

Confucianism and Entrepreneurship in ASEAN Context

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Abstract This chapter explores the role that Confucian culture plays in the expansion of ICT industries in East Asia, particularly Taiwan and China. For over 100 years economists and sociologists have studied and debated the positive and negative influences that Confucian culture exerts on economic development and entrepreneurship. The burst of East Asian economic growth in the late twentieth century furnished a larger body of knowledge to study Confucian entrepreneurship. This chapter aims to show how two unrelated phenomena, the growth of female entrepreneurship and the unrelated issue of intellectual piracy in separate ways throw light on Confucian culture as a stimulant to entrepreneurship. This chapter concludes that the secret to Confucian dynamism lies in how Confucian philosophy educates individuals to respond to low social status and countries to loss of political status.

Keywords Confucianism · Entrepreneurship · Female entrepreneurship · Chinese entrepreneurship · Lao-Tze · Intellectual piracy · ICT · Max weber · Asian entrepreneurship · Economic development · Cooperative initiative · Collaborative inventiveness

1 Introduction

The information and communication technology (ICT) industries thrive in countries where Confucian philosophy sank its deepest roots. A case in point is Taiwan, a country that remains a world leader, the world's preeminent hub, for high-tech hardware manufacturing ranging from computer chips and memory, LCD panels and smart phones, to personal computers. Ninety percent of the world's notebook and tablet productions comes from Taiwanese firms. The ICT industry accounts for one-third of Taiwan's GDP, making it the cornerstone of Taiwan's economy (Yee 2014). To be sure Taiwan can not boast of high-tech brand names. Taiwan plays the

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role of a contract manufacturing hub. Its anonymous original equipment manufacturers and anonymous design manufactures manufacture devices for global consumer electronic brands. Apple's Iphones and Macbooks come to mind.

If Taiwan's ICT industry has recently experienced a deceleration of growth the reason lies with the soaring growth of ICT industry in China, another country where Confucianism remains a strong cultural force despite neglect in China's educational system. A study published in 2005 reported that China's IT industry "has maintained an average growth rate of 32 % each year in the last 10 years, nearly 18 % higher than the average growth rate of all industries combined in the same period" (Chen et al. 2005). An earlier study reported that between 1987 and 1996, China's ICT production grew at an average annual rate of 17.9 % compared to an annual rate of 7.6 % for ICT production worldwide (Meng and Li 2002). As shown in Table 1, China and Hong Kong dominate the exports of ICT goods.

Table 1 Top 20 importers and exporters of ICT goods in 2012 (million USD)

Top 20 importers			Top 20 exporters		
Economy	2012	Market share (%)	Economy	2012	Market share (%)
China	355,563	18	China	554,310	30
The United States of America	299,219	15	China, Hong Kong SAR	207,900	11
China, Hong Kong SAR	225,756	11	The United States of America	139,447	8
Japan	90,699	5	Singapore	115,985	6
Singapore	88,895	4	China, Taiwan Province of	101,029	6
Germany	88,587	4	Korea, Republic of	94,036	5
Mexico	61,202	3	Japan	73,052	4
The Netherlands	60,581	3	Malaysia	63,460	3
Korea, Republic of	50,874	3	Germany	62,514	3
United Kingdom	50,313	3	Mexico	62,497	3
China, Taiwan Province of	48,737	2	The Netherlands	56,569	3
Malaysia	45,359	2	Thailand	36,809	2
France	41,284	2	Czech Republic	22,730	1
Italy (2011)	34,687	2	France	22,728	1
Canada	33,834	2	United Kingdom	20,386	1
Thailand	29,260	1	Hungary	17,912	1
India	25,970	1	Philippines	15,326	1
Russian Federation	23,706	1	Slovakia	13,402	1
Australia	22,262	1	Poland	12,639	1
Czech Republic	20,583	1	Sweden	12,471	1
Rest of the world	307,289	15	Rest of the world	117,485	6

Source UNCTADStat

Maybe this rapid Asian assimilation of a cutting edge industry should not be judged anything out of the ordinary. It did not take long for thoughtful Western observers to see this capacity for rapid learning in Asian societies. In 1899 Japan adopted a new constitution closely adapted from the constitution of Prussia. Professor Woodrow Wilson, later president of the United States, remarked, “Her choice of it [the Prussian Constitution] as a model is but another proof of the singular sagacity, the singular power to see and learn, which is Japan’s best constitution and promise of success” (Link 1969). China exhibits this same “singular power to see and learn.” According to a 2002 article, “Over the last two decades some 260,000 students have been sponsored by the [China’s] government to study in 113 different countries. The disciplines have ranged from space to bio-technology, and from agriculture to various fields of manufacturing technology. So far about 90,000 have returned to China.Expatriates, although scattered around the globe, have been supportive and enthusiastic about opening up the country. These scholars have had an important role in promoting China’s exchange with the rest of the world in science, technology, education, culture, economy and trade.”

This chapter aims to explore those connections between the concentration of ICT expertise in Asian countries, entrepreneurship, and Confucian values and culture. Section 2 revisits the Weber thesis which argues that Confucian culture retarded the development of entrepreneurship and modernization. Section 3 takes up a more recently developed view that Confucian values and culture acts much more as a stimulus than a depressant on entrepreneurship and economic development. Section 4 takes up the light thrown on these issues by the rise of the female entrepreneurs in Asia. Section 5 takes up the subject of piracy of intellectual property rights. It aims to explain how piracy of intellectual property rights can become a problem in a Confucian culture that puts high priority on character development. Section 6 discusses the sources of dynamic forces in Confucianism that earlier observers missed. Section 7 takes up the application of Confucianism in non-Asian countries and modern management. Chapter 7 sums up and offers suggestions for future research.

2 The Weber Thesis

The current success of Asia Pacific and China in ICT industries might be regarded an intriguing curiosity, an interesting and noteworthy and normal development, but many observers in the mid-twentieth century would find this development a complete puzzle and wholly unexpected outcome. In 1905 the German sociologist, Max Weber published an influential and thought-stirring book, *The Protestant Ethic and the Spirit of Capitalism*. In this book, he advanced the famous thesis that the Protestant religion and values accounts for the rise and success of capitalism in northern Europe and North America. In 1915, Weber published another book, *The Religion of China: Confucianism and Taoism*. These books presented far different views about the value of Confucianism than the clue suggested by Woodrow Wilson. Perhaps not many observers in Wilson’s day thought of Japan as a society

strongly influenced by Confucianism. For nearly a century the value of Confucianism as a cultural force was seen through the paradigm presented in Weber's books. Since the publication of his books investigators have looked for cultural traits that contribute to economic development and entrepreneurship.

Weber found revealing the nineteenth century contrast between an economically dynamic Protestant Europe and the U.S., and the economic lethargy and stagnation of China and East Asia. Some of Weber's arguments may seem a wild stretch for the empirical-minded scholar. He argued that the Protestant Reformation grew out of a spirit of rationalism in theological issues, the same rationalistic spirit that lies at the heart of capitalism. It was this spirit that led to the development of double-entry bookkeeping among Italian merchants in the thirteenth century, and inspired the scientific systems of Galileo and Newton. Weber also found fault with Hinduism and Buddhism. These two religions suffer from excess emphasis on otherworldliness. According to Weber, capitalism flourishes in cultures that emphasize asceticism without otherworldliness.

Confucianism passes the otherworldliness test. In fact it stresses self-development and education as the surest path to the good life in this world. Confucianism is not a religion but a secular philosophy. Part of its strength may lie in the fact that it teaches ethics not moored in a religion and therefore able to survive ideologies neglectful or even hostile to religious belief (Communist ideology portrays religion as the "opium of the masses."). Despite its roots in secular philosophy, Confucian ethics and values remain the common denominator in the various religions and sects in East Asia. On the asceticism issue Confucianism is at least innocent until proven guilty. Confucianism never glorifies asceticism, but Asian societies exhibit high saving rates, indicating a capacity for delayed gratification. Asceticism is encouraged indirectly by the high weight placed on character development above accumulation of material wealth. In summary, the focus is clearly on this world. Rather than the abstract theorizing common in Western philosophies, Confucianism concerned itself with practical knowledge aimed at preserving individual, family, political, and social stability.

On the scale of otherworldliness and asceticism Confucian appears compatible with capitalism and entrepreneurship. There are, however, still reasons to argue that East Asia owed economic backwardness to Confucianism. First, there is the role Confucian-trained scholars played in China's government. The Confucian bureaucrats and officials urged governments to pursue isolationist policies and resist modernization along Western lines. Second, economic development faced another headwind from the weight of tradition and ancestor worship that characterizes Confucian culture in a broad sense. Third, Confucian values accords a low social status to profit-making and commercial activities, lower than peasants. Merchants stood at the lowest rung of the social ladder according to Confucius. Some flavor of the Confucius attitude toward merchants and traders can be gleaned from this quote from the *Analects* (Book 4: 16): "The gentleman can be reasoned with what is moral. The common man can be reasoned with what is profitable" (Cheung and Yeo-chi King 2004). Fourth, Confucian culture idealizes a ritualized social behavior expressed in stereotyped hierarchic relations. This social rigidity limits the freedom

of entrepreneurs to maneuver and take initiative. Fifth, the high place Confucianism accords study and formal education only applies to the rote learning of classical texts whose authoritative nature is unquestioned. It is not an education that prepares one for inventive initiative and problem solving in the business and technical world. Lastly, the exalted prestige of careers in the state bureaucracy siphoned talent away from business careers and empowered the state to subject the economy to heavy regulation, stifling entrepreneurial activity.

3 Confucianism as a Stimulus to Entrepreneurship and Economic Development

Weber's views have met with growing skepticism amidst the vitality of East Asian capitalism in the post-World War II era, but the skepticism has been part of a lengthy debate among scholars. Other analyses have searched for the positive side of Confucianism. The history of Chinese merchants offers clues about the role Confucianism played in stimulating entrepreneurial activity amid the low social status accorded mercantile activities. Imperial China required all candidates for a position in the state bureaucracy, and particularly aspirants to a title in officialdom, to pass an entrance examination demonstrating mastery of Confucian learning. This system of imperial examination created a close linkage between Confucian classical education and the reward system in China. Scholars theorize that as China's population grew, the opportunities for Confucian-trained scholars to acquire a title in officialdom failed to expand commensurately. Therefore, many Confucian scholars found themselves looking for other careers. While Confucian philosophy awarded merchants a social status below peasants, Confucian scholars nevertheless found their natural aptitudes and wisdom more congenial to becoming businessmen than to engaging in hard physical labor. Therefore, as early as the seventeenth century in China, a large number of Confucian-trained scholars began turning away from traditional careers in the government bureaucracy and hopes of an official title. Instead they choose to become businessmen (Cheung, King, p. 247). As businessmen they continued to study Confucian classics and pursued continual self-cultivation along Confucian lines. Therefore, an integration of commercial success and strong Confucian values and traditions develops indigenously without encouragement from the Confucian scholars holding positions in government. In time this integration spawned a Confucian merchant culture that was much in evidence during China's latter imperial age. These Confucian merchants practiced lifelong learning of Confucian classics and practiced the Confucian principle of continuous self-cultivation.

In 2016 a Confucian merchant actively studying Confucian texts might be a rare find. If Confucianism acts to stimulate entrepreneurial activity in the Asian countries of today, it must be through the influence of what is called "Vulgarized Confucians." (Cheung and King, p. 249) "Vulgarized Confucians" refers to populations of Asian countries that absorbed and learned to live by Confucian

principles without ever receiving official training in Confucian philosophy. The “Vulgarized Confucians” assimilated Confucianism through prestige imitation of the “high” Confucianism of the Mandarin elite who were schooled in classical Confucian literature. The term “Vulgar Confucianism” does not seem to do justice to the ordinary Chinese and other Asians who exhibit the practical orientation of Confucians, concentrating on the affairs of this world, living a life of discipline and self-cultivation, respect for authority, frugality, avoiding litigation, and putting a premium on stable family life. Since the study of Confucian classics no longer enjoys the official and institutional support that it enjoyed in past centuries, its continued influence must come from the way it has been absorbed and woven into the fundamental fabric of Asian culture. From this perspective some scholars have begged to differ with Max Weber and argue that Confucianism has acted as a stimulus to entrepreneurship.

One country worthy of consideration as fertile ground for Confucian entrepreneurs is Taiwan. The culture of Taiwan is Chinese and reflects the values associated with Confucianism. Taiwan has exhibited rapid economic development along capitalist lines, indicating a high concentration of entrepreneurial activity. As indicated above, Taiwan’s success is not limited to traditional “low technology” industries but also expands into microcomputers, certain types of semiconductors, and electronics. Given the importance of respect for authority and cooperative behavior in Confucian societies, success in low technology industries is not surprising. Since these workers are unlikely to strike for higher wages, Taiwan could expect to have cost advantages in these areas. The more interesting question is why Taiwan has achieved high success in high-tech industries. As a starting point for examining this question it is helpful to review highlights of the Confucian philosophy. These Confucian quotes taken from Will Durant’s *Mansions of Philosophy*, give some flavor of Confucius philosophy.

What constitutes the higher man? The cultivation of himself with reverential care.(He) seeks all that he wants in himself,(He) is anxious lest he should not get the truth; he is not anxious lest poverty should come upon him. He is distressed by his want of ability, not by other men’s not knowing him. (*Mansions of Philosophy*, p. 543.)

With Confucianism teaching that the higher man is not worried about falling into poverty, it becomes understandable that Confucianism might be judged inimical to entrepreneurship. Likewise one might wonder why serious Confucian scholars would pursue a career in officialdom if they felt no interest in fame. More revealing are the lines: “(He) is anxious lest he should not get the truth....He is distressed by his want of ability.” Here one can detect a passion for climbing to the pinnacle of knowledge, of pursuing self-improvement through the acquisition of knowledge. Even if studying the kind of knowledge emphasized by Confucian philosophy bore small relevance to the modern business world, it did leave students with the literary skills, study habits, and motivation needed to acquire new knowledge, to regard the acquisition of knowledge as the solution to life’s problems. In a world where rapidly changing technology gives fast learners an advantage over slow learners, Confucian education uniquely prepared students to become fast learners and rapidly

acquire new knowledge. Given the Confucian desire to excel in the arena of knowledge, Asian societies could never live content yielding superiority in science and technology to other Western countries, particularly when superiority in these areas leads to political hegemony. With these considerations in mind it becomes clear that Confucianism encouraged character traits and values that could be put to good use in capitalist entrepreneurship. Viewed from this angle, a case can be made that Confucian culture played a positive role in nurturing entrepreneurial activities.

Empirical researchers have found that Confucian culture reinforces economic development and aids entrepreneurship (Fang 2010; Lam et al. 1994; Young and Corzine 2004; Shen and Yuan 2013).

Studies of Chinese entrepreneurs in other countries bear out the findings that Confucian values contribute to the success of entrepreneurial activities. One study (Selvarajah et al. 2012) focused on Chinese entrepreneurs who set up and operate business ventures in Australia. It surveyed 200 Chinese entrepreneurs in Australia, 110 male, and 90 female. This study concluded that 'Confucian Piety' as it was named in this study was strongly correlated with financial rewards for the ethnic Chinese entrepreneurs in Australia. The study did find that 'Confucian Piety' ranked slightly less important for Chinese second-generation entrepreneurs.

4 Female Entrepreneurs

There are still issues that must be resolved before Confucian culture can be credited with the heated entrepreneurial activity in Asian societies such as Taiwan. One issue needing explanation is the growth of female entrepreneurs in Confucian societies. The rise of female entrepreneurs in a society dominated by Confucian values may be a case where the law of unintended consequences dominates the outcome. Confucianism emphasized the subordination of women to husbands and the family. Confucian values look down upon women who take the initiative and act as leaders. Nevertheless Asian societies have watched women step forward in large numbers to become entrepreneurs. By 1986 two thirds of entrepreneurial licenses in all of China had been granted to women. In 1990 *China Women's News* reported that one-third of all rural businesses were owned and run by women. One estimate claims that females own 16 % of private businesses in Vietnam, an Asian country with a close cultural affinity with China (Gerrard et al. 2003). This number may underestimate the true percentage since some businesses may either go unregistered or be registered under the name of a husband who is at most a silent partner. The reasons Asian female entrepreneurs cite for becoming entrepreneurs include the desire for fulfillment, autonomy, freedom, and the flexibility that inherently arises from running their own businesses. Female entrepreneurs in Vietnam score high on Eastern Cultural values (Gerrard et al. 2003). Taiwan presents a similar picture. For 2003 women were listed as the 'responsible person' for 37.57 % of all the new Taiwan enterprises created that year. Between 1978 and 2003, the percentage of Taiwanese businesses owned by women rose from 10.15 to 15.14 % (Wang 2005).

The rise of female entrepreneurs in Asian countries could manifest social forces long recognized by economists as important for the development of entrepreneurship. Groups who have experienced a withdrawal of status within a society often produce high concentrations of entrepreneurs. In Confucian society withdrawal of status occurred for both the merchant class and women. According to one author:

What appears to be required... [to encourage entrepreneurship].. is not merely an appropriate value system but two further conditions: first the new elite [new entrepreneurs] must feel itself denied the conventional routes to prestige and power by the traditional less acquisitive society of which it is a part; second the traditional society must be sufficiently flexible (or weak) to permit its members to seek material advance (or political power) as a route upwards alternative to conformity. (Hagen 1962)

Confucian culture not only compelled socially downgraded groups to seek ‘material advance’ to compensate and overcome social and political liabilities, it prepared them to assimilate the latest advances in knowledge by turning them into excellent students. In the modern, high tech world, the concept that knowledge is power was no longer limited to the Confucian scholars who enjoyed privileged access to the corridors of political power, but also to those who excelled in science, mathematics, and engineering. The reference to “the traditional less acquisitive society” reminds one of the Confucian quote above that the higher man is not worried about being overtaken by poverty.

5 Piracy of Intellectual Property

If the rise of the Confucian female entrepreneurship puzzles scholars, there is another trait of Confucian entrepreneurship that is equally puzzling, but much more troubling. It is an issue that had a direct bearing on the vibrant entrepreneurship in Asian countries in the area of information technology. Surveys of contemporary Confucian entrepreneurs report a strong commitment to moral values, exactly what would be expected from serious students of Confucianism who are taught to put morals above profits. Therefore, it seems contradictory that Confucian societies become an indulgent haven for piracy of intellectual property rights. To understand how piracy of intellectual property and trademarks can flourish in Asian countries, it must be remembered that Confucianism is not the only highly respected school of ancient philosophy to exert influence in East Asia. There were other ancient Chinese philosophers who have enjoyed a wide following over the centuries, such as Lao-Tzu and Chuang-Tze. Adam Smith is credited for popularizing the concept of *laissez-faire*. It is not so widely known that Smith followed the Physiocrats, a school of French economists in advocating *laissez-faire*. It is even less well known that the Physiocrats derived the concept of *laissez-faire* from translations of Chinese philosophers sent to France by Jesuit priests. One prominent Physiocrat, Francis Quesnay (1694–1774) wrote a book on China, (*The Despotism of China*, 1767).

This connection has not gone unnoticed by contemporary scholars. Here are a few lines that integrate paraphrases and quotes to concisely capture the libertarian philosophy of Lao-tze and his latter follower, Chuang-tze:

To the individualist Lao-tze, government, with its 'laws and regulations more numerous than the hairs of an ox,' was a vicious oppressor of the individual, and more to be feared than fierce tigers....The more artificial taboos and restrictions there are in the world, the more the people are impoverishedThe more laws and regulations are given prominence, the more thieves and robbers there will be.' Chuang-tze reiterated and embellished Lao-tze's devotion to laissez faire and opposition to state rule; 'Good order results spontaneously when things are let alone.' (Rothbard 1990)

A strain of Lao-tze's philosophy may account for the tendency to ignore intellectual property rights as more unwelcomed laws and regulations. An undercurrent of Lao-tzu's philosophy helps explain why entrepreneurship took off much faster in China than in other countries transitioning from Communism to Capitalism. That North European capitalism that Weber thought grew out of the same spirit of rationalism that drove the Protestant Reformation, actually may have come, at least the laissez-faire version, from China.

6 The Dynamic Element in Confucianism

To explain how Max Weber ended up completely wrong, it is helpful to examine another Confucian quote: "The thing wherein the higher man cannot be excelled is simply this: his work, which other men cannot see." (*Mansions of Philosophy*, pp. 543). This "work, which other men cannot see," is what Weber missed. Confucian values stress the acquisition of knowledge and pursuit of truth as the formula for self-improvement. It also withdraws social status from merchants and women, giving these groups a powerful incentive to engage in self-improvement. Now the road that led Chinese entrepreneurs to master the most advanced technology becomes clear.

The dynamic entrepreneurial element in Confucianism becomes most evident in the face of social and political pressure that breeds an urgent need for self-development. Merchants and female entrepreneurs turn to entrepreneurship to outflank low social status. These entrepreneurs embrace science and technology because it is a rival body of knowledge potentially more powerful than Confucianism. It is ironic that Max Weber, an excellent German sociologist, philosopher and political economist, missed the potential for Confucianism to inspire a Faustian thirst for knowledge. After Taiwan comes under pressure from the mainland, it tries to strengthen itself by the Confucianism prescription for self-development. It seeks strength through the acquisition of knowledge, the latest in high tech. Likewise, China feels insecure because of an aggressive Westernized neighbor to the north with a nuclear arsenal. Again, China plays the knowledge card. China strengthens itself by the Confucianism path of acquiring knowledge. Confucianism by guiding China's response to pressure, made China a leader in ICT

Chart 1. The making of Asian ICT Entrepreneurship

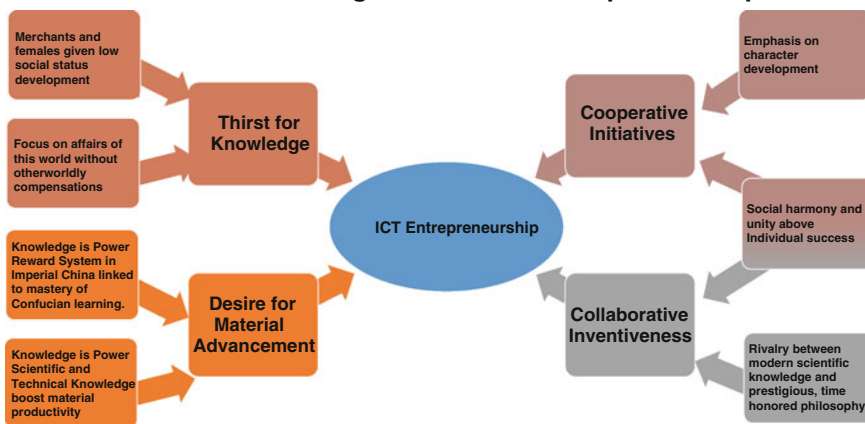


Chart 1 The making of Asian ICT Entrepreneurship

production. Insecurity caused by outside threats helps explain why Asian governments turn a blind eye to Intellectual Property piracy.

Chart 1 puts into a summarizing nutshell the dynamic forces that drive Confucian entrepreneurship.

7 Application of Confucianism to Non-Asian Countries and Modern Management

A comparison between the United States and China underscores the difficulties of transplanting Confucian to a non-Asian country. Ancient China feared barbaric invasions. It reacted to this fear by developing a Confucian culture that reinforced social cohesion and later building a great wall. The United States was protected by two large oceans from serious external security threats and it embraced a philosophy of individualism originating in Europe. Individualism has been highly acclaimed in the West, especially since Adam Smith. In European societies, hostile neighbors helped maintain social cohesion in the face of growing affirmation of the philosophy of individualism. Once these values of individualism were transplanted to the United States, without serious external menaces, individualism was free to develop to unprecedented degrees. With this background it would be difficult for Confucian philosophy to take root in the United States and evolve organically.

Nevertheless, as a system of ethics and values Confucianism enjoys an advantage that is missed in Western societies. First, Confucianism gives a society as set of ethics and values not bound up in a religious faith, supernatural belief, and otherworldly punishments and rewards. It relies upon intelligence and can convince educated persons. Therefore, Confucianism potentially immunizes a society from

the loss of ethical values amidst secularization and the apparent antagonism between science and religion. Even if Confucian values and ethics are imperfect, they offer an alternative to moral chaos.

Second, the explosion of knowledge and technological advancements leads to the proliferation of specializations in knowledge. The growing number of knowledge and technology specializations puts a premium on collaborative inventiveness and cooperative initiative. Habits of cooperation and social harmony that are fostered in family life in all countries are often lost amid competitive pressures in the highly individualistic societies. A waning religious faith, if it happens, further strengthens individualistic impulses. Confucianism represents a return to social virtues that may become vital to the sustainability of modern businesses.

Third, the rapid development of technology gives an advantage to fast learners over slow learners and favors individuals committed to lifelong learning. Confucianism redirects the desire for individual achievement toward the acquisition of knowledge as part of the road to self-cultivation.

Researchers are considering the practical application of Confucianism to Western managers and businesses. One study (Woods and Lamond 2011) specifically noted that Confucianism helps managers weigh ethical considerations and suggested that Confucianism offers advantages for U.S. companies. It saw advantages even in Confucian practices of self-reflection and mentoring, but did see problems with Confucian attitudes toward women and unwillingness to criticize corrupt or oppressive authority. Another study focused on Japan (Mihut 2014). It saw Japanese companies managed more like a large family. Loyalty ran both direction, from the company to the employee and employee to company. These companies are more particular to who they hire since it is a lifetime commitment. The strong species of individualism in Western societies probably would not accept the paternalistic management with its emphasis on seniority and lifetime employment. It is quite likely, however, that the advantages of Confucianism can be captured without highly paternalistic management. Another study (Ruangkanjanases et al. 2014) looked at Confucian practices in a conglomerate headquartered in Thailand. It found an emphasis on hierarchy and leadership by example, particularly in morals and work ethic. It encouraged individuals to initiate their own advancement by taking further studies.

8 Conclusions and Future Research

Much research on Confucian entrepreneurship focuses on traditional Confucian values that evolved when Confucian scholars enjoyed high social status in a relatively uncompetitive world without serious external menaces. Now the focus should be on how Confucian values evolve for a Confucian society drawn into a highly competitive global capitalistic economy and facing a need to reestablish national security. Future research should focus on demonstrating empirically and scientifically that Confucian practices work effectively in practice. For Confucianism to be

applicable in other societies, and to have the hold on non-Asian managers that it wields in Asian societies, it needs unimpeachable scientific validation.

Over a hundred years ago, Professor Woodrow Wilson observed the capacity of the Japanese people to learn, and that this capacity of the Japanese people was their greatest guarantee of future of success. Confucian societies score high on ability, adaptability, moral values, and desire to learn. Regardless of the ancestor worship, obedience to authority, and subordination of women to men, there is a latent but robust dynamic element. The cross-fertilization of this dynamic element with Western business practices should be the important goal of future research. Part of this dynamic element may be the right balance between emphasis on social harmony and individualism. Currently, the largest economy in the world is the United States, a highly individualistic society, and the second and third largest economies, China and Japan are known to exhibit Confucian values that place social harmony and loyalty above individual achievement. Finding the right balance may be the key to maintaining dynamic economic growth.

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