening up in 1978 brought about a transformation from centralized, socialist economy to a market-oriented system, today's China is still a transition economy, based on five-year plans. The value system conveyed by state politics are also underpinned by the philosophical background of Confucianism which supports accepting authority and self-sacrifices for social order (J. B. Feng et al., 2019). The Confucian, Taoist, and Buddhist ideological background creates a uniquely evolving value system (Froese et al., 2019), with China's unique cultural characteristics being highlighted by multiple value surveys, such as Hofstede's cultural dimensions (1984), the GLOBE project (House et al., 2004), or the model developed by Trompenaars and Hampden-Turner (2012) or Schwartz and Bilsky (1987).

#### Modern factors

Even though the more conservative contextual factors of China can still account for unique organizational phenomena, we cannot forget about the country's most recent issues, which are part of global phenomena, but are also derived from the rapid and less sustainable economic growth of a culturally unique country under the Communist Party's rule.

#### *Striving for a sustainable growth: reducing inequalities, pollution, climate impact*

Even though China is the second largest economy by nominal GDP globally, there are still many underdeveloped regions with millions of people living in poverty, resulting in large-scale inequalities between different regions. The fast economic growth, industrialization, technological changes also have a huge impact on the environment, with China being one of the biggest polluters worldwide. Therefore, reducing poverty and inequalities, promoting green energy, reducing air, water and soil pollution, and the overall impact on climate change, while maintaining a green and sustainable economic growth is one the main goals of the Chinese economy (World Bank Group, 2022).

#### *Towards an innovation-oriented economy*

Innovation is one of the most effective tools to tackle the challenges related to pollution and inequalities (World Bank Group, 2019). Promoting innovation can also contribute to China moving up in global competition, becoming an innovation economy and increasing income, while transitioning from the "made in China" to the "created" or "innovated in

China” model (S.-J. Wei et al., 2017). Governance support is crucial for such developments – while technological innovations enjoy governmental and regulatory support, the weak and fast evolving regulatory environment, and government procedures being less transparent still pose a challenge, while the favoritism for domestic firms are leading to international trade disputes (Froese et al., 2019).

#### *Societal changes and HR challenges*

The aging of Chinese society not only poses a challenge to social services such as health care and aged care (Glinskaya & Feng, 2018), but also for the HR of businesses in the management of groups of people of diverse ages. With foreign companies increasingly present in the country, modern HR practices became desirable to Chinese employees. In the move from capital to talent oriented companies, attracting and retaining talent is another major challenge, since turnover is high – to retain talented employees, a pay rise is not sufficient – they require career, training, and autonomy, too (Froese et al., 2019).

Based on the research goals and contextual background, we formulated the first research question as follows:

*RQ1: Which contextual factors (politics, economy, cultural values, sustainability, innovation, societal changes) of the Chinese business environment are represented in the mostly cited empirical research papers published since 2017?*

#### *8.3.2. Theoretical approach – management contingencies*

Since it takes a comprehensive look at the firm, and considers the environmental dimension as well, we are building upon a contingency approach of management, which identifies six major dimensions of contingency variables which compose the organizational management system. Even though contingency theory originates from the 1960s (Burns & Stalker, 1961; Lawrence & Lorsch, 1967), it is still relevant for the research of modern organizations (Burton & Obel, 2018; Volberda et al., 2012). Most importantly, next to management areas within the organization, such as strategy (Burton et al., 2004, 2021), structure (R. Greenwood & Miller, 2010; Lawrence & Lorsch, 1967), organizational behavior (Drazin & Van de Ven, 1985; Luthans & Stewart, 1977) and performance (Burton et al., 2004; Burton & Obel, 2018; Volberda et al., 2012), it incorporates contextual factors, both internal (Burton et al., 2021; R. Greenwood & Miller, 2010; Volberda et al., 2012) and external (Burton et al., 2004; Burton & Obel, 2018; Volberda et al., 2012) to the firm, which is a crucial aspect in this study. Below,

we provide a summary of the six major dimensions and the contingency variables suggested by literature.

Table 22: Contingency approach to management and organizations.

<i>Dimension</i>	<i>Contingency variables</i>
External environment	<ul style="list-style-type: none"> <li>• general environmental factors beyond the organization's boundaries</li> <li>• uncertainty, complexity, unpredictability, and turbulence of the external environment</li> </ul>
Intra-organizational context	<ul style="list-style-type: none"> <li>• organizational resources and internal attributes of the organization</li> <li>• size, ownership, geographical reach and applied technology of the firm</li> <li>• the capabilities and demographic attributes of the workforce non-human resources possessed by the firm</li> </ul>
Organizational structure	<ul style="list-style-type: none"> <li>• structural configuration and its specificities</li> <li>• span of control and hierarchical attributes</li> <li>• the level of formalization and centralization</li> <li>• the devices of integration and coordination</li> </ul>
Organizational strategy	<ul style="list-style-type: none"> <li>• long-term planning, goal setting</li> <li>• strategic decisions</li> <li>• strategic focus and general strategy</li> <li>• strategic and goal orientation</li> <li>• generic strategy</li> </ul>
Organizational behavior	<ul style="list-style-type: none"> <li>• behavioral aspects of human resources</li> <li>• organizational culture and climate</li> <li>• management and leadership style</li> <li>• interpersonal orientation of the members</li> </ul>
Organizational performance	<ul style="list-style-type: none"> <li>• overall performance of the firm: financial and non-financial indicators</li> </ul>

Based on our research goals and theoretical approach, we formulated the second research question as follows:

*RQ2: Which dimensions of the contingency approach (external environment, intra-organizational context, organizational behavior, strategy, structure, performance) are represented in the CMS literature and what are the major issues within the dimensions?*

#### 8.4. Methodology

The goal of this review is to collect the knowledge on management in Chinese organizations. To this end, a systematic literature review (Tranfield et al., 2003) approach was taken. Following the steps of systematic literature review defined by Bryman (2012), the review agenda will comprise of four main stages introduced below.



#### *8.4.1. Defining inclusion and exclusion criteria*

Building on the goals of this paper, we are looking for empirical studies dealing with issues and phenomena of Chinese organizations. For the selected articles, the spectrum was limited to quantitative research papers dealing with managerial and organizational practices of Chinese owned companies located within the People's Republic of China. The included topics should be specific to any sub-system of general corporate management in Chinese context. Consequently, we excluded studies specifically addressing organizational issues of companies originating from outside the People's Republic of China, and studies dealing with phenomena specific to Chinese-foreign joint ventures, MNEs, as well as public management issues (eg. waste- or risk management). We also excluded qualitative studies because they were 1) underrepresented in the search results, and 2) thus posed an unnecessary burden on our method of analysis, which was based on research hypotheses and the variables within.

#### *8.4.2. Selecting the relevant articles based on the inclusion/exclusion criteria*

The selection of articles was based on search results from the Web of Science core collection, with a date range of 2017-2022. The Web of Science database was selected because it contains the most relevant journals, has appropriate searching options for such a comprehensive query, and since we expected large number of results, we needed the option to order them based on impact (citation numbers). We have selected the timeframe of 2017-2022 to collect the most recent knowledge on Chinese management – research papers of the selected period can be expected to use data collected around or after 2010.

#### *8.4.3. Evaluation of the selected studies*

The initial selection resulted in 742 articles, which were reviewed one-by-one based on their title, keywords and abstract. During the screening process, the inclusion and exclusion criteria served as guidance whether to include each article in the final sample. However, since in this phase the articles were not yet studied in full, the possibility remained that some of the items would not fulfil the criteria after more in-depth examination. During a more in-depth examination of the sample, we cleaned it from (1)

non-empirical or non-quantitative studies; (2) studies published in not peer-reviewed journals and (3) studies dealing with regions or topics not included in our criteria.

#### *8.4.4. Analysis of the final pool of studies*

The analysis of the final pool of selected studies was an iterative process. The studies were organized in batches of 50 articles, ordered based on citations, and after data was collected from a batch, we conducted the analysis phase. We have collected predefined data from each article into standardized tables. The collected data included the main and control variables used in the research, their short descriptions, mean and standard deviation values, certain characteristics of the sample (mostly the specific region and industry of the focal firm, if applicable), as well as the discovered connections between the variables (the results of the research hypotheses). After each analysis phase, the standardized tables were aggregated.

The analysis phase comprised of three main steps, combining deductive and inductive coding (Azungah, 2018). We anticipated that the data would follow the core concepts of the contingency approach (deductive step), but that the contingency variables within the six main dimensions should be derived without any preconceptions (inductive step). Step 1 (deductive coding) meant the initial coding of the variables based on a predefined start list: the six main dimensions of the contingency approach were used as first level codes, as shown in Table 1 of Chapter 2.2.

In Step 2, a second level code (keyword) was assigned to each variable, this time in an inductive way, to grasp the main idea, the main organizational issue, which the variable describes. The validation of the coding was carried out through member checking (Jonsen & Jehn, 2009) – two researchers conducted the coding separately, then the results were compared, which showed an approximately 80% consistency. The differing results were discussed and decided with the involvement of a third researcher, reaching agreement in every instance.

During the analysis, we applied the theoretical saturation verification method (Low, 2019) to the aggregated tables, based on the ratio of first level codes and their content. Theoretical saturation was reached after the third round of analysis, meaning that the ratio of first level codes did not change significantly, and no new contingencies (second level codes) emerged. At this point the result yielded in 134 papers (due to further

exclusions during the coding process), which we complemented with 16 more papers from 2021 and 2022, since these years were underrepresented in the initial sample due to the search result items being sorted by citation numbers (to indicate impact), resulting in 150 papers in total.

## 8.5. Findings

### 8.5.1. Contextual factors represented in current CMS research

Political and cultural environment has traditionally been regarded as a major determinant of Chinese organizations' operations – however, while this still might be true, CMS literature since 2017 seems to focus on recent economic agenda and social and environmental issues, such as the transition to a globally competitive, innovation-based economy with a green, sustainable growth. From the traditional factors, which are often referred to as major determinants of the Chinese context, such as political and economic traditions and cultural values, the latter two are barely present in recent empirical papers. Compared with the other variables, politics is also underrepresented. Research trends from the recent years indicate that these factors might have already been widely investigated, and empirical management research focuses on recent issues of the Chinese economy, mainly on innovation (H. Zhang et al., 2017), sustainability (M. X. Yang et al., 2019), and HRM issues (Zhang *et al.*, 2020).

### 8.5.2. Contingency dimensions in the CMS field

By the end of the coding process, we were able to classify every variable into one of the six dimensions, while all the dimensions had at least several variables. This finding validates our contingency framework as well, since the six dimensions proved to be enough to contain every variable found in the relevant papers, and all variables could be paired with a dimension. Organizational behavior-related variables have been examined by the largest number of papers, while structure only appears in a few. The following tables summarize the most often emerged contingency variables grouped in the six dimensions.

Table 23: Results of the coding of the variables based on the contingency dimensions. The largest groups of contingency variables are included, which represent the majority of the given dimension.

Dimension	No. of variables	No. of articles	Main groups of contingency variables	No. of variables	No. of articles
External environment	58	34	industry competition	11	10
			market uncertainty	12	8
			environmental issues	13	9
			stakeholder relationships	14	10
Intra-organizational context	98	51	leadership's attributes	25	12
			firm-level abilities and capabilities	28	20
			members' abilities and capabilities	16	14
			ownership	22	12
Organizational behavior	341	103	individuals in the organization	117	51
			organizational culture	79	51
			hrm practices	55	29
			leader behavior	59	32
Performance	71	42	firm performance	42	22
			employee performance	19	12
Strategy	141	69	green strategy	44	26
			stakeholders - strategic orientation	26	16
			innovation - strategic orientation	35	26
			strategic orientation - generic strategy	14	8
Structure	19	17	no clear groups		

### External environment

Regarding the *industrial environment* most important is the level of *competition* within the industry, mostly measured by market shares (Y. (Lisa) Lin et al., 2019; Ren et al., 2021), and sometimes by managerial or employee perception about the pressure of competitors (Dai et al., 2018).

*Market uncertainty* mostly deals with uncertainty originating from different stakeholders (e.g., demand and supply uncertainty), and from technological changes. Obviously, the degree of supply and demand uncertainty is a major influencing factor in organizations, which is often represented in CMS literature as well (Hou et al., 2019; W. Yang et al., 2017; Y. Zhou et al., 2019). On the other hand, as innovation, and the technological changes it brings about, are national priorities, these factors make up a large share of

contingencies used in recent studies (M. Chen et al., 2018; Hu et al., 2018; Pan et al., 2021). *Environmental issues* emerge in a significant amount of papers, from different perspectives: industry characteristics (Jiang et al., 2020), political pressures or support (J. Zhang et al., 2020), customer pressure (Dai et al., 2018) and regulatory environment (S. Wang et al., 2018). The different *stakeholders* are also addressed: mostly political bodies (support perceived or received in different forms) and suppliers (e.g., quality of supplier relationships) (Shu et al., 2020; W. Yang et al., 2017).

#### *Intra-organizational context*

The majority of the variables in this dimension can be grouped in four major themes:

*Leadership's attributes*, such as gender diversity of the top management, and the educational and professional background of the top management, including their foreign experience and social network (X. He & Jiang, 2019).

*Firm-level abilities and capabilities*, where most of the variables measure financial capabilities to execute certain functions and strategies (Zou et al., 2019). Knowledge, innovation and the protection of the environment are important variables as well (D. Yang et al., 2019).

*Members' abilities and capabilities*, including the level of employees' education, their professional background (e.g., tenure and work experience) (Le & Lei, 2017; Shahab et al., 2018) and skills (work-related skills and competences, including interpersonal skills) (H. Zhao & Xia, 2017).

*Ownership*, mainly distinguishing between family or state ownership (D. Xu et al., 2019; Ye & Li, 2021). Foreign owned companies or joint ventures did not emerge in our sample, due to our inclusion criteria not allowing it.

#### *Organizational behavior*

One of the largest set of variables in this dimension addresses *individuals in the organizations* and has two major themes: employee abilities (Cai & Du, 2017; Cooke et al., 2019; Hu et al., 2018) and employee behavior (Y. Huang et al., 2018; N. Tang et al., 2017; Wattoo et al., 2020), which represents the majority of this category and includes variables concerning the work-related and general workplace behavior (motivation, interpersonal, emotional) of employees. *Organizational culture* related variables are used in the same amount of papers as those about individuals. They include supervisor-

employee relationships and employee-employee relationships (Chong et al., 2018; P. Liu & Shi, 2017), as well as common values and attitude about innovation, change, knowledge sharing behaviors (Le et al., 2020; M. Song et al., 2020), and behavioral variables which are related to organizational structure (e.g., about formalization of rules) (Chong et al., 2018). Variables about *leader behavior* are rated by employees, based on their perceptions about their leaders' abilities, capabilities, behaviors, and leadership style (Chong et al., 2018; Newman et al., 2019), or by top management members about their own abilities and behaviors (Khan et al., 2020; H. Zhang et al., 2017). Variables related to *HRM practices* include general perceptions of the employees (Y. Chen et al., 2018; G. Tang et al., 2017) and intentions of the management (Z. Ma et al., 2017; Z. Wang & Xu, 2017) about the HR practices in general, the reward system, training, performance evaluation, appraisal, work scheduling and career opportunities.

### *Performance*

Firm performance is measured by financial and non-financial indicators. Most often it is measured by profit, sales, return on assets and investments, market share, cash flow, overall efficiency, growth rates, both from objective (clearly quantified) (H. Zhang et al., 2017), subjective (managerial perception) (L.-Q. Wei et al., 2021); or from relative (compared to competitors) (M. Feng et al., 2018) points of view. Non-financial indicators include variables about employee performance (Tang *et al.*, 2017; Yang *et al.*, 2021), such as their quality of work, task performance, punctuality, effectiveness, efficiency, rated by supervisors – showing the increase in the importance of employees in organizations. Performance related variables are almost exclusively used as dependent variables, suggesting that they are mainly applied as an indicator of the impact of the other dimensions.

### *Strategy*

Variables concerning corporate strategy have four major groups. *Green strategy* variables address issues related to sustainable management practices (e.g., reduced consumption of energy and materials, disclosure of environmental data) (Shahab et al., 2020) and sustainability related innovation (e.g., relevant R&D investments, number of green patents) (Song *et al.*, 2020), as main strategic orientation of the organization. *Stakeholders* as a strategic focus of firms are also a significant research direction (Choi et al., 2019; Jiang et al., 2020), and mainly address CSR issues of Chinese firms, such as

involving local communities and other stakeholders or applying fair business practices. Innovation is another important strategic orientation dealt with in empirical research (M. Chen et al., 2018; Y. Zhou et al., 2019), mainly using variables related to technological advancements and R&D investments in product and process development. A large stream of research addresses the *generic strategy* of firms, and while low-cost strategy is still represented, variables related to a differentiation strategy show up more often.

#### *Structure*

Eighteen variables were coded to this dimension, mostly dealing with different aspect of coordination (e.g., communication between different functional departments) (Q. Yu et al., 2019) and configuration (e.g., organizational forms and decision-making patterns) (Hughes et al., 2019). This dimension is not only underrepresented, but there are no clearly distinguishable groups of contingencies, the variables are diverse. This supports the notion that HR and strategy are the most important aspects in current organizational practices and research – with foreign companies, foreign HR practices getting more popular, and with the changing growth pattern of the Chinese economy, these management areas clearly dominate the field.

#### *8.5.3. Limitations and future research directions*

Although using the Web of Science database is justified in this research, data from other sources, such as Scopus, or Google Scholar, could bring additional insights. Additionally, the search was restricted to a timeframe of 5 years and quantitative studies only. Increasing the timeframe or including qualitative studies could expand the scope of the review, therefore, we consider it as an inspiring direction for future research. While the dispute on universal versus indigenous theoretical approach is ongoing in the CMS field, we did not include the theoretical approaches taken by the research papers in the sample, only the variables used in them. Investigating the trends in the theoretical approaches could certainly provide valuable insights. Similarly, extending the research to include the relationship between the examined variables could shed light on the unique characteristics of Chinese organizations.

#### 8.5.4. Conclusion

Compared to previous CMS research, we can see a significant increase in the number of relevant articles since Li and Tsui's (2002) citation analysis and Peng *et al's* (2001) review, and a shift in topics. Earlier the major topics were the influence of market reforms and transition on firms, organizational structure and change, cross-cultural issues, influence of culture on behavior and values as well as occupational mobility, ownership and property rights, private sector firms, and social network or guanxi relationships. Research on strategy was focused mainly on SOEs, and the strategic use of interpersonal and intra-organizational networks, both of which is a less dominant area recently. While both of these dimensions are still present in the literature, recent research reflects the change in the Chinese market environment. In organizational behavior, the cultural school, dominated by traditional values, such as Confucianism and traditional social structures (emphasis of harmonious relationships, conflict avoidance, respect for authority, preference for personal relationships) gave the dominant factors (Peng et al., 2001). In recent empirical research however, the individual employees get much bigger emphasis, and while organizational culture and interpersonal relationships are still important, they are examined from a more pragmatic point of view, reflecting today's economic agenda.



## 9. OVERALL CONCLUSION

This chapter summarizes the findings of the articles based on research questions formulated in Chapter 3.

*RQ1: What external factors, rooted in ancient ideologies, determine how today's Chinese organizations work?*

*RQ1.1: What are the implications of ancient Chinese ideologies on modern management?*

Based on the findings of the first article (Vaszkun & Koczkás, 2018), ancient Chinese ideologies predominantly address behavioural aspects of management, leadership in particular. Confucianism has the most elements applicable to modern management, and several areas of it overlap with the other ideologies, therefore, I will focus on the implications of Confucianism. The five social relationships, which should be respected, can be applied to leader-subordinate relationships in organizational settings, while the five virtues of Confucianism can serve as guidelines for ethical leaders to find the balance between striving for profit and human virtues. Based on empirical and conceptual studies about the role of Confucianism in modern management, the most important values attributed to Confucianism are the five virtues: ren (仁, benevolence, humaneness); yi (义, righteousness); li (礼, proper rite); zhi (智, knowledge); xin (信, integrity), and the five relationships and their adequate behaviours (father's endearment, son's filial devotion, elder brother's gentleness, younger brother's respect, husband's fidelity, wife's compliance, senior's benevolence, youth's submission, ruler's kindness, and subordinate's loyalty).

From the teachings of Confucius, based on the Analects, the following are the most important:

- Instead of regulations, people should be governed by moral force and rituals
- Promote those who are worthy and train those who are incompetent, focus on the merits of others instead of their shortcomings
- Always speak in an appropriate manner, never be arrogant or violent
- Filial piety, loyalty and devotion, show respect to older people
- Help those in need, instead of those who are already wealthy; A leader should serve their people

- Traditional, experience-based methods should prevail over creative new innovations – a leader should transmit knowledge, not invent.
- Profit is only good if it respects harmony and society
- A leader should have general, moral qualifications rather than being specialized in a particular area
- Good leaders are continuously learning, are always aware of what they have already learnt, and of what they still lack
- Good leaders keep their promises, are honest, transparent (do not oppose others in hidden ways but openly)
- Must be good, wise, and brave; not criticize others

RQ1.2: *What cultural dimensions are attributed to Confucianism and what do they mean for modern managers?*

From the above listed cultural dimensions, some are more important, some less important for Chinese managers in real life scenarios. In the following table, the highlighted rows indicate where Chinese managers’ opinion was similar to Confucian teachings, according the findings of the second article (Vaszkun et al., 2021).

Table 24: *Chinese managers' opinion vs. Confucian teachings*

<b>Analects about the management practices managers’ characteristics</b>	<b>Chinese managers about the same topic</b>
Instead of regulations, people should be governed by moral force and rituals	Regulations are the most effective management method, but setting an example is also important
Promote those who are worthy and train those who are incompetent; Focus on the merits of others instead of their shortcomings	After objective evaluation, compensation should be merely based on performance
<b>Always speak in an appropriate manner, never be arrogant or violent</b>	<b>Friendly but professional communication with everyone (regardless of their hierarchical position)</b>
<b>Filial piety, loyalty and devotion</b> <b>Show respect to older people</b>	<b>Good attitude (self-motivated, autonomous, and responsible) and dedication</b>
Help those in need, instead of those who are already wealthy; <b>A leader should serve their people</b>	Careful communication, friendly but distant relationships; Informal relationships between manager(s)-subordinate(s) determine the performance of the group; <b>The leader is the engine of the group, and should serve their people</b>

<b>A leader should have general, moral qualifications rather than being specialized in a particular area</b>	<b>Skills and experience are much more important than formal education (which is still a prerequisite)</b>
<b>Good leaders are continuously learning, are always aware of what they have already learnt, and of what they still lack</b>	<b>Continuous learning (using the example of more experienced people, or by drawing conclusions about situations by themselves)</b>
Good leaders keep their promises, are honest, transparent (do not oppose others in hidden ways but openly)	Managers have to be self-conscious and restrain their emotions
Must be good, wise, and brave; not criticize others	Responsibility, trustworthiness, honesty, and self-consciousness

Additionally, in the third article (Koczkás, 2023), the effect of the most often cited values and virtues of Confucianism (the five virtues and five relationships) on management was examined related to innovation. The results indicate that certain values have positive, certain values have negative effect on innovation. However, the most important lesson from the qualitative study with Chinese managers (Vaszkun et al., 2021) and the literature review on Confucian culture and innovation (Koczkás, 2023) is that 1) in the field of management, Confucianism is usually operationalized rather arbitrary, which has a significant influence on the outcome of the research, and that 2) Chinese managers' opinions about management and leadership might be similar to Confucianism, but not in a significantly different way from their non-Chinese counterparts, and even though they are proud of their country's heritage, most of them has no clear knowledge about the Confucian values.

*RQ2: What external circumstances (cultural and institutional) and internal factors (contingencies) are the most relevant in today's Chinese organizations?*

Based on the findings of the fourth article which summarizes the most recent academic knowledge and gives an overview of the most relevant research areas in Chinese management (Koczkás & Vaszkun, 2023), the following table summarizes the most important external circumstances influencing Chinese management. While the role of formal and informal institutions is certainly a major research stream in Chinese management, in most recent academic research mostly the informal interactions and relationships with political bodies has received the attention of scholars. Overall, institutional factors are fairly underrepresented, mainly because Chinese management

scholars take a more pragmatic approach and tend to examine the more specific market environment.

Table 25: Cultural and institutional background of Chinese organizations

INSTITUTIONAL ENVIRONMENT		
Informal institutions		Formal institutions
<i>National culture</i>	<i>Social practices</i>	
Importance of continuous learning and professional experience; maintaining appropriate relationships, importance of loyalty and dedication, paternalistic leadership	Pressure, support from and relationships with political bodies	Regulatory environment Market environment

RQ0: *What external factors make Chinese organizations similar to each other?*

Confucianism in most Chinese management research equals a limited set of variables which are connected to Confucian origins. Because of this, Confucianism alone is not applicable to explain the uniqueness of Chinese phenomena, and to explain how Chinese organizations actually work, or how Chinese managers or employees behave. It is also important to highlight the ambiguity of the approaches taken to define and operationalize Confucianism. While it is undoubtedly an important heritage of the country, the definition of Confucianism is not an easy job, and it is definitely not the job of management scholars. Based on the qualitative interviews, Confucianism is more of a personal perception or belief of Chinese people. Therefore, when examining the cultural and ideological influences of Chinese management, a more precise approach should be taken to denote the examined cultural values. Based on the findings of the articles, the following table summarizes the most relevant external institutional and cultural factors, and the dominant internal aspects of Chinese organizations in the most recent academic discussions. Based on recent research trends, we can conclude that practical, market-oriented factors are much more important to researchers and practitioners than culture and institutions, therefore, next to cultural and institutional factors, the market environment also has to be incorporated. Overall, these three major groups of external pressures influence the management subsystems of Chinese organizations, which in turn, adapt to these pressures, interact with each other, the effectiveness of which determining the overall performance of the organization.

Table 26: Different levels of external pressures and the internal adaptation of subsystems on Chinese organizations

<b>INSTITUTIONAL ENVIRONMENT</b>			
<b>Informal institutions</b>		<b>Formal institutions</b>	
<i>National culture</i>	<i>Social practices</i>		
Values and principles potentially rooted in Chinese history (e.g., appropriate relationships, loyalty, paternalistic leaders, continuous learning)	Relationship with political bodies	Legal environment	
↓			
<b>Market-related contingencies</b>			
Turbulence, complexity, uncertainty, competitor- and demand side pressures			
↓			
<b>Internal layer</b>			
<b>Strategic contingencies</b>	<b>Intra-organizational contingencies</b>	<b>Structural contingencies</b>	<b>Behavioural contingencies</b>
Different strategic focus: green strategy, stakeholders, innovation; and generic strategies	Leadership's and ownership's attributes, firm-level and member capabilities	Coordination issues, but generally underrepresented area	Motivational and interpersonal factors, relationships between different hierarchical levels, HRM practices
↓			
<b>Performance</b>			
Financial (e.g., profit or market share) and non-financial (employee performance, perceived effectiveness)			

This suggests that even though the traditional approach seems to support a cultural (and Confucian) influence in the workings of Chinese organizations, this is not a relevant issue anymore for the researchers and practitioners of the field. If we wish to make a comparison between the management practices of China and another country or region, it seems best to narrow the focus of the research to a more specific area of management, since the attempts to find an overarching explanatory variable behind the uniqueness of Chinese phenomena runs the risk of inaccurate oversimplifications.

## GLOSSARY

**Culture:** “Culture is the collective programming of the human mind that distinguishes the members of one human group from those of another” (Hofstede, 1980a, p. 24).

**Institution:** Institutions are “the humanly devised constraints that shape human interaction” (North, 1990, p. 3), and “regulative, normative, and cognitive structures and activities that provide stability and meaning to social behaviour” (W. R. Scott, 1995, p. 33).

**Ideology:** a (non-religious) collection or system of principles, beliefs and ideas. In the dissertation, the following four schools of thought together are referred to as “ideologies”:

**Confucianism:** refers to the school of thought originating from Confucius and his disciples.

**Daosim:** refers to the Daoist philosophy (not religious Daoism), mainly the teachings included in the *Daodejing* 道德经 (Classic of the Way and Virtue).

**Buddhism:** refers to the biggest school of the religion, Chan Buddhism.

**Legalism:** refers to the collection of teachings (first collected by Han Fei) and guidance on matters of leadership and organization methods (from a totalitarian point of view).

## APPENDIX

### 1. The search query used in the Scopus database (Chapter 7)

69 document results

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( TITLE-ABS-KEY ( "innovat*" OR "invent*" ) ) AND ( TITLE-ABS-KEY ( "confuci*" ) ) AND ( LIMIT-TO ( SUBJAREA , "BUSI" ) OR LIMIT-TO ( SUBJAREA , "ECON" ) ) AND ( LIMIT-TO ( LANGUAGE , "English" ) ) AND ( LIMIT-TO ( DOCTYPE , "ar" ) OR LIMIT-TO ( DOCTYPE , "ch" ) OR LIMIT-TO ( DOCTYPE , "cp" ) )
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2.: List of the analysed papers (Chapter 7)

No	Authors	Title	Year	Source title
1	Yeh Q.-J., Xu X.	The Effect of Confucian Work Ethics on Learning About Science and Technology Knowledge and Morality	2010	Journal of Business Ethics
2	Tang G., Li J., Wang X.	Multimarket contact and firm performance: The moderating effect of Confucian culture	2011	Frontiers of Business Research in China
3	Rhee M., Kim T.	Exploiting old lessons and exploring new ideas: A Confucian approach to exploitation and exploration	2019	Asia Pacific Journal of Management
4	Wang Q., Sun X.	Exploring Chinese Design Business Owners' Attitudes Towards Intellectual Property Rights	2019	International Journal of Innovation Management
5	Wan Q., Cheng X., Chan K.C., Gao S.	Born to innovate? The birth-order effect of CEOs on corporate innovation	2021	Journal of Business Finance and Accounting
6	Feng X., Jin Z., Johansson A.C.	How beliefs influence behaviour: Confucianism and innovation in China	2021	Economics of Transition and Institutional Change
7	Yan et al	Does Confucian culture influence corporate R&D investment? Evidence from Chinese private firms	2021	Finance Research Letters
8	Tian M., Rohlfers S., Wu Y., Yan H.	Does Confucian Culture Promote Innovation ? An Empirical of a Leading Organization in the Field**	2022	Management Review
9	Percy W., Dow K.	The coaching dance applied: training Chinese managers to coach	2022	Coaching
10	Chen et al	How does Confucian culture affect technological innovation? Evidence from family enterprises in China	2022	PLOS One
11	Ying et al	Impact of Seniority on Corporate Innovation: Evidence from China	2022	16th International Conference on Management Science and Engineering Management (ICMSEM)
12	Zhou et al	How does employees' Zhong-Yong thinking improve their innovative behaviours? The moderating role of person-organisation fit	2022	Technology analysis and strategic management

13	Li G., Yeh Y.-H.	Western cultural influence on corporate innovation: Evidence from Chinese listed companies	2023	Global Finance Journal
13	Ma X., Rui Z., Zhong G.	How large entrepreneurial-oriented companies breed innovation: the roles of interdepartmental collaboration and organizational culture	2023	Chinese Management Studies
15	Lee H.J., Kim M.Y., Park S.M., Robertson P.J.	Public Service Motivation and Innovation in the Korean and Chinese Public Sectors: Exploring the Role of Confucian Values and Social Capital	2020	International Public Management Journal
16	Yamazakia Y., Kayes D.C.	Learning and work satisfaction in Asia: A comparative study of Japanese, Chinese and Malaysian managers	2010	International Journal of Human Resource Management
17	Zheng C., Wang B.-X., Hu M.-C.	New Chinese entrepreneurs: Perspectives of Confucian attributes and social settings	2017	Entrepreneurship: Concepts, Methodologies, Tools, and Applications
18	Flight R.L., Allaway A.W., Kim W.-M., D'Souza G.	A study of perceived innovation characteristics across cultures and stages of diffusion	2011	Journal of Marketing Theory and Practice
19	Moake T.R., Oh N., Steele C.R.	The importance of team psychological safety climate for enhancing younger team members' innovation-related behaviors in South Korea	2019	International Journal of Cross Cultural Management
20	Kim H.Y., Park J.H., Kim H.J.	South Korean humanistic leadership	2020	Cross Cultural and Strategic Management
21	Hsiao T.-C.	Capability development and management of R & D professionals in a developing context, Taiwan	1997	Technovation
22	Han T.-S., Chiang H.-H., Chang A.	Employee participation in decision making, psychological ownership and knowledge sharing: Mediating role of organizational commitment in Taiwanese high-tech organizations	2010	International Journal of Human Resource Management
23	Chang Y.-Y.	Charismatic leadership in IT firms in Taiwan: an empirical study	2018	Asia Pacific Business Review
24	Rosenbusch N., Gusenbauer M., Hatak I., Fink M., Meyer K.E.	Innovation Offshoring, Institutional Context and Innovation Performance: A Meta-Analysis	2019	Journal of Management Studies



25	Haglund E.	Japan: Cultural considerations	1984	International Journal of Intercultural Relations
26	Zheng M., Tanaka H.	Impact of Chinese Confucian cultural value on management and employee performance in China's service industry: A case study of service innovation under program management environment	2017	Proceedings of the 12th International Scientific and Technical Conference on Computer Sciences and Information Technologies, CSIT 2017
27	Xu X., Lin C., Duan L.	Does hierarchical ranking matter to corporate innovation efficiency? An empirical study based on a corporate culture of seniority	2022	Chinese Management Studies

3.: Table 20 (extended). Different approaches to the operationalization of Confucian culture in innovation-related literature, with citations. (Chapter 7)

	Level of inquiry	Approach to Confucianism	Cultural background on:	Variables / values	References
Operationalization of Confucian culture	Individual	Specific virtues/principles	x	Seniority, benevolence, righteousness, harmony, learning and education, power distance	(Y.-Y. Chang, 2018; Flight et al., 2011; H. Y. Kim et al., 2020; Moake et al., 2019; Wan et al., 2021; Q. Wang & Sun, 2019; Yamazakia & Kayes, 2010; C. Zheng et al., 2017; H. Zhou & Yang, 2022)
	Organization	Specific virtues/principles	x	Same as above, plus collectivism, group orientation	(T.-S. Han et al., 2010; Hsiao, 1997; H. J. Lee et al., 2020; X. Ma et al., 2023; Percy & Dow, 2022; Rhee & Kim, 2019; M. Tian et al., 2022; X. Xu et al., 2022; Yeh & Xu, 2010; Ying et al., 2022; M. Zheng & Tanaka, 2017)
		General cultural background		Country level	The country is considered Confucian (e.g., according to GLOBE study)
	Regional level			The region of the firm is considered to be affected by Confucianism (e.g., the number of Confucian temples nearby)	(Y. Chen et al., 2022; X. Feng et al., 2021; G. Li & Yeh, 2023; Yan et al., 2021)

4. Table 21 (extended). Confucianism – innovation framework with citations.(Chapter 7)

			Operationalization of innovation	
			Individual level	Organizational level
Operationalization of Confucianism	Individual level	Specific virtues/principles	<p><b><i>Positive</i></b> – 5 papers (H. Y. Kim et al., 2020; Q. Wang &amp; Sun, 2019; Yamazakia &amp; Kayes, 2010; C. Zheng et al., 2017; H. Zhou &amp; Yang, 2022)</p> <p><b><i>Neutral</i></b> – 2 papers (Flight et al., 2011; Moake et al., 2019)</p>	<p>Only 2 studies – one <b><i>positive</i></b> (<i>Confucian dynamism</i>) (Y.-Y. Chang, 2018) and one <b><i>negative</i></b> (<i>seniority</i>) (Wan et al., 2021) association)</p>
	Organizational level	Specific virtues/principles	<p><b><i>Positive</i></b> - 1 paper (T.-S. Han et al., 2010)</p>	<p><b><i>Positive</i></b> association in 6 papers (H. J. Lee et al., 2020; X. Ma et al., 2023; Rhee &amp; Kim, 2019; M. Tian et al., 2022; Yeh &amp; Xu, 2010; M. Zheng &amp; Tanaka, 2017), <i>mixed values</i></p> <p><b><i>Negative</i></b> association in 4 papers (Y. Chen et al., 2022; H. J. Lee et al., 2020; X. Xu et al., 2022; Ying et al., 2022), <i>values about hierarchy, seniority and power distance</i></p>
		General cultural background	Country level	Not applicable
	Regional level		<p><b><i>Positive</i></b> association in 1 paper (Yan et al., 2021)</p> <p><b><i>Negative</i></b> association in 2 papers (Y. Chen et al., 2022; X. Feng et al., 2021)</p> <p><b><i>Neutral</i></b> association in 1 paper (G. Li &amp; Yeh, 2023)</p>	

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## RELEVANT PUBLICATIONS OF THE AUTHOR

### Journal articles:

- Koczkás, S. (2023). Confucianism: Ancient ideology or driving force of the future? A scoping review on the effect of Confucian culture on innovation. *Society and Economy*, 45(4), 411–431. <https://doi.org/10.1556/204.2023.00021>
- Vaszkun, B., Koczkás, S., Ganbaatar, T., Chi Hsien, K., Yu, Y., Yao, Y., Sárvári, B., & Orolmaa, M. (2021). Does Confucius have a say on management today? Empirical evidence from Asia and Europe. *European Journal of International Management*, 1(1), 1. <https://doi.org/10.1504/EJIM.2021.10040252>
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