

Beyond the Time, Within the Culture: A Preliminary Perspective of Confucianism as a Foundation in Chinese, Japanese and Korean Business Management Culture

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Abstract: Confucianism, as one of the most panegyric ideologies, has great influence on oriental people's thinking and living ways. Though it is concerned firstly with cultivating people's ethical behavior and upgrading social welfare, it also greatly affects oriental countries' (China, Japan and Korea) business world since many business characteristics are based on Confucius concepts. In this paper, the role of Confucius thinking in Chinese, Japanese and Korean business culture will be discussed. Besides, their similar and different ways of adopting Confucius thinking is also including into this discussion.

Key words: Confucianism, East Asian management, Hierarchical structure, Rule by man, Rule by law, thought of "Emphasize agriculture and restrain commerce"

Research theme: Effectiveness of management tactics in cultural perspective

1. Introduction

According to Hofstede (1980), before understanding how people from one country do business, we must understand its underlying culture. So what is culture? In Hasegawa and Noronha's (2009) opinion, Hofstede's definition "the collective programming of the mind which distinguishes the members of the human group from another" (1980, p25) is over simplified. There are numerous defining ways according to different research perspectives. Hasegawa and Noronha's (2009) definition of culture is "a system that contains values, beliefs, attitudes and behaviors shared by a group of people." (2009, p.105) Though it is still a simple one, it covers the basic ideological parts and elements of culture.

This paper is going to look at the Confucianism's influence on business management culture. So depending on Hasegawa and Noronha's (2009) culture definition, we define business management culture as "a business system containing values, beliefs, attitudes and behaviors which can influence one country's cooperate management and can eventually form its country's business management styles."

Confucian-based values have a deep and great influence on Oriental people's thinking and living styles from politics, culture, and business to many other fields. As Redding (2009) states "Chinese deep influence lies in the formative processes that made Japan, Korea, and Vietnam." And the GLOBE study identifies a Confucian Asia cluster which includes China, Korea and Japan.

Despite the growing economic power of China, Chinese business practices remain poorly understood (Martinsons and Westwood, 1997) even by Chinese themselves. Ac-

ording to Drucker and Nakauchi (1997) Chinese are developing a distinct and quite different management style and management structure. But actually Chinese business does not have a clear management style; the most familiar character to the western world is "Guanxi (business relationship and networking), being flexible and willing to bend the rules" (Burns, 1998, p39-41). This paper is going to explore Chinese business culture from Confucianism perspective.

Japan as the only developed country in East Asia, its business culture and management style are well-known all over the world. And with Samsung, LG and other Korean multinationals rise, Korean business thinking style began to earn attention. Both as Chinese tributary states in the history, Japan and Korea are greatly edified by Chinese culture. Since Confucianism is the most influential school of thought in ancient China, just like Burns said "Confucianism, more a system of ethics than a religion, emphasizing obligations as a function of relationships...that has had the major influence on Chinese life" (Burns, 1998, p29). Besides, it also gains extreme popularity in Japan and Korea in all walks of life. In the modern history, compared with Japan and Korea, Chinese business has only started for 30 years which needs precious experience and model for further invention and rational development. As it is Confucianism plays a basic and vital role for the formation and perfection of both business management cultures, Chinese business will indeed be able to learn to get a certain useful experience from their practical use and refinement.

What can Chinese learn from the two countries' business use of Confucian thoughts and how to make the best use of them according to its own situation is the theme

for this paper.

In this paper, the role of Confucius thinking in Japanese and Korean business culture will be discussed. Besides, their similar and different ways of adopting Confucius thinking is also including into discussion. Certainly, not every word of Confucius is right, so how does each country understand his thinking and make best use for itself will be looked into. In front of Japanese and Korean's precious experiences and lessons, can China achieve a more meaningful implementation of Confucius' words in building Chinese own business and management style in the 21st century is the final goal of this research.

2. Biography

As Plato in the west, Confucius is one of the greatest thinker and educator in the history of China (Min Yang, 2006, p50). Confucius (551-479 B.C.) was born at Zouyi, now south-east of Qufu city, Shandong Province. He is regarded as one of the most brilliant Chinese culture totems and souls for his three great contributions: first, he compiled and preserved three generations' literary work, namely as *The Six Classics* including *Shi* (The Book of Songs), *Shu* (Collection of Ancient Texts), *Li* (The Rites), *Yue* (The Music), *Yi* (The Book of Changes), and *Chun Qiu* (The Spring and Autumn Annuals). The accomplishment of the above six great books makes an enormous impact on the succession and development of the traditional Chinese culture. Second, Confucius established a system of "ren" (benevolence) philosophy, which is also the theme of his *Analects*. Based on *ren*, Confucius puts forward the concept of *li* referring to a set of ritual and musical systems, with the hierarchical system as its core. Third, Confucius established private schools and founded a systematic educational framework. And his philosophical thoughts are still valuable in application today. (Min Yang, 2006, p51)

Japan and Korea were used to be Chinese dependencies in the history, especially during Tang Dynasty (618-907AC), Chinese classic culture did a mighty and powerful enlightenment on both Japan and Korean Peninsula.

Confucius provides numerous good influences on people's thinking and the ways of solving problems, these excellencies also affect business and management world profoundly. He holds diligence, responsibility, thrift, promptness, co-operation, and learning in esteem, and all of these are the precious merits for businessmen. Also, he emphasizes on harmony among people which can reduce conflicts and helps to ensure a smooth process of running a business. Besides, in Confucius opinion, business should be based on the principle of *Yi* (righteousness), and only in this way, can a business eliminating illegal profits and reach long-term expansion. Employees' loyalty and obedience to superior authority also provide a social order for steady economic growth.

And all of these principles have given birth to a New Asian industrial civilization. Japan, Korea and Singapore all have borrowed ideas from ancient Chinese philosophy and reinterpreted them to their current conditions. In Martinson and Westwood's (1997) opinion, all these three countries have succeed in developing a management style of their own based on a blending of Confucianism and Western scientific management.

But, Confucius also made an amount of negative remarks and arguments about business, which is not suit for the development of one country's business environment. E.g., in his opinion, hierarchy and rank are extremely important, including doing business, so to a certain degree, decision making process is from top level to the working people, and the authority and decisions of superiors can not be questioned because of the hierarchical order, and this brought many problems for Chinese business development; From Confucius' point of view, relationships are more significant for people to solve problems than laws, so in another way of saying, Confucius prefers "Rule by Man" rather than "Rule by Law", which is also an obstacle for modern management; due to the limitation of the agriculture society, in the deep heart of Confucius, he treats business and businessmen as distrustful; and unethical, which is not a good sign for society to build a healthy business environment.

3. Literature Summary

Martinsons and Westwood (1997) point out that "Confucian-based values and behaviors distinguish Chinese management system from their Anglo-American counterparts. The Japanese, Korean and Chinese all rooted in the social ethic espoused by Confucius and his principles." Noronha (2009, p114) adds that since Japan imported Confucian philosophy more than a thousand years ago from China, now it has been a central tenet for Japanese life. The characteristics such as filial piety, hierarchical social relationships and virtuous behavior towards others mainly form today's Japanese culture. When analyzing Korea, Hemmert (2009, p 245) states that Korean cultural tradition is strongly linked to the Confucianism and emphasizes values as "filial piety, loyalty to senior individuals within a hierarchy and trust between friends and colleagues". So, from the above statement, we get Confucius-based culture values for these three countries, but there are still critical differences between the three where "Japanese are akin to a block of granite while Chinese resemble a tray of loose sand. So, Chinese management style is different from North America, Europe, even Japan and Korea." (Martinsons and Westwood, 1997) Chinese management style is mainly depending on traditional Confucianism, and still on its way of absorbing foreign advanced management methods; Japan has absorbed numerous western business management methods much earlier; Korea is qualified as "a

hybrid which incorporates traditional Korean (Confucianism), also Japanese and American practices.” (Chung et al., 1997; El kahal, 2001; Chen, 2004; Grainger and Ananthram, 2007)

Then, what is Chinese management style? Till today, its definition is still not clear enough and which calls for further researches and exploration. According to the research *Exploring the Chinese Style of Management*, Chinese management style is guided by oriental theories “three *wei*” called human orientation, moral priority, and behavioral cultivation by self-discipline. It is under “four governance”: country, business, family, and individual; has “five conducts”: principle, psychology, strategy, socialization, and people; enjoys “three harmonies” as harmony is priority, is union and is balance. Generally speaking, Chinese management style is the way that “incorporates ancient and contemporary management essence with global vision and Chinese characteristics”. And the research of Chinese management style is to adapt Chinese management practice in the globalized context.

When Rujin Huang (2008) talks about Chinese management style in the twenty-first century, he states that Chinese-style of management is based on Chinese more than 5,000 years of history and culture. He emphasizes “He-he philosophy” is a basic principle which combines Chinese reform reality and western valuable management science together. The first “*he*” in Chinese means “peace and harmony,” and the second “*he*” refers to “unity and cooperation.” In Huang’s opinion, Confucius is the master of traditional He-he management: “Believing in the benevolence of human nature, Confucius stood by the basic values of ‘people first’, peace, harmony, and unity.”

Jacobs, Gao and Herbig (1995) in *Confucian roots in China: a force for today’s business* state that until today, the obvious characters of Confucianism such as strong sense of hierarchy, ethics, also the family as the basic production unit are still the primary social rules and principles for China as well as Japan and Korea. Its excellent thinking has given birth to a new East Asian industrial civilization. Japan, Singapore, and South Korea have borrowed basic ideas from ancient Chinese philosophy and reinterpreted them for current conditions. All three countries have succeeded in developing a management style of their own based on a blending of Confucianism and Western scientific management. Meanwhile, Asian countries are also influenced by Confucianism’s some negative thoughts more or less, such as “Rule by Man”, “Emphasize agriculture and restrain business” and “Women’s low social role”.

4. Research Design Plan

Research Question:

What role does Confucius thinking plays in Japanese and

Korean business culture? And what are their similarities and differences of adopting compared with Chinese companies?

Sub Questions and Hypotheses:

This paper is meant to look into the main business culture differences among China, Japan and Korea through the following sub-questions on the Confucianism perspective, related to the issue of ideology field, thinking style, and national psychology. More cultural and historical roots behind the business management ways of the three oriental countries can be understood through the verification process of the hypotheses rooted in three sub-questions.

We examined the hypotheses using literature from China, Japan and Korea’s management culture field.

1. Confucianism can be viewed in terms of four fundamental concepts, and the first one is hierarchical relationships (Hofstede and Bond, 1988:8), so is the strong sense of hierarchy the birthmark of all Japanese, Korean and Chinese business structure?

H0: Strong sense of hierarchy does have a great influence on Chinese, Japanese and Korean business organizational structure.

H1: Strong sense of hierarchy does not influence East Asian business organizational structure.

2. Do Chinese, Japanese and Korean companies all follow Confucian thought “Rule by man” or do they step after the western legal value “Rule by law” instead?

H0: “Rule by man” is the main belief for Chinese, Japanese and Korean management.

H1: Instead of believing “Rule by man”, “Rule by law” is more accepted by East Asian companies in modern times, especially for Japan and Korea.

3. Compared to China, Japan and Korea’s limited natural resources play an important role for their initial business development in the history. Is this the only reason for they do not follow Confucius’ thought of “Emphasize agriculture and restrain commerce” while pave their own developing way instead?

H0: Compared to China, limited natural resources restrain Japanese and Korean agriculture development, so they devote themselves to business world.

H1: Though they do not own rich resources, this is not the reason for Japan and Korea to reject Confucius’ statement of “Emphasize agriculture and restrain commerce”.

5. Literature Review

When we start to test these hypotheses, we have to remember two unique conditions mentioned by Jacobs, Gao and Herbig (1995) which would also be important reasons for the Chinese management formation today. From the two events, we can find traces and answers to

the question: Why cannot China compete with Japan and Korea in economic during last half century?

First event is Cultural Revolution (1966-1976) which threw Chinese value system into chaos; talents disconnected for a whole generation, which is a disaster for social development, and it is going to take an extremely long time to rebuild and incorporate basic values into Chinese business management.

Second is China has made the switch-over from a planned economy to a market economy for no more than 15 years; it is really a great and vital challenge for a market of over one billion people. Everyday, China is proving its way without suitable examples and perfect law system. It is just like a volcano exploding, things new, good, and bad all flows in with Reform and Open Policy's carry-out. It does need quite a long time for China to find the way. Western world and Japan have spent over one-hundred years to do this much earlier, now it is China's turn. Maybe not calling for that long, but facing with all kinds of foreign companies, domestic private companies, State-owned Enterprises (SOEs), crazy hot money, not so effective market governance, defected law systems, China has to walk harder on today's globalized road.

After analyzing the two pre-conditions, it is better for us to understand China's situation, and test the following hypotheses more considerably.

1. Confucianism can be viewed in terms of four fundamental concepts, and the first one is hierarchical relationships (Hofstede and Bond, 1988:8), so is the strong sense of hierarchy the birthmark of all Japanese, Korean and Chinese business structure?

H0: Strong sense of hierarchy does have a great influence on Chinese, Japanese and Korean business organizational structure.

H1: Strong sense of hierarchy does not influence East Asian business organizational structure.

Table 1. Hofstede's dimensions of three countries

	PDI	IDV	MAS	UAI
China	80	20	50	60
Japan	54	46	95	92
Korea	60	187	39	85

(Sources: Paul N. Gooderham and Odd Nordhaug, International Management: Cross-Boundary Challenges, p.109; Hasegawa H. and Noronha C. Asian Business and Management: Theory, Practice and Perspectives, p.134)

In Table 1, we use scores from zero as the lowest and one hundred as the highest to test its culture profiles according to Hofstede's four dimensions: Power Distance, Individualism, Masculinity, and Uncertainty Avoidance. In the Power Distance (PDI), China gets the highest

score, which means Chinese relationships are very rigid and strict at different levels. (Hasegawa and Noronha, 2009, p.109)

Chinese people have followed *li* (the rites) advocated by Confucius since the ancient time, and the core value of *li* is the order. In Confucius' opinion, ruler and subject, father and son, husband and wife, older brother and younger brother, and friends all have their settled relationships and places, and this five-code regulates the basic interrelationship within Chinese society. So, Chinese strong sense of hierarchy has its root for over two thousand years. With highly centralized monarchy for most of the past history, rigid orders and relationships have permeated into every social aspect, of course including business. According to Jacobs, Gao and Herbig (1995), this hierarchical sense often breaks participation chances, because each one is assumed to act in a certain place, according to a definite rule. Eventually, few people will want to do inventions and improvement. This is also can tell us why in many Chinese corporate, especially the State-Owned Enterprises (SOE)'s working efficiency is so low.

When Confucianism was imported to Japan and Korea from China, the hierarchical structure also started its impact on these two countries. According to Table 1, Japan and Korea are also highly hierarchical societies where people follow rank strictly. Taylor (1983) observes that for the Japanese, rank is so finely determined. "Family members, workmates, schools, companies, even nations and races all have their places." In Japanese eye, hierarchy is closely connected with order, only when one group is well ranked can it organize well. Referring to business structure, Japanese heavy hierarchical sense also reflects its organizational structure; one obvious example is in the Japanese corporation (kaisha). Each person has his/her own place in the hierarchy; with a clear understand of this position's responsibility and obligation, so there is no confusions about this position in that big company structure. And the good result is that "Status, order, and harmony are all intertwined. Promotion is based upon seniority." Just as Ohmae (1982) remarks: "there is no fast track for brilliant performers. No one reaches a senior management post before the mid-fifties, and chief executives are typically over 60." Not only in kaisha, this strong sense of hierachy is also the sign for zaibatsu (firm groups within the major trading company) as every firm has its own place within one hierarchical structure. In this way, harmony can be maintained within Japanese companies. But this strict hierarchical structure does not stand for a top-to-down decision making process. In Japanese companies, it is just the opposite story, working people have enough rights to state their opinion to the top management level, and top management level fully respect their opinions and consider it profoundly, which is rarely seen in Chinese and Korean cooperates. (Hasegawa and Noronha,

2009, p.110)

The Korean notion of hierarchy is based on Confucianism. Heavily influenced by ancient China, most of Korean interpersonal relationships are defined in terms of social status. In the company, employees value hierarchical order and the leadership of organization's superiors. In most Korean companies, there is no separation between ownership and management, as a father in a Confucian family, top manager in Korean firms is authoritarian and who can make most of the important decisions. (Lee, Roehl, Choe, 2000) Unlike Japanese, Koreans believe that there is no need for major decisions and consensus seeking within the organizations. (Hasegawa and Noronha, 2009, p.246)

So, depending on the above analysis, we conclude the strong sense of hierarchy does have a great influence on Chinese, Japanese and Korean business organizational structure, but according to the way of decision-making, there are still differences among them.

2. Do Chinese, Japanese and Korean companies all follow Confucian thought "Rule by man" instead of "Rule by law" which is more according to western legal value?

H0: "Rule by man" is the main belief for Chinese, Japanese and Korean management.

H1: Instead of believing "Rule by man", "Rule by law" is more accepted by East Asian companies in modern times, especially for Japan and Korea.

When testing these two hypotheses, we should first understand what is "Rule by man" and what is "Rule by law".

"Rule by man" refers to a country uses a set of strict morals to standardize and constraints people's behavior in order to build social order. It originally used to be Confucius' political thought since he greatly advocates depending on the noble-minded monarch to administrate one country. Though Confucius does not deny the importance of law and order, he overwhelmingly emphasizes the role of the monarch. Confucius ties a vital relationship between the monarch himself and the administration level. If the monarch is magnificent and noble, the society would be ordered and wealthy. Besides this, he also pays attention to the combination of "ren" (benevolence) and "li" (rites) in governing a country or a state. "Rule by man" is used in Chinese feudal societies and calls for extremely high level of monarch's diathesis and quality. Behind each flourishing and glorious dynasty in Chinese thousands years of history, there is definitely one sage monarch.

"Rule by law" is opposite to "Rule by man", it means law is superior to everything and it is a formal, relatively stable and institutionalized social criterion. Law is the highest social rule; nobody or nothing can overtop it. Its essential is not so much concerned with all people have to obey the law, but focused on law's control is superior to the government's power. "Rule by man" is usually

carried out in authoritarian society and Confucius (551-479 B.C.) was living during that period. "Rule by law" is rooted in democratic society. But "Rule by law" does not only root in West, as early as pre-Qin period, one Chinese ancient philosopher Han Fei (c.280-233B.C.) has already come up with three concepts in ruling a state, names as: *fa* (the laws), *shu* (techniques) and *shi* (power) (Ming Yang, 2006, p51). Because Chinese feudal societies were all dictatorial during that time, so Confucius' "Rule by man" was held in esteem and its great influence still impacts on Chinese society also other Asian countries nowadays. This also can explain why most Asian countries get used to "Rule by man" so naturally, because of the long historical reason.

When talking about "Rule by man", we cannot get rid of the concept "Guanxi" (the relationship among people) in Chinese. Though many westerners treat "Guanxi" with nepotism or corruption, it does has "a positive connotation and does not necessarily touch on corruption." (Noronha, 2009, p116) In the Chinese culture, world is made up by active soft men instead of dead cold law; "Guanxi" is the law in Chinese people's mind.

Ming-Jer Chen (2001) defines "Guanxi" as "a form of social capital owned by business people and associated with the companies they run and being grounded in trust, mutual obligations, and shared experience" (Ming-Jer Chen, 2001, p46). Chen argues that "Guanxi" is featured by reciprocity and mutual obligation.

But Speece (2001) finds sometimes the theoretical core element will change its role in the daily managing practice. His sales management research in China shows that there is a change in the role of "Guanxi" in Chinese business environment as many state-owned enterprises (SOEs) begin to build modern, trained sales instead of only depending on their "Guanxi". In their opinion, "Guanxi" is not so vital nowadays, since a well-trained rep can also succeed in maintaining a long term growth of business relationship without the help of prior-"Guanxi". So, we conclude that with the development of a society, some of its core values or believes can be changed during this certain period. "Guanxi" is still useful today, though not so vital as before, it still can offer useful information access.

Here, we emphasize the two situations we mention in the earlier chapter: First is Cultural Revolution (1966-1976) which threw Chinese value system into chaos; and the second is China has made the switch-over from a planned economy to a market economy for no more than 15 years. Historically speaking, the real development time for Chinese business and economics is the recent thirty years. But Chinese law system is far from satisfaction. Many rules are urgent to be included into the country's clear law system. As a country is ruled by man over most of its thousand years of history, it is really a huge challenge for it to come up with those developed countries which have the mature

and clear law system to guide their open markets.

Up till now, we talk about Confucius' influence on ideology as the historical reason for "Rule by man". But this is not the case in Japan, compared with Chinese steady societies, Japanese dynasties changed all the time, so there is not a reliable monarch to depend on. Besides, when entered into 16th century, western democratic thinking was brought to Japan with churchmen. So, Japan accepted "Rule by law" since then, and it was deepened in Japanese mind, when Japan was governed and controlled by United Nations after World War II. So, now Japanese extremely have a concern for law and order. It is clear what behaviors are and are not appropriate in society. Societal laws are clear and harsh. (Ford and Honeycutt, 2000)

According to Korea, it just stands in the middle. It was cultivated by Chinese culture for more than several thousand years, but "it was annexed by Japan as a colony in 1910, when Korea has just started the modernization of its society, and Japan ruled Korea until 1945".(Lee, Roehl and Choe, 2000) In this way, we reject H0 and accept H1.

3. Compared with China, Japan and Korea's limited natural resources play an important role for their initial business development in the history. Is this the only reason for they do not follow Confucius' thought of "Emphasize agriculture and restrain commerce" while pave their own developing way instead?

H0: Compared with China, limited natural resources restrain Japanese and Korean agriculture development, so they devote themselves into business world.

H1: Though they do not own rich resources, this is not the reason for Japan and Korea to reject Confucius' statement of "Emphasize agriculture and restrain commerce".

Indeed, Japan faces a harsh country environment compared with China. Noronha (2009, p114) states that "Japan as an island nation, is geographically isolated, suffering severe cold weather, frequent occurrence of earthquakes". People can not get enough food to survive from the land, so they need to do something else and that is why Japan started business the earliest in Asia.

Confucian social order was introduced since the beginning of Tokugawa period since Tokugawa Ieyasu implemented a number of measures to ensure the unity and peace of his governing. (Witt, 2009, p.178) But this social order is biased against business activities, since Confucius believed business was motivated by avarice, and it is a vulgar to handle money. He preferred agriculture to business. Although he was an accountant, he believed it was an unworthy occupation—especially for higher-ups (Aiken and Lu, 1998). Confucius treats business to the lower social class and crafty profiteer. So, his four-tier social caste system puts scholars at the top, then farmers and artisans, merchants were the bottom class because Confucius believes that trading adds no good

nor value to society.

Though business was closely constrained and circumscribed; any violating rule activities would result in heavy punishment. So, according to Witt (2009, p.178), Japanese business determined to prove the "necessity of firms' existence and values to society". Also there are two later key historical events compelled Japan to commerce rapid industrialization, one is Commodore Matthew Perry and his black ships in 1853, and the other one is the Meiji Restoration with the slogan of "rich country, strong army" in 1868.

Also, it has historical reason for Korean development. After being as the tributary state of China for long history, when its 'hermit kingdom' ended at the end of 19th century, Japan occupied Korean peninsula as its agriculture serving base. When Japan ended its governance for more than 30 years, Korean War broke and divided the peninsula into two parts: Republic of Korea and Democratic People's Republic of Korea. During the post-war period, Korean government chose the manufacturing exports as the basic developing strategy, and eventually shaped and strengthened its economy, which lay a sound foundation for its present performance. (Hasegawa and Noronha, 2009, p.21)

So, from the above points of view, we can see that besides the only nature reason, there is a unique psychological reason for Japan businessmen's rise up: merchants' strong will to prove their value towards the society against Confucius' argument "trading was a parasitic activity adding no value to society". There are two main reasons for Korea: one is the heavy influence from Japan in the modern time; and the other is the Korean War which has also changed its fate. So, we have enough evidence to reject H0, supporting H1.

6 Conclusion, Discussion and Reflection

In order to answer our research question: What role does Confucius thinking plays in Japanese and Korean business culture? And what are their similarities and differences of adopting compared with Chinese companies? We conclude our findings into the following table:

Table 2. Comparisons among Chinese, Japanese and Korean business culture

Topic	China	Japan	Korea
1. Hierarchy	↓	↑	↓
2. Rule by Man	√	X	√X
3. Emphasize Agriculture; restrain commerce	√	X	√X

First we do the necessary illustration towards this table. The three topics are the three hypotheses in section 4. In

the first topic “Hierarchy”, we find that all of the three countries are strong hierarchical; China and Korea are even more strict and rigid than Japan in centralization of power, authoritarian and paternalistic leadership in cooperate. And we also can find their difference in decision-making process: Chinese and Korean both obey the top-level’s decision, while in Japan, employees have enough right to express their opinions and thinking towards proposals and top management pay a great attention to the low level’s suggestions and advices. So the sign “↓” means the top-to-down process, while “↕” stands for a double directions information routes inter Japanese companies.

The second one is to testify whether it is “Rule by Man” or “Rule by Law” plays a more significant role in business. After analyzing the literature, we find most Chinese business are still get used to ruled by man instead of by law due to Chinese own historical situations, so use the sign “√” to support “Rule by Man”. But in Japan, it is not the same, influenced by Western values much earlier and more profound, “Rule by law” is more common in Japanese society, so we choose “X”. Korea is just between the two, so the sign “√X” means its middle position.

The third hypothesis is about the influence of Confucius’ thinking “Emphasize Agriculture; restrain commerce” on business development. China is an agricultural country, even now more than half of its population is farmer; for thousand of years, Chinese business is restrained to some degree, so we use sign “√” to prove this concept’s significant influence in China. Though absorbing Confucianism in the early time, Japan refused to follow China and paved its own way because Japanese believe that business can save its country. So we choose “X” to stand for Japan’s opposite opinion. As we mention before, first sharing the Confucianism base with China, and then governed by Japan, experienced Korean War, there are too many reasons for Korea’s development process, so we use “√X” to show its differences.

In a nutshell, Confucianism does provide a thinking base for these three East Asian countries, not only in business, also in each social aspect. But due to each country’ different historical experiences and governors’ quality, China is more traditional for most of its history following Confucianism; Japan is more open to western values and learns faster; Korea is a “ hybrid”. The implication aim of this paper is to find the valuable experiences of Japan and Korea during their hard exploring time, hoping which could give China useful references in today’s fast development. We believe what is China in the future may not be exactly the same as what is China now, and this depending on how China looks at itself today. One of the most famous Chinese Emperors Taizong of Tang once said: “Looking into a brass mirror you may trim your garments. Looking into a single soul you find out how well you rule. Looking into the histo-

ries you foresee the destiny of your nation.” Though this paper is from a preliminary perspective, we hope it could provide some further discussion points for Chinese business culture. In order to achieve this goal, we first discuss some issues.

6.1 What are China’s limits in the history?

Just like Jacobs, Gao and Herbig (1995) state in their research, China has its unique conditions which cannot compete with other East Asian countries: first is that its business management has been made possible recently by the switch-over from a planned economy to a market economy; and the second one is the Cultural Revolution threw Chinese value system into chaos, and worst is its disconnection of social talents for one to two generations. Both of the two have to take a long time to build the incorporate basic values for Chinese business management.

6.2 What Challenges do Chinese companies face now?

Firstly, compared with most Japanese and Korean companies, many Chinese companies are “shortsighted” to a certain degree. Due to the bloom development and high figure in GDP, Chinese companies should have a long-term way of expansion.

Secondly, Chinese used to obey Confucius’ believes strictly, but with these years’ development, many Chinese companies follow nothing but paying attention to the results, the profits rather than destroy of the environment, which violates Confucius’ “*he-he*” thinking.

Thirdly, in the new era of 21st century, China should position itself in a long term by changing its developing orbit from cheap-labor and rich-resource world factory to mature well-structured economic system to gain a sustainable development.

6.3 How can Confucianism help Chinese companies to work out the new challenges?

First, employees should position themselves at the right place, and be patient to work. Nowadays, it is more urgent for flatulent Chinese society and companies to have a cooling working atmosphere than ever.

Second, young business generation should remember Confucius’ requirements for cultivating a talent: diligence, responsibility, thrift, promptness, co-operation, and learning in esteem by heart, because all of these are the precious merits for successful businessmen.

6.4 What can Chinese companies learn from Japan and Korea?

First, learn from Japanese decision making process, letting working people have more chance to decide by building a smooth information exchanging platform.

Second, “Rule by law” should be preferred, especially in the business world; Chinese government should build and improve business law system for companies to fol-

low.

6.5 And what can people who want to do business with Chinese learn?

First, respect Chinese culture. You do not have to like it, but showing basic respect.

Second, try to build up your relationships (Guanxi) and solve problems in a more soft and local way, Chinese do not like hard bones.

Third, Chinese young generations are more open-minded, they study English from primary school; understand western culture; even study abroad, so with the development of China, you can find different kinds of versatile business gentlemen and ladies. Do not be surprised, China itself is kaleidoscope. Be kind and smart when doing business.

This research aims to find useful points for Chinese business development in the new century. We first introduce Confucianism to the field of management culture, and then explore the links among Chinese, Japanese and Korean companies in three main aspects, also compare their differences at a part of the conclusion. We answer our research question in a preliminary way, and because of the limited time and resources, the limitation and weakness still exist in this paper.

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