

# What Would Confucius Do? – Confucian Ethics and Self-Regulation in Management

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**ABSTRACT.** We examined Confucian moral philosophy, primarily the Analects, to determine how Confucian ethics could help managers regulate their own behavior (self-regulation) to maintain an ethical standard of practice. We found that some Confucian virtues relevant to self-regulation are common to Western concepts of management ethics such as benevolence, righteousness, wisdom, and trustworthiness. Some are relatively unique, such as ritual propriety and filial piety. We identify seven Confucian principles and discuss how they apply to achieving ethical self-regulation in management. In addition, we examined some of the unique Confucian practices to achieve self-regulation including ritual and music. We balanced the framework by exploring the potential problems in applying Confucian principles to develop ethical self-regulation including whistle blowing. Confucian moral philosophy offers an indigenous Chinese theoretical framework for developing ethical self-regulation in managers. This is relevant for managers and those who relate to managers in Confucian-oriented societies, such as China, Korea, Japan, and Singapore. We recommend further research to examine if the application of the Confucian practices outlined here actually work in regulating the ethical behavior of managers in modern organizations.

**KEY WORDS:** Analects, Confucius, Confucian, management ethics, self-regulation

## Introduction

Societies are paying increasing attention to ideas of “managerial ethics,” “business ethics,” and “corporate social responsibility” (Lamond, 2007, 2008) whether the discussions are rooted in philosophical, legal, political, or geopolitical origins. While these terms roll easily off the tongue, we still have neither a dominant paradigm, nor a body of coherent empirical findings to support such a conceptual framework

(Lee, 2008; see also Carroll, 2004, p. 115). At the same time, as China has emerged as an economic superpower in recent years, researchers have sought to define and distinguish a distinct Chinese leadership and business management style (Chen and Lee, 2008b), while China’s current political leadership has sought to frame a noble and ethical approach to organizational leadership (Leonard, 2008). The need for an ethical approach to organizational leadership has become all the more acute due to some of the ethical difficulties experienced in companies operating in China in the recent past. While not uncommon in developing economies, these difficulties have ranged, for example, from workplace safety problems exemplified by underground mining fatalities to public scandals involved tainted baby milk powder (Ip, 2009a).

One approach to managerial leadership in the Chinese context that has been garnering considerable political, and some popular, support over the last several decades is that based on Confucian moral philosophy (Copper et al., 1985; Little, 1989; Makeham, 2003c; Yang et al., 2008). This is somewhat surprising, as Confucian moral philosophy has been regarded as a conservative, backwards looking worldview that has been associated with holding back Chinese and other East Asian (Japan, Korea, and Vietnam) business development (de Vary, 1991). However, without a dominant Western paradigm of ethical management, and noting that, in the business ethics context, research based on moral philosophies has often been divorced from research based on ethics in practice (Robin, 2009), it is timely to give consideration to the extent to which Confucian moral philosophy might be applied.

In particular, this article will attempt to identify the characteristics and practical applications of the Confucian ideal of self-regulation, as it applies to

ethical management. We aim to answer “what are the characteristics and practical applications of a Confucian approach to self-regulation within the context of management ethics?” The article also responds to calls for research on how Asian perspectives (philosophies) are relevant to modern business problems (Lau, 2006). Furthermore, this article will respond to calls from within China for additional examination on how Confucian values can help to transform the ethical practices of Chinese companies (Ip, 2009a) and calls to investigate practical management ethics that might be relevant to Chinese culture (Cheng, 1991).

### Outline

This article will first define the foundational concepts of management ethics and Confucian moral philosophy. We then examine self-regulation in the context of management ethics, followed by an examination of how the virtues of Confucianism apply to self-regulation and management ethics. We then define seven Confucian principles relevant to achieving ethical self-regulation in management practice. A practical discussion on how Confucian practices to achieve self-regulation apply to management ethics follows, along with a discussion on the limitations of applying Confucian ethics today. Finally, we acknowledge the limitations of this article and suggest propositions for further research into this topic.

### Background

Confucian moral philosophy, or ethics, has a long and sometimes divergent history of development and interpretation. Confucius (*Kongzi* or *Kongfuzi* – 551–479 BC) was born in what is today’s Shandong Province in China. Confucian scholars, however, have never considered Confucianism as solely developed or even initially developed by Confucius (Eber, 1986; Slingerhand, 2006). “Confucianism” is often used to refer to both the philosophical teachings of Confucius and the religion associated with Confucius (Sun, 2005). In this article, however, we use the term concerning the philosophical teachings only.

As an ancient philosophy that has endured through the centuries, Confucianism is characterized by different schools of thought and by various periods of social and political acceptance and resistance in a number of countries, including China, Japan, Korea, and Vietnam. With its ancient development, the second and third most important thinkers in Confucianism are Mencius (*Mengzi* – 372–289 BC) and Xunzi (ca. 313–238BC). Where relevant, we will identify the distinct contributions of these thinkers to Confucian thought. As a focus, however, this article will primarily address the ideas commonly attributed to Confucius in the *Analects*. The *Analects* were probably compiled by later students and followers of Confucius in an attempt to preserve the teachings of the Master (much as was the case with American philosopher George Herbert Mead, cf., Mead, 1932, 1934, 1936, 1938). However, the writings as we have them today still play a foundational role in understanding Confucianism in both its current and historical forms (Jones et al., 2005).

Distinguished Confucian scholars have interpreted the *Analects* over many centuries, with a rich and sometimes contradictory written commentary tradition (Makeham, 2003a; Slingerhand, 2006). We refer to these commentaries where relevant. We use the relatively recent translation of the *Analects* by Slingerhand (2006) when quoting from the *Analects*. We have accessed both Chinese and English language sources in researching this article, and we have chosen to use the Hanyu Pinyin system of Chinese Romanization.

### Management ethics

“Management ethics” refers to the moral principles relevant to the practice of management (Jones et al., 2005). We define management practice according to the management functions of leading, organizing, controlling, and planning efficiently and effectively to achieve the goals of an organization (Davidson et al., 2009, p. 9). As we are highlighting the role of individual management ethics, we focus particularly on the leadership function in this article. Thus, management ethics focuses on the moral issues associated with how a person manages an organization.

Researchers often use the terms “moral philosophy” and “ethics” interchangeably, arguing they have similar meanings (cf., for example, Anscombe, 1958). The term is a challenging concept to define, as “ethics” has many meanings, depending on one’s philosophical orientation. For essentialist philosophers such as Aristotle, ethics is about virtues whereas for Kant it is about duties (Fisher and Lovell, 2009; Werhane and Freeman, 2007). In the management context, the essentialist perspective views ethics as having a universalist, normative (“what should be”) and descriptive (“what is”) role in examining management practice (Jones et al., 2005). Phenomenologists such as Husserl offer an alternative definition of ethics. Phenomenologists define ethics in the context of an ethical system with specific, non-universal values (Sundararajan, 2005, p. 39). Professional groups, religious groups, or culturally distinct groups usually define these ethical systems. Since all of these groups practice management, a common definition, taking into account the differing specific values of all the groups, is not possible. This article is cognizant that an examination of ethics from an Eastern, Confucian point of view is likely to identify duties, virtues, and morals that differ from traditional Western ethics. By adopting an essentialist perspective, the article examines the moral philosophies of Confucianism as they apply to the practice of management today, regardless of the national or organizational context of management.

#### *Self-regulation and management ethics*

In Western business-focused literature, “self-regulation” has mostly been discussed at the macro (industry) rather than micro (individual) level, as an alternative to government imposed regulation of firm behavior (see, for example, Cunningham and Rees, 1994; and, more recently, Harker, 2008). Indeed, Midttun (2008) explores the potential for socially responsible corporations to fill some of the governance gap in the global economy through self-regulation, although Cloke (2009) considers the idea of self-regulation in this way as akin to an “economic wonderland.” Other authors such as Solomon (1992) have attempted to examine individual ethical self-regulation from an Aristotelean ap-

proach, concluding that the cultivation of virtues in a community context holds promise for translating to ethical practice in the business context.

The psychology literature explores self-regulation at the micro level as a systematic effort to regulate one’s thoughts, feeling, and actions toward the attainment of one’s goals (cf., Bandura, 1991a, 1991b, 1997; Zimmerman, 2000). Bandura describes this “uniquely human capability [of] self-regulation of behavior by self-evaluative reactions” (1991a, p. 257) as “a multifaceted phenomenon operating through a number of subsidiary cognitive processes including self-monitoring, standard setting, evaluative self-judgment, self-appraisal, and affective self-reaction” (Bandura, 1991a, p. 282). In a presentation of his social cognitive theory of self-regulation, Bandura (1991a, p. 247ff) points to three elements in the structure of self-regulation of motivation and action – self-observation, judgmental processes, and self-reaction. Self-observation provides the information needed for goal-setting and evaluating progress toward the achievement of goals. Judgmental processes rest on the personal standards for judging and guiding one’s actions. Individuals form these based on how significant others respond to one’s behavior, through direct tuition and by way of social modeling (how others respond to their own behavior) and are rooted in the individual’s value systems. Self-reaction is the mechanism by which standards regulate courses of action. In sum, “people pursue courses of action that produce positive self-reactions and refrain from behaving in ways that result in self-censure” (Bandura, 1991a, p. 256).

Bandura (1991a) goes on to summarize the social cognitive conception of the exercise of moral agency in the same terms, such that transgressive conduct, which violates moral standards, is regulated by both social sanctions (social censure) and internalized self-sanctions (self reproach), with self-sanction playing a central role in regulating moral conduct. Multidimensional rules for judging conduct, with social factors and moral standards affecting the development and operation of moral self-regulation, guide the process of moral reasoning. Explaining the balance between internal and external influences, Bandura (1991a, p. 280) observes that:

As long as self-sanctions override the force of external inducements behavior is kept in line with personal

standards. However, in the face of strong external inducements, such conflicts are often resolved by selective disengagement of self-sanctions. This enables otherwise considerate people to perform self-serving activities that have detrimental social effects.

When considering the judgmental processes associated with moral self-regulation, Kohlberg's (1981, 1984) theory of moral development is instructive. Following Piaget's (1954) stage model of cognitive development, Kohlberg (1981, 1984) proposed six stages of moral development, through which, he argued, every person passes. Kohlberg groups the stages into three levels: pre-conventional (obedience and punishment orientation and self-interest orientation), conventional (conformity and authority orientation), and post-conventional (social contract and universal ethical principles). Pre-conventional moral reasoning judges the morality of an action by its consequences for the actor ("it's wrong if I get punished" or "it's right if it suits my interests"). At the conventional level, morality is a function of accordance with the views of society, its laws and conventions ("it's right [or wrong] because others in authority [or the rules] say so"). Post-conventional, or principled, reasoning reflects the notion that agreement (cf., Rousseau's (1762/2005) social contract) is the basis for the derivation of society's laws and conventions and, further, it is the extent to which they are just that determines the morality of those laws. Responses to a series of posed dilemmas defines an individual's level of moral reasoning, although Kohlberg (1981) was not interested in *answers* to the moral dilemmas he posed, so much as in the *reasoning* behind the answers. In the famous "Heinz Dilemma" (Kohlberg, 1981), for example, about a man, Heinz, whose spouse is dying of cancer and who steals a drug to save her, respondents are asked whether it was right to steal the drug or not. "Yes" and "no" answers consistent with principled reasoning would be that rights to human life are more important than property rights and others may need the drug and their lives are equally significant, respectively.

Bandura (1991a), however, recognizes that self-regulation in an organizational context is necessarily more complex, given the multiple and even conflicting external influences on individual action. Indeed, in his discussion of this aspect of self-

regulation, and how "transgressive conduct" can occur, he points to the displacement and diffusion of responsibility as bases for such behavior. Further bases are rooted in the "language of non-responsibility" and the ways in which "the specialized jargon of legitimate enterprises are widely used to make the reprehensible respectable" (Bandura, 1991a, pp. 280–281).

Hence, with this work in mind, what might a Confucian notion of self-regulation contribute to an understanding of ethical behavior in organizations? Han and Altman (2010) have begun to address this issue, linking Confucian moral standards and organizational citizenship behavior (OCB) in the People's Republic of China (PRC). First, though, it is important to expose the Confucian notion of self-regulation and the relevance of the associated ideas in a broader context.

#### *The virtues of Confucianism and self-regulation*

Self-regulation in Confucianism is the process of regulating one's behavior toward the self-cultivation and refinement of one's character (Tu, 1998). Tu (1998) and Little (2006, p. 64) argue that self-cultivation is a central focus of historical Confucianism. The six key Confucian virtues that form the background to the discussion of self-regulation in this article are benevolence (*ren*), righteousness (*yi*), ritual propriety (*li*), wisdom (*zhi*), trustworthiness (*xin*), and filial piety (*xiao*). The exercise of these virtues are prerequisites for being "human" and they should "constitute the horizon of significance that makes our choices intelligible" (Sundararajan, 2005, p. 39). We briefly examine these virtues as they relate to self-regulation.

The Confucian concept of benevolence (*ren*) is a foundational principle in interpersonal relations and the Chinese word (character) itself is in the form of a person beside the number two, indicating "inter-connected" people. This character is also translated as "goodness" (Slingerhand, 2006, p. 155), and in the Analects, the emphasis is particularly on moral goodness (Dan, 2009). The Analects do not directly define the concept even though its pages cite the term over 100 times. In modern terms, we would say that the Confucian idea of benevolence is close to the idea of "loving others" (Li, 2008), particularly

in the post-Analect Confucian texts. *Ren* should involve an altruistic concern for others and should reflect the tender aspect of human feelings (Li, 2008). Confucian managers should regulate their conduct if they are conscious that their actions are hurting other people. Acting with empathy for others, while maintaining moral goodness, is in line with the principle of acting with benevolence.

In examining Confucianism as a practical social ethic, Romar (2002) argues that Confucianism can shape management and in turn, make organizations more humane from the individual's perspective. This is partly due to the focus on *ren* (benevolence) as a primary leadership characteristic and the underlying belief that relationships define an individual's humanity. Self-regulation is refined and developed through the interactions involved in those relationships, rather than (but not excluding) processes of self-realization and self-discovery.

The idea of righteousness or uprightness (*yi*) relates to living and behaving according to moral principles, rather than focusing on material gain and self-interest (Fan, 2001). This is indeed a difficult concept for many profit focused business managers, but the effective management of people must focus on more than just profit. The Confucian manager then is required to use moral issues to regulate decision-making rather than a short-term focus on material gains. In fact, managers would regulate their behavior by prioritizing adherence to the virtues of benevolence (*ren*), uprightness (*yi*), and propriety (*li* – discussed in the following paragraph) above business profitability (Kupperman, 2004).

The idea of ritual propriety (*li*) is harder to understand in the modern context, as the original concept relied on following the ancient rituals and sacrifices that were a part of court life in the time of Confucius. Even the Analects, however, broaden the idea to include the importance of following the social norms of polite conduct when interacting with others. For example, Book 10.2 records the exemplary behavior of Confucius as:

At court, in conversation with the lower ranks of grandees, he was familiar; in conversation with the upper ranks of grandees, he was respectful. When the ruler was present, he walked with quick step, yet evenly.

Following the rituals and norms was believed to build self-regulation (Cheng, 2004), in a similar way to how marching drill and respectful protocols such as salutes are thought to play a part in reinforcing the self-discipline (regulation) of those serving in the military. This concept will be explored later when discussing Confucian processes of building self-regulation.

In the Analects, wisdom or *zhi* includes not only learning, but also recognition of the way and an ability to perceive situations accurately and make correct judgments (Romar, 2002). This is obviously a crucial part of self-regulation, where an individual must be wise enough to perceive situations accurately and make the right decisions based on a wise evaluation of the options. Cheng (2004, p. 132) explains this as “the *zhi* is the self-conscious active power of decision-making and choice making based on recognition of a goal and thus more than a common will but a will to value.”

Trustworthiness (*xin*) indicates loyalty to moral principles, to ritual and social rules of propriety. It also refers to loyalty to one's superiors in hierarchical relationships; however, the emphasis is on standing by one's word, or, more deeply, being a dependable support for others. For example, the Analects 1:7 records the following passage where the English word “trustworthy” is “*xin*.”

Zixia said: If a person treats worthy people as worthy and so alters his expression, exerts all his effort when serving his parents, exhausts himself when serving his lord, and is *trustworthy* in keeping his word when in the company of friends, though others may say he is not yet learned, I would call him learned.

This virtue serves a purpose in encouraging a person to self-regulate in following through on commitments made in relationships, but inevitably this causes ethical conflicts when the commitments made to different people are in conflict (for example, employees and superiors in wage negotiations). Confucian ethics thus prescribes a hierarchy to help in these situations. Confucian teaching holds that five cardinal relationships (*wu lun*) form the basis for human organization. These relationships are, in order of precedence from highest to lowest: ruler and subject; father and son; husband and wife; elder and

younger brother; friend and friend. The relationship between ruler and subject is usually interpreted as the relationship between manager and staff in the organization, however, in Confucian teaching in the Analects, the relationship of son to father takes precedence (Analects 13:18). The responsibility for trustworthiness follows this hierarchy, thus regulating a person to make decisions based on which relationship is primary in the hierarchy (Ip, 2009b).

Along with *ren*, Confucians regard filial piety (*xiao*) as foundational among virtues of human relationships (Yao, 2000) and foundational for building social harmony. Book 1:2 of the Analects states that:

Those who in private life behave well towards their parents and elder brothers, in public life seldom show a disposition to resist the authority of their superiors (Kupperman, 2004, p. 104).

The basic idea is to serve and obey parents and respect ancestors with all of one's capacity (Zhang, 2000). Therefore, it would be reasonable to state that according to Confucian philosophy, self-regulation starts from a young age with learning to regulate behavior toward one's parents and ancestors. In other words, self-regulation begins at home.

Confucius argues that we can know the moral character of a person by knowing how well they treat (*xiao*) their family, and in particular, their parents, and ancestors. Thus, a Confucian approach to self-regulation in business ethics would require that a holistic view of their moral character is the basis for leader selection. This kind of holistic view of management potential has found its way into traditional Chinese management practices. Gao and colleagues (Gao et al., 2008, p. 24) in presenting research on the development of business leaders in Shanghai point out that the "Chinese tradition of evaluating leadership potential as a holistic judgment of moral character based on feeling is hard to link to Western ideas of psychometric measurements and description of leadership behaviors." Indeed, human resource managers do not normally include self-regulation as a moral virtue in a list of attributes required for appointment to leadership positions (Cook, 2004).

Thus, the Confucian virtues of benevolence (*ren*), righteousness (*yi*), ritual propriety (*li*), wisdom (*zhi*), trustworthiness (*xin*), and filial piety (*xiao*) play a part

in the regulation of individual behavior and guide the individual in ethical decision-making. Virtues play a role and guiding individuals and unifying organizations (MacIntyre, 1985). We explore the cultivation of these virtues in modern management practice after first examining the general principals of Confucianism as an ethical system in the next section.

### *Confucian principles in ethical management self-regulation*

The previous section has examined the role of Confucian virtues in developing ethical self-regulation. This section will examine principles we have compiled and summarized from the Analects that guide the practice of ethical management. These principles include the goal of becoming a *junzi* (as defined below), the principle of social harmony, the principle of acting ethically according to roles, the principle of complementary reciprocity, the principle of moderated desires, the pole star principle, and the principle of being good rather than emphasizing good laws. We will discuss each of these principles in relation to ethical self-regulation in management.

#### *Goal of becoming a Junzi*

A person who wishes to follow Confucian moral philosophy will have the goal of becoming a *junzi*. The term *junzi* literally means the "son of the ruler" and has been translated into English as a "person of virtue," a gentleman, a "superior man" or a "princely man." The term appears 107 times in the Analects (Wang, 2000). According to Anh (2008, p. 103) a *junzi* is a "noble person who attempts to actualize Confucian cardinal virtues in concrete human relationships at any cost." The *junzi* is a person who is an involved agent with others, rather than someone who is a detached intellectual or ivory tower philosopher (Wang, 2000). Business leaders still nominate the ideal of being a *junzi* as the standard of personal integrity in China today (Chen and Lee, 2008a). We will discuss the process of becoming a *junzi* in the section on the Confucian practices to achieve self-regulation.

#### *Principle of social harmony*

The ideal of social harmony has received considerable attention throughout China during recent times, particularly under the influence of President

Hu Jintao (Yang et al., 2008). According to Ip (2009b), harmony is a primary goal of Confucian personal and social life. Societies and organizations achieve harmony by acting according to the Confucian social hierarchy (*wu lun*) and by practicing *ren* (benevolence), *yi* (righteousness), and *li* (ritual propriety) (Chen, 2001).

An important point to note is that, from a Confucian perspective, harmony is not sameness. The Analects (13:23) point out that “The Master said, the *junzi* acts in harmony with others but does not seek to be like them; the small man seeks to be like others and does not act in harmony.” This is sometimes misunderstood, even in China when, for example, soldiers are seen marching in perfect unison and are described as marching in harmony. In fact, this is sameness, not harmony. An orchestra, with its diverse instruments flowing together with different sounds, different cues, and complimentary melodies is more akin to the Confucian idea of harmony. The Analects (3.23) describe this as:

The Master instructed the Music Master of Lu: The pattern of music is something we can understand. Music commences with unison, and then follows with harmony, each line clearly heard, moving in sequence towards the coda.

To continue the orchestral metaphor, self-regulation in this context requires an individual to know what they can contribute to an organization (self-awareness), to know what is the overall “tune” of an organization (organizational awareness), and then to adjust their “volume,” “tone,” and “timing” by following the conductor’s lead. Confucius does not, however, argue that producing harmony in the orchestral metaphor requires blind obedience to the conductor. The frequent dialogs and debates between Confucius and his disciples within the Analects illustrate the interactive, rather than passive processes involved in harmonization.

The Confucian idea of harmony does imply domination, particularly with the Confucian emphasis on humans harmonizing with nature. As Westwood (1997, p. 454) points out Confucian-oriented cultural systems such as those found in Korean and overseas Chinese (*huaqiao*) businesses emphasize that patriarchal authority carries with it the responsibility to maintain harmony by showing concern and considerateness for

subordinates within the guidelines of moral leadership. This in itself is a form of self-regulation. Westwood (1997, p. 258) emphasizes that, in exercising authority, the leader must also fulfill the requirement for harmony, which “introduces an additional set of role obligations and responsibilities that significantly circumscribe the apparent absolutist nature of heads’ power.” Thus, the manager regulates behavior based on being cognizant of and following the role obligations and responsibilities of a manager. We examine acting according to roles in the next section.

#### *Principle of acting ethically according to roles*

Chen (2001, p. 215) points out that Chinese society and business culture is not just relationship based. He argues that it is also role based, with people acting in roles prescribed by Confucian tradition (Gao et al., 2008). In fact, a number of passages in the Analects argue strongly for people to act ethically according to their social roles through the process of rectifying names (*zheng ming*) (Wang, 2000). Although there is debate on what this process involves, Makeham (2003b) and others believe it concerns prescribing, rather than just describing, sociopolitical distinctions, and standards. Thus, a manager must act according to long standing ethical standards attached to the leadership and managerial role, rather than establishing their own set of ethical standards. Leaders must publicly adhere to expected attitudes and behaviors and exhibit a cognizance of the full personhood of others (Westwood, 1997). This has implications for self-regulation in management ethics, as a manager can draw on a long history of human struggle in following relatively consistent ethical standards prescribed for leadership roles. Managers need not feel alone or unique in their ethical struggles, as the struggle to regulate one’s ethical conduct in managing others has left a rich legacy of consequences and decision pathways that one can learn from. Thus, there is considerable emphasis in Chinese families and in Chinese education in learning from the example of leaders and managers both real and mythical in the extensive record of Chinese literature (Su et al., 1998).

#### *Principle of complementary reciprocity (shu)*

The principle of the “golden rule” is familiar to those raised in societies influenced by Christian and/or Confucian ethics. The Analects states the rule as:

5.12 Zigong said, “What I do not wish others to do to me, I do not wish to do to others”. The Master said, “Si (*Zigong’s personal name*), this is a level you have not yet reached.”

15.24 Zigong asked, “It there a single saying that one may put into practice all one’s life?” The Master said, “That would be ‘reciprocity’ (*shu*): That which you do not desire, do not do to others.”

Zigong is commonly thought of as the most rigid and unimaginative of the disciples of Confucius (Slingerhand, 2006), and so Confucius’ teaching here could be seen as an attempt to overcome rigidity by introducing a general principle, combined with a relative standard to be applied in multiple and undefined situations. Arguably, this principle supersedes a detailed, written rule-based system of ethics, which is a common approach to developing ethical behavior in modern organizations (Romar, 2002). Written rules simply cannot cover all potential breaches of management ethics, and attempts to make such a list of rules seem ineffective. Thus, this “negative golden rule” provides a simple inner standard that a manager can use to choose the correct behavior in a situation that requires moral-based decision-making. For further elaboration, Chan (2008a) provides a useful examination of the concept of *shu* in relation to business ethics. He compares the premise of Confucian reciprocity based on one’s virtue and character with: the Kantian premise of reciprocity based on moral duty, reason and will; Mill’s premise of utilitarianism and the emphasis of Rawls on the doctrine of social contract (Chan, 2008a).

#### *Pole star principle*

The “pole star principle” is relevant to this discussion of Confucianism. Other names for the pole star are Polaris or the North Star. Navigators regard the pole star as a reference point for the movement of other stars. This principle in Confucianism refers to the idea that the leader must be an attractive model of what a virtuous person should be, and that followers will adjust their behavior in relation to this good example. The Analects 2:1 illustrates this concept:

The Master said: When one rules by means of virtue (de) it is like the Pole (North Star) – it dwells in its place and the other stars pay reverence to it.

This principle holds that the leader’s goodness can modify the nature of the people (Kupperman, 2004, p. 107). Therefore, the leader inspires self-regulation of ethical behavior by their example.

The principle relates to the idea of *wu-wei*. When directly translated, *wu-wei* means “no-doing” or “non-doing.” It could also be translated as “effortless action” and has the idea that the manner that something is done is more important than what is being done. In other words, *being* good is even more important than *doing* good. In leadership terms, *wu-wei* is an effortless form of rulership whereby rulers merely makes themselves correct and thereby win the spontaneous fealty of everyone in the world (Slingerhand, 2006, p. 160).

The importance of this principle as an ideal for current Chinese leadership was emphasized in qualitative research (Gao et al., 2008) asking 171 MBA students in Shanghai to nominate their leadership ideals. Over 34% suggested the virtuous leader as the ideal, which was the largest categorization followed by the transformational leader at 24% and the charismatic hero at 17%. Participants nominated acting as a role model for virtues as the most important characteristic of this leadership style (Gao et al., 2008).

#### *Principle of moderated desires*

Management students are often urged to “dream big dreams” and to visualize the potential material benefits of a business management role (Rhode, 2006). Confucius, however, argued that a leader’s role includes the responsibility to regulate one’s desires, as well as being moderate with speech and acting cautiously with moderation (Dan, 2009, p. 77). The Analects 12:18 records that:

Ji Kangzi was concerned about the prevalence of robbers in Lu and asked Confucius about how to deal with this problem. Confucius said, If you could just get rid of your own excessive desires, the people would not steal even if you rewarded them for it.

The leader’s “greedy desire, especially the conspicuous greed amongst the upper classes,” is a negative force that will affect those below (Kupperman, 2004, p. 107). The problem of how to regulate greed is obviously difficult. There are many



in the financial and consulting world who would echo Gordon Gekko's sentiment in the movie "Wall Street" (Weiser and Stone, 1987) that "greed is good" as it leads to more efficient wealth production. Business students are unashamed when declaring that their goal is to get rich (Wood et al., 1988). Even the former Chinese leader Deng Xiaoping is commonly thought to have said "to get rich is glorious"; however, there is now serious debate as to whether these were in fact his words (Iritani, 2004). Desiring to get rich and being greedy for riches may be a matter of degree, and that degree may change from circumstance to circumstance. Confucius would seem to argue that the desire to get rich is in itself a problem and that a more appropriate focus is to become a *junzi* and to live according to Confucian virtues. Thus, in order to improve self-regulation, a manager should temper "excessive desires" with the more important focus of developing moral character. In commenting on Analects 12:18 as presented above, Slingerhand (2006, p. 107) states, "the key to political order is personal self-cultivation on the part of the ruler."

#### *Principle of being good rather than good laws*

The practice of managerial ethics in many Western countries emphasizes the development and adherence to a code of ethics. Confucius, however, seems to de-emphasize the role of laws and written codes in building organizations. Analects 2:3 illustrates this point as follows:

The Master said, If you try to guide the common people with coercive regulations and keep them in line with punishments, the common people will become evasive and will have no sense of shame. If, however, you guide them with Virtue, and keep them in line by means of ritual, the people will have a sense of shame and will rectify themselves.

In commenting on this passage, Guo Xiang (ca. 253–312) notes, "If you employ governmental regulations you may correct people's outer behavior, but in their hearts, they will not have submitted" (Slingerhand, 2006, p. 60). Confucius emphasizes the power of the leader's virtue (*wu-wei*) to build ethical self-regulation, rather relying on the coercive power of a detailed list of rules and regulations. Confucius appears to view the law as a seldom-used tool of last resort, and that frequent heavy-handed use of legal

compulsion is a sign of ineffective leadership (Kuperman, 2004). Organizational training in ethics may be better served by focusing on developing overall character and attitudes, rather than understanding and conformity to written ethical codes.

#### *Confucian practices to achieve self-regulation (development of self-regulation)*

The development of self-regulation is part of the overall development of a person to become a *junzi*. For Confucius, the process of developing self-regulation is a gradual refining rather than a "conversion experience" (Yearley, 2008). The process is more akin to sculpting in that it involves cutting, filing, chiseling, and polishing of the character. The process is also distinct from the views of Confucian thinker Mencius, who presented the idea that Heaven gives each person a nature, and therefore any person can become a *junzi* through a process of discovering the goodness within them (Peng et al., 2008). For Confucius, and the Confucian thinker Xunzi (ca. 313–238BC), the process of developing into a *junzi* involves the development of the self-regulating function of the conscience, partly through a process of refinement that includes the observance of rituals and music. It is relevant to note here, however, that Xunzi differed from Confucius in his emphasis on character development through the implementation of institutionalized laws (Froese, 2008, p. 262). As has been previously discussed, this was not a predominant feature of Confucian thought as presented in the Analects. In this section, we will examine some of the Confucian practices to achieve self-regulation including ritual, music, self-examination, and mentoring.

#### *Rites and ritual*

We have explained the value of the virtue of rites (*li*) in an earlier section of this article. Practicing *li* should teach self-control in demeanor, and should provide correction of demeanor. The practice of *li* as a process of developing self-regulation is quite difficult in the modern organizational environment; however, all organizations seek to develop self-regulation in their employees using a variety of methods. *Li* was partially effective in the time of Confucius as it built relationships between people

and with the conception of the divine. At a basic level, *li* is the concrete way that a person enters into communion with others in a way that also conforms to the requirements of a transcendent being (Tu, 1998, p. 24). The problem with rituals utilized in modern organizations is that often they are newly minted and lack the authority of transcendental related *li*.

However, the practice of organizational culture rituals, such as reciting the corporate mission every morning, chanting the “Wal-Mart cheer,” and other repetitive, though not necessarily mechanical, cooperative activities in an organization may have some benefits common to habituation and ritualisation. Theorists regard habituation and ritualisation as processes to internalize social values to virtue (Yu, 2008, p. 328), and ritualisation may help to shape one’s character. Ritual may help to build a sense of integration within organizations based on divisions of labor and co-operation between people who depend on others for success. Ritual is a means of strengthening the sense of social and spiritual integration and a method of ensuring continuity with the past.

#### *Role of music*

Confucius believed that playing and listening to non-licentious music could help develop a person’s moral character. He himself played the *Qin*, which is similar to the zither (Analects 17:20). This is an unusual point to consider, as we often perceive music as a leisure activity, distinct from work activity (except for the music industry itself). On further consideration, however, many workers have background music playing as they work and there are still workplaces, particularly in Confucian influenced East Asian countries such as Japan, that start the day with a rousing rendition of the company song or a values laden workers’ song. Music plays a role in building unity in some national and organizational cultures. Singing Karaoke with work colleagues and business partners plays a role in relationship development in many East Asian countries, particularly in Japan. Some schools still start the day with the national anthem. Whether these practices actually improve ethical self-regulation is debatable, but worthy of further research.

The relationship between music and developing ethical self-regulation is difficult to conceptualize. It

could be that good music reflects that “aesthetic goodness is a work’s function in rendering the psychological system (especially the attitudes) of one who appreciates it more balanced and nuanced” (Kuperman, 2004, p. 112). By the example recorded in the Analects, it appears that Confucius used to join in singing as a process of building harmony.

Analects 7.32 When the Master sang with others and they sang well, he would always wait and then ask them to repeat before joining in harmony.

Music is also relevant when it involves learning and entering into a style and feeling from the past. This could be comparable to the role of religious music from the past, for example the role of the Gregorian chant that inspires thoughts of the devotion of monks in the past. Since ancient times, religious organizations have recognized the role of music in building the spiritual life of followers. Some organizations have developed their own songs that emphasize the higher values of the organization’s mission. This role of music in building ethical self-regulation in modern organizations, therefore, is worthy of further research investigation.

#### *Self-examination*

A discussion of self-examination as a method of developing self-regulation may conjure up images of the practice of public self-confession that was prevalent during the Chinese Cultural Revolution. In contrast, the Confucian idea of self-examination is a much gentler and socially interactive process, based on the idea of reflective learning. The Confucian idea of self-cultivation or *xiuji* refers to a self-reflective understanding of the self (Cheng, 2004). Confucian ethics calls on an individual to compare oneself to others with a view to one’s own self-refinement. The Analects (4:17) records:

The Master said, When you see someone who is worthy, concentrate upon becoming their equal; when you see someone who is unworthy, use this as an opportunity to look within yourself.

The Confucian practice of self-examination does not focus on meditation on metaphysical concepts, but rather involves reflection on everyday events and of one’s consideration of one’s behavior and attitudes related to these events (Wang, 2000). Self-examination

involves setting one's heart/mind in the right direction, and causing ethical changes in conduct based on the guidance of the heart/mind (Shun, 2004).

In developing management ethics, therefore, reflective learning on one's own heart/mind direction becomes an important educational practice. A reflective essay on one's own ethical philosophy based on reflections on one's own ethical conduct as a manager would be a relevant practice in alignment with Confucian ethics. One also improves in ethical practice through reflection on one's own attitudes in comparison with both good and bad examples of the ethical conduct of other managers. Confucian ethical development would seem to involve organizational case studies in conjunction with ethical self-reflection of oneself as a manager.

#### *Mentoring*

The book of Analects is a record of conversations between Confucius and his disciples within the context of a mentoring relationship. The messages of the conversations are sometimes obscure, and sometimes direct. What is clear throughout the Analects is that Confucius places a great deal of emphasis on mentoring as a way of refining ethical conduct. Contrary to common thinking and practice in some Asian educational contexts, Confucius did not teach or encourage a "spoon-feeding" method of instruction. What is clear is that he would offer the "corner" of a subject and ask the students to create the rest of the learning picture (Analects 5:8, Analects 7:8). Confucius is likely to agree that passive absorption of ethics is not likely to yield effective ethical practice. Thus, within a mentoring relationship in organizations, Confucius would appear to encourage active discussion of ethics in practice, with participants offering opinions and receiving correction or encouragement. From a Confucian perspective, therefore, the goal of mentoring in organizations would be to refine ethical conduct, rather than just employee orientation, refinement of skills or career development support.

#### *Potential problems in applying Confucian principles to develop ethical self-regulation*

A few potential problems in applying Confucian principles to develop ethical self-regulation are

evident in previous research. These include the Confucian attitude toward women (Chan, 2008b; Li, 2008) and a history of repressive regimes that have used Confucianism to justify their actions (de Vary, 1991). These issues are too complex to explore here; however, to illustrate some of these issues, we will briefly examine the debate surrounding whether Confucius would support or oppose whistle blowing. Both sides of the debate quote the Analects in defense of their position. Those in favor of whistle-blowing quote:

2:24 To see the right and not do it is to lack courage.

Those opposing whistle-blowing quote:

1.2 Master You said: It is rare to find a person who is filial to his parents and respectful of his elders, yet who likes to oppose his ruling superior. And never has there been one who does not like opposing his ruler who has raised a rebellion.

Empirical research specifically examining the influence of Confucian values on whistle-blowing intentions of public officials in Korea produced a mixed result (Park et al., 2005). Affection between father and son (seen as filial piety) decreased the likelihood of whistle blowing; however, those who made strong distinction between husband and wife roles (traditionally thought of as a Confucian value) increased the likelihood of whistle blowing (Park et al., 2005). The research showed that Confucian values do regulate whistle-blowing behavior, but the direction of the regulation is mixed.

Confucius has been criticized for encouraging discrimination against women, commonly thought of as an ethical problem in modern organizations. Researchers such as Chan (2008a) have pointed out that indeed the Analects promote a patriarchal approach to gender relations, particularly in assigning women to inner/domestic duties and men to outer/public duties (Chan, 2008b, p. 147). Chan does argue; however, that while the Analects support this role distinction, that the active subordination of women is not directly promoted. Later manifestations, particularly Neo-Confucianism, did support the subordination of women (Li, 2008). This controversy remains problematic in considering the applicability of Confucianism to the practice of ethics in modern organizations.

Another problem in applying Confucian principles to develop ethical self-regulation is the history of repressive regimes that have used Confucianism to justify their oppression. This criticism has also been directed to modern governments (such as Korean governments in previous decades) and government leaders (such as Singaporean leader Lee Kwan Yew) who espouse Confucian values (de Vary, 1991). While it may be feasible for Confucian leaders to expect subordinates to regulate their behavior as part of the virtue of loyalty, the major emphasis in the *Analects* is on the leader improving their character with specific discouragement of oppressive tactics (*Analects* 2:19). The relationship between political oppression and Confucian ethics in management (however), requires further research and analysis.

#### *Limitation of this discussion*

This discussion is limited in a number of ways. The authors have worked primarily, although not exclusively, with English language sources. Although one author is literate in basic Mandarin, there are further literature sources on the topic in Mandarin Chinese, Korean Hanggul, and Japanese that we did not use in this analysis.

Another limitation is that we based our discussion on theoretical and conceptual points, with little supporting empirical or historical evidence. Although this is a general limitation usually found in discussions based on moral philosophies, the points made in this article are guidelines worthy of consideration, rather than a framework tested in the modern management context.

#### *Propositions for further research*

We propose two main directions for further research. The first is to look back to see whether the Confucian moral philosophy's reputation for retarding business development and discouraging innovation and creativity is justified, and how modern organizations where Confucian moral philosophy is applied could overcome these limitations. Specifically, the research should examine the question "Is it possible to use Confucian practices to

ethically regulate management behavior without suppressing creativity, business development, and innovation?" Can businesses develop if the manager focuses primarily on becoming a *junzi* rather than a primary focus on profit? History may have lessons that can help modern managers avoid the past mistakes attributed to Confucian moral philosophy.

The second direction for further research is to examine if the practical application of Confucian practices work in regulating the ethical behavior of managers in modern organizations. Specifically, further research should ask "Do the self-regulation conceptions of Confucian moral philosophy restrain unethical management practices in modern societies?" In cruder and more particular terms, does the ritual staff exercises, singing and sometimes dancing seen in some workplaces help staff to work together in harmony? Do these practices then help them to regulate their ethical behavior? Does the presence of a *junzi* in the leadership of an organization influence the regulation of ethical behavior of subordinate staff? These are assumptions that are untested in empirical research, and warrant further investigation.

#### **Conclusion**

This article examined the characteristics and practical applications of a Confucian approach to self-regulation within the context of management ethics. The characteristics of a Confucian approach to self-regulation in the context of management ethics include an emphasis on the virtues of benevolence, righteousness, wisdom, trustworthiness, ritual propriety, and filial piety. We identified seven Confucian principles relevant to achieving ethical self-regulation in management. These include: the goal of becoming a *junzi*; the principle of social harmony; the principle of acting ethically according to roles; the principle of complementary reciprocity (*shu*); the "pole star" principle; the principle of moderated desires; and the principle of being good rather than good laws. The practical applications of a Confucian approach to developing self-regulation include the use of ritual, music, self-reflection, and mentoring. Some aspects of Confucian moral philosophy have limitations in addressing self-regulation in modern management ethics including ambivalence toward whistle

blowing, the Confucian attitude toward women, and the relationship between Confucianism and oppressive politics. Confucian moral philosophy, however, offers an indigenous Chinese theoretical framework for developing ethical self-regulation in managers.

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