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The Evolution of Modern Business Ethics in Reform China

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Abstract

The current research on business ethics in China concentrates on the ethical norms and theories of the academic discipline and immoral business practice. The social production and evolution of business ethics normativity in China is unknown to the public, of which in the aspect of business associations sphere is astonishingly non-existent. The dynamics in the public normative structure is neglected in research. A research on the negotiating, creating and representing process in business related moral normativity can reveal this dynamic process. This research's novelty lies in the historical genealogy of business ethicists' work in contemporary China, which turns out to be significant for an adequate understanding of business moral normativity evolution and China's normative structure transition. By applying moral background theory as theoretical framework and adopting historical research method, the research of Chinese business ethicists' works suggests that pre-established indigenous ideas about social morality and metaphysical structure have not only persisted, but also have dominantly shaped social moral normativity structure.

Since 1949, especially the period after 1978, the socioeconomic transition in China has been unprecedented. Market economy reform has brought the development of business ethics and populated ethics discourses to the fore. I firstly introduce the socioeconomic transition and Chinese traditional cultural resources as entire social backdrop and cultural repertoire for the business ethics. By developing an empirical framework based on Abend's moral background theory, this research tries to firstly analysis the practical problems that Chinese business ethicists want to solve by virtue of ethics, then explains what support, enable and determine their ethical arguments, and tries to depict what moral normativity business ethicists have co-produced and what is in transition in the social normative structure in large. Under this framework, business schools and business associations as two most important public normative spaces in regard to business ethics are empirically examined, and the social context and cultural repertoire on which business ethicists draw. By systematically comparing the moral background patterns and elements emerged in empirical study of a significant corpus of documentary sources, the fundamental moral backgrounds that underlie business ethics in contemporary China has been revealed and configured. I find that there are basic convergences between the origins and underpinnings of modern Chinese ethical understanding and its historical and cultural heritage. Based on my empirical analysis, I argue that the influence of the moral culturalism in Chinese

civilization epistemology as well as Chinese humanistic relational and spiritual ontology still play a dominant role as the deepest moral background of modern business ethics and its development in China.

This research result is an attempt to respond to the question: during the course of modern socioeconomic transition, in which direction is Chinese business ethics evolving? It turns out that Chinese indigenous humanistic and moralism civilization ideas are widely believed as competent in understanding and supporting the glorious Chinese civilization and considerable economic reform success. Chinese civilization is once again legitimized and justified as indispensable essence to be fostered, promoted and practiced in the public normativity structure. By doing this, Chinese business ethicists are aware of pursuing 'Chineseness' and maintaining cultural awareness in the process of massive learning from the West. The learning and adoption of Western, capitalist, and communist practices and knowledge have modified China in many facets but have not yet remade Chinese entirely. In the business morality system, China hasn't taken Western rationalism or individualistic capitalism as its models in regard to modern societal development. Hence, this direction is not towards a possible Western way of thought, but cling to a 'Chineseness' way. This is a significant shift in moral epistemology and ontology. This research proposes a new interpretation of the history of business ethics in the Reform China.

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List of Abbreviations

ACFIC	All-China Federation of Industry and Commerce
CCP	China Communist Party
CEIBS	China Europe International Business School
CKGSB	Cheng Kung Graduate School of Business
CPC	Central Party Committee
CSR	Corporate Social Responsibility
FIC	Federation of Industrial and Commerce
GAZE	General Association of Zhejiang Entrepreneurs
HEAC	Hunan Entrepreneurs Association in Chongqing
HRS	Household Responsibility System
MIT	Massachusetts Institute of Technology
NEP	New Economic Policy
P.R.C.	People's Republic of China
R.O.C.	Republic of China
SEM	School of Economy and Management
SME	Small and Medium Enterprises
SOE	State owned enterprises
TVE	township and village enterprises
WEIB	World Ethics Institute Beijing
USSR	Union of Soviet Socialist Republics

Glossary of the central Chinese terms

Bao	报	Reciprocity; repay
Da tong	大同	The Great Unity; The Great Way; The Great Society
Dao	道	The universal course; the Way
Fengshui	风水	Chinese geomancy
Gong	公	Public; public interest; totality
Guanxi	关系	Relational network;
Junzi	君子	The exemplar
Li	理	Principle; coherence
Li	礼	Ritual
Li	利	Profit; interest
Mianzi	面子	Face
Ren	仁	Benevolence
Renqing	人情	Favor
Si	私	Private; private interest; partiality
Ti	体	Substance; essence
Tian	天	Heaven; Universe
Tianxia	天下	Heaven; the World
Wu wei	无为	Noncoercive action
Wu xing	五行	Five elements
Yi	义	righteousness
Yong	用	Function; utility

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Introduction

Background

Just before I began to plan the research for this book, on 23 July 2018, Chinese Premier Li Keqiang called for an immediate investigation into a business scandal over faulty vaccines.¹ The scandal had erupted a week prior after major vaccine maker Changsheng Biotechnology Co. was found to have violated standards in making rabies vaccine for humans. A sample check in November 2017 also found Changsheng Biotechnology Co. and the Wuhan Institute of Biological Products had produced inferior diphtheria, whooping cough and tetanus vaccines which had been administered to more than 401,000 children as young as three months old in Chongqing, Hebei and Shandong provinces.²

Premier Li said this scandal had crossed a moral bottom line and urged severe punishment for the companies and people implicated. Chinese President Xi Jinping ordered a thorough investigation, saying the violations were “serious and appalling”.³ The cases have sparked anger on social media and dealt a blow to China’s drug regulator.

Unscrupulous immorality in business has haunted Chinese society in recent years. The fatal melamine-tainted baby formula scandal in 2008 shocked the whole country. It broke on 16 July 2008, by news revealing sixteen babies in Gansu Province had been diagnosed with kidney stones. The scandal involved milk and infant formula along with other food materials and components being contaminated with melamine. Of an estimated 300,000 victims in China, 54,000 babies were hospitalized.⁴ The then Premier Wen Jiabao apologized to the nation, saying he felt extremely guilty.

¹ “李克强主持召开国务院常务会议 [Li Keqiang zhuchi zhaokai guowuyuan changuwuiyi / Li Keqiang presided over an Executive meeting of the State Council],” *Xinhua Net 新华网*. http://www.xinhuanet.com/politics/2018-08/16/c_1123282291.htm. Translated by the author. Last access: 01.06.2020.

² Ibid.

³ Kinling Lo, “Changsheng Bio-Tech, the Vaccine Maker behind China’s Latest Public Health Scare,” *South China Morning Post*, July 23, 2018. <https://www.scmp.com/news/china/money-wealth/article/2156520/changsheng-bio-tech-vaccine-maker-behind-chinas-latest>. Translated by the author. Last access: 01.06.2020.

⁴ Yishan Xie, “全国累计报告毒奶粉患儿 29.6 万，将长期跟踪 [quanguo leiji baogao dunaifen huaner 29.6 wan, jiang changqi genzong / A total of 296,000 children poisoned by tainted milk powder have been reported nationwide and will be followed up for a long time].” *Guangzhou Daily*, Jan 13, 2009. Archived on July 14 2020. http://www.ce.cn/cysc/sp/info/200901/13/t20090113_17939708.shtml. Translated by the author.

A decade after public confidence in food and drug safety was undermined by the baby formula scandal in China, it was rocked again by widespread distribution of faulty and expired vaccines. Chinese society is therefore increasingly skeptical about the morality of the country's business. According to a survey conducted by Pew Research Center in 2016, Chinese were more and more worried about business moral issues. Public concern with the safety of medicines has risen from 9 per cent in 2008 to 42 per cent today. Strong concern about food safety has grown from 12 per cent to 40 per cent.⁵ In an online survey conducted by Ipsos MORI in 2017, the top three concerns were threats to the environment(44 per cent), moral decline(39 per cent) and inflation(35 per cent).⁶ In its 2018 survey, the top three concerns were threats to the environment(38 per cent), inflation(32 per cent), and moral decline(28 per cent).⁷ In its 2019 survey, the top three concerns were threats to the environment(41 per cent), moral decline(32 per cent) and inflation(32 per cent).⁸ Among all these surveys, moral decline is consistently listed as top concern. Threats to the environment could also be regarded as a by-product of moral decline as the factories deteriorate the natural environment by immoral dumping of poisonous wastes and illegal emission of polluting gasses. China Southeast University's 'Chinese Ethics and Morality Report: 2008-2018' project conducted interviews in 28 major cities, which covered more than 10,000 households in China. According to its results, on the one hand, the concepts of material wealth prestige and pursuing self-interest have become increasingly common; on the other hand, ordinary people increasingly worry about social morality.⁹

As high-profile business scandals happened repeatedly, business morality has increasingly come under scrutiny. Business moral denunciations as well are particularly common in current China, as the foregoing data has shown. There have been numerous scholarly efforts and approaches in this topic. While there are some scholars who regard the increasing numbers of business scandals as a

⁵ Pew research center Databases: <http://www.pewglobal.org/2016/10/05/chinese-public-sees-more-powerful-role-in-world-names-u-s-as-top-threat/> Last access: 04.05.2020.

⁶ Ipsos MORI: online survey of adults aged under 65 in Argentina, Australia, Belgium, Brazil, Canada, China, France, Britain, Germany, Hungary, India, Israel, Italy, Japan, Mexico, Poland, Peru, Russia, Saudi Arabia, South Africa, South Korea, Spain, Sweden, Turkey and the United States. It asks what are the issues that most worry them and whether they think things in their countries are headed in the right direction. See: https://www.ipsos.com/sites/default/files/2016-10/What_Worries_the_World-Sep_2016.pdf; <https://www.ipsos.com/ipsos-mori/en-uk/what-worries-world-september-2017>. Last access: 04.05.2020

⁷ Ipsos MORI: <https://www.ipsos.com/sites/default/files/ct/news/documents/2018-10/www-september-2018.pdf>. Last access: 04.05.2020

⁸Ipsos MORI: <https://www.ipsos.com/ipsos-mori/en-uk/ipsos-mori-issues-index-september-2019-lack-faith-politics-reaches-new-high> Last access: 04.05.2020

⁹ Hao Fan et al 樊浩等, *中国伦理道德报告* [zhongguo lunli daode baogao/China Ethics and Morality Report] (北京 [Beijing]: 中国社会科学出版社 [zhongguo shehui kexue chubanshe], 2012), 3.

representation of moral vacuum in a transition period,¹⁰ or try to discover a kind of egotism at play in certain cases,¹¹ other ethnographic researches reveal a continuity of traditional virtues and moral practice,¹² or an apparent rising trend of moral reasoning and actions in Chinese society.¹³ No matter what kind of approach these scholars employ, they share a similar premise: business ethics has been become a conspicuous social topic in reform China.

The most recent large-scale social transformation is the market economy reform since 1978. This economic reform's main task is building a market economy system and abandoning the precious planned economy model. Market economy implies enormous impact on the whole of society's structure. Since reforms began, economic prosperity along with high-speed development have become the dominant themes and benchmarks in the social and political life. As a market economy once again becomes one of the mechanisms of resources distribution in China, people's mindset changes as consequence. The moral ambiguity of business profit is a theme over which Chinese society has long worried. They become crucial questions in Chinese cultural context.

Ascribing moral reasoning to business has occurred very often since market economy appeared. It is not hard to understand why this ascription is in particular energetically pursued under conditions of rapid economic transformation. Transforming societies are often plagued by mixed moral norms and ethical understandings. In modern after 1949 Chinese context, Maoist class struggle, moral campaigns and political movements had once created a selfless heroic ethical model. In the chaos of the initial stage of market reform, people faced both abundant profit chances and rampant business scandals all of a sudden. The Maoist high moral model cannot fit in the market context and caused chaos. It seems plain that people need to re-calibrate the coordinates of morality. Hence, amid this period of sweeping social, political and economic transition, there is a discernible increase of substantive efforts concerning business ethics and morality in the society. The public domain has started to teem with business ethics and morality topics. Such anxieties and crises have brought business ethicists into the limelight, leading to a significant boom in business ethics discussions and discourses.

¹⁰ Huaihong He, *Social Ethics in a Changing China: Moral Decay or Ethical Awakening?* (Washington, D.C.: Brookings Institution Press, 2015); Zhaoming Gao 高兆明, *道德失范研究: 基于制度正义视角 [daode shifan yanjiu: jiyu zhidu zhengyi shijiao / Research on Moral Anomie: Based on the Perspective of Institutional Justice]* (北京 [Beijing]: 商务印书馆 [shangwu yinshuguan], 2016).

¹¹ Yunxiang Yan, *The Individualization of Chinese Society* (Oxford: Berg Publishers, 2009).

¹² Jean C. Osburg, *Anxious Wealth: Money and Morality Among China's New Rich* (Stanford: Stanford University Press, 2013).

¹³ William R. Jankowiak, "Market Reform and the Expansion of China's Moral Horizon," *Journal of Urban Anthropology and Studies of Cultural Systems and World Economic Development*, no. 33(2004):167-210.

Basic Methodological Considerations

This complex social reality needs a profound and systematic reflection on the business ethics evolvement. Current empirical studies of business ethics in China are mainly focusing on the moral norms, beliefs and behavior of businesspeople and approaches that aim at the obliteration of business immorality.¹⁴ These are very important approaches in business ethics research. Nonetheless, they are incapable of explaining the sharp appearance of new public accounts and the dynamics in the public normative structure. What I have seen in this structure is an interweaving negotiating, creating and representing process in business ethics at the societal level in this social and cultural transition period. This deserves to be empirically examined and explored.

In this regard, business ethics should not be merely regarded as a single or static field. It combines and encompasses social and business actions, mindsets, behaviors, common sense, values, beliefs, norms, social and economic institutions, formal and informal market institutions, pre-existing cultural customs and concepts, etc. Business ethics are deeply rooted in concrete culture and tradition, which determines the understanding is different from culture to culture. Ethics could be regarded as an expression of lived worlds of concrete societies in historical contexts. Hence, at the societal level, in order to be convincing, business ethics claims, and arguments should be conceived in relation to established and pre-existing cultural and social ideologies, concepts and institutions. In a nutshell, their justification and legitimization depend on the shared cultural orientations in a society.

What make modern Chinese business ethics domain distinctive as a research topic is its condensed development in 40 years, from scratch to the most talked social topic and most favored subject in ethics research. Hence, it obviously manifests itself as an observable dynamic ethical construction process. In the culture study, in contrast with previous thinking that perceived culture as a list of traits inherited passively from ancestors in preordained or immutable forms, most anthropologists today view culture as a set of symbolic representations that people must construct for themselves.¹⁵ Cultural activity should be regarded as a creation

¹⁴ Zhidan Zhang 张志丹, “中国经济伦理学 40 年: 历程、创新与展望 [zhongguo jingji lunlixue sishi nian: licheng, chuangxin yu zhanwang / The 40 years of Chinese Business Ethics: Course, Innovation and Prospect],” *江苏社会科学* [*jiangsu shehui kexue / Jiangsu Social Sciences*], no.2(2019):112-24; Xiaohu Lu 陆晓禾, “最近五年我国经济伦理学理论前沿概论 [zuijin wunian woguo jingji lunlixue qianyan gailun / The Cutting-Edge Theoretical Research in Business Ethics in China in Recent 5 Years],” *伦理学研究* [*lunlixue yanjiu / Ethics Study*], vol.6, no. 80 (Nov., 2015): 80-6.

¹⁵ Clifford Geertz, *Negara: The Theater State in Nineteenth Century Bali* (Princeton, New Jersey: Princeton University Press, 1980); Marshall D. Sahlins, *The Use and Abuse of Biology: An Anthropological Critique of Sociobiology* (Ann Arbor, MI: University of Michigan Press, 1976); David M. Schneider, *American Kinship: A Cultural Account* (Chicago: University of Chicago Press, 1980).

activity, which leads to cultural syntheses, creolism, or perhaps also revivalism of tradition. “What is a legacy of the past, in this view, is the whole range of symbols, ideas, values, norms or institutions that make up a semiotic repertoire which is handled by cultural activity in the present. Evidently, this may also create continuities between past and present”.¹⁶ Ethics is an essential part of culture. People who involving in Chinese business ethics development actually create and construct business ethics for themselves.

In this regard, approaching ethics as a system of meaning creativity and construction step in as important factor in business ethics research. This understanding of culture and ethics actually helps us better understand what happens to business ethics in diachronic and synchronic dimensions. I argue, the study of the evolvment and dynamics of business ethics in contemporary China at the societal and institutional levels needs a synthetic study of these societal and cultural meaning producing mechanisms and social normative structure, which requires crosscutting the various intellectual endeavors in this regard. We cannot afford to ignore the resulting insights. The study of these shared cultural and social orientations, institutions, and mechanisms further calls for some methodological innovations in order to try to pull together the insights gleaned from the different elements.

In this research, I follow a new theoretical approach created by American sociologist Gabriel Abend, who has written a widely acclaimed book dedicated to the development of business ethics in the United States in the first half of the twentieth century, and who has developed the theoretical concept of ‘moral background’, which is a strong conceptual tool for explaining normative transitions in social morality. The new concept of ‘moral background’ can be usefully applied to the analysis of moral normativity as social and cultural constructed facts, with particular causal histories, and whose particular modes of operation, modes of existence, and materiality can be analyzed as well. It also helps, therefore, in understanding the character and genealogy of business ethics’ cultural and institutional configurations.

According to Abend,¹⁷ morality consists of three levels: moral and immoral behavior, or the behavioral level; moral understandings and norms, or the normative level; and moral background. The first two are characterized as first order behaviors and rules. The third level of morality, the moral background – which includes what moral concepts exist in a society, what moral methods are acceptable, and what reasons are given – is characterized as second order morality. The moral background is a synthesis of commonly held epistemological and ontological intuitions, dispositions, or assumptions. The first order morality is

¹⁶ Carsten Herrmann-Pillath, *China’s Economic Culture: The Ritual Order of the State and the Market* (London and New York: Routledge, 2017), 12.

¹⁷ Gabriel Abend, *The Moral Background: An Inquiry into the History of Business Ethics* (Princeton: Princeton University Press, 2014), 66-9.

underlain by the second order moral background. This background acts as a conceptual backstage, which motivates, enables, and supports societal moral claims, norms, actions, practices, and institutions. An important fact about the moral background is that its differences are essential in demarcating complex moral, religious, and metaphysical views, even though they generally manifest themselves as intuitions.

In a nutshell, the moral background is the set of theories, concepts, habitus, ideas and tools that people, or organizations share and employ to ascertain goodness in the realm of morality. It is an ontological, epistemological collection of concepts that allow us to make moral judgments, moral claims, and establish standards and norms for ethical behavior — the so-called first order morality. When people make a moral judgment, claim a moral understanding, or offer a moral response to a particular moral problem, the moral background manifests itself as the concepts, methods, ideas, and cultural and social repertoires that are used to comprehend and deal with this moral problem. In different societies and among different communities within one society, moral background can be very different. Hence, the moral background as a social and cultural thing should preferably be examined, understood and explained through public ethical discourses, such as discussions, claims and arguments.

I employ moral background as a theoretical and methodical framework in my research. My main endeavor concentrates on empirical research of the moral background. Assuming that moral background manifests itself as moral considerations and proposals in the public accounts and representations of business ethics, the best place to approach is the public social moral sphere, which contains business ethicists' work at large. Business ethicists are the ones in the society who provide moral causation accounts in the first place, develop business ethics, reinforce them, and help get them socially accepted. Or in other words, business ethicists are “the key actors in the social production chain of business ethics: from designing, articulating, circulating, and validating, to legitimating public understandings and accounts about the social reality of morality in business.”¹⁸ Therefore, business ethicists are the ones in the business morality field who are directly relating themselves with the social and institutional normative structure in regards of business and economy.

I do empirical research on contemporary Chinese business ethicists' work, focusing on the two most important loci in the social normative structure — universities and business associations. This is a research about Chinese contemporary business ethicists since economic reforms began in 1978: their practical work in business ethics domain, and the cultural and institutional contexts in which they carry it out. This is a book about the history of this work. The primary purpose of this study is to understand and frame the development of business ethics in China since 1978 by examining the variety of business ethicists

¹⁸ Abend, *The Moral Background*, 9.

and the thought communities that they represent: analyzing their expressed statements, to find out the moral background in their work. It portrays the diversity and framework of business ethics communities across the country.

In China, universities and business associations are two public spaces which are commonly considered as the primary places that generate, circulate, and verify business ethics work – whether theoretically or in practice – and also gather most business ethicists. This is why I choose these two public spaces to conduct my empirical work. I read and analyzed the varied corpus of documents and public accounts through the moral background lens to reveal the patterns that emerge across them.

By revealing the moral background patterns of Chinese business ethics, we can better understand and frame the development and current situation of business ethics in China, and be clear about idiosyncratic traditions that are built into their ways of being. This book's historical and cultural narrative hopes to contribute to this kind of societal self-understanding.

An Overview of the Arguments

In this research, I explore the work of current Chinese business ethicists, including their prescriptions, claims and arguments, as well as the social context and cultural repertoire on which they draw. I find that there are fundamental convergences between the origins and underpinnings of modern Chinese ethical thought and its traditional cultural heritage. The moral background analysis results unfold the relationship between China's past and present with regard to shared orientations. Based on my empirical analysis, I argue that the moralism in Chinese culturalist civilization epistemology¹⁹ as well as relational and spiritual moral ontology, which serve as sources of normativity in the past, still play a dominant role as the deepest moral background of modern business ethics.

If this argument has merit, it points to one important way in which Chinese cultural thought – pre-communist cultural thought in particular – shows a continuous development. The learning and adoption of modern capitalist, communist practices and scientific knowledge have modified China in many facets,

¹⁹ Joseph R. Levenson, *Liang Ch'i-ch'ao and the Mind of Modern China* (University of California Press, Berkeley, 1953): Levenson first proposed the 'culturalism' notion as a core concept in current modern Chinese thought study. He offered a subtle, provocative, and influential elaboration in his famous "culturalism to nationalism" thesis. See also James Harrison, *Modern Chinese Nationalism* (Hunter College of the City of New York, Research Institute on Modern Asia, New York, n.d. 1969): Harrison observed that "the traditional Chinese self-image has generally been defined as 'culturalism', based on a common historical heritage and acceptance of shared beliefs, not as nationalism, based on the modern concept of the nation-state" (p2). Hence, Levenson and Harrison's thesis perceived the primary Chinese identity, before the national salvation crises of the late Imperial times, as cultural.

but have not yet remade Chinese entirely. In the economic system, even though adopted capitalism mode of production, the moral system hasn't taken Western enlightened rationalism or modern individualism as its models in regard to modernization development. The pre-established indigenous communal, relational and spiritual concepts about social morality have not only persisted but also have shaped the emerging moral normativity structure.

The first payoff of this research lies in the novelty of the contemporary business ethics history in the perspective of moral background it tells, much of which is unknown to the public, whether in its business schools' aspect, or its business associations' aspect. The current research on business ethics development in Chinese business schools only concentrates on the norms and theories of the academic discipline, whereas research on the business ethics development of business associations is astonishingly non-existent. There is, without doubt, an ignorance about the historical genealogy of the field of business ethicists' work in contemporary China, which turns out to be significant for an adequate understanding China's socioeconomic transformation. I hope my research can remedy this neglect.

The second payoff is a better understanding of Chinese moral and cultural identity, or what some would call, 'Chineseness'. Local knowledge is what a society relies on to understand itself and be recognized by other cultures. Social and institutional arrangements cannot be based on abstract and rational plans alone. My elaboration, in chapter one, on the evolving process of communism ruling in China could illustrate this point. It is "therefore crucial for a society to understand its particular character and the genealogy of its cultural and institutional configurations".²⁰ This research contributes to the understanding of the evolvement of the particular Chinese identity, and the idiosyncratic traditions that are built into Chinese ways of being.

Chapter Plans

Let me summarize the chapters in this book. Chapter one is a historical introduction of socioeconomic transition from 1949 to the Reform and Opening up era. From 1949 to 2000, the first 50 years of the People's Republic of China have seen the most radical changes in contemporary Chinese history: from the economic system's revolutionary upheaval during Mao Zedong's radical collectivization and de-marketization, to Deng Xiaoping's turn towards market Reform and Opening up. Along with the socioeconomic flux, the influences on social morality experienced sweeping shifts: from traditional ritual and Confucian ethics, through Maoist radical utopian revolutionary ethics, to Deng's pragmatic market ethics and socialist spiritual civilization ethics.

²⁰ Jankowiak, "Market Reform and the Expansion of China's Moral Horizon," 209.

The Maoist de-marketization as well as planned collectivized economy system and Deng's market reform represent two kinds of moral attitudes towards the market and individual profit. Their main difference lies in whether individual profit-making and a market economy are justified as morally legitimate within Chinese socialist regime. In this regard, Deng and Mao seem to represent two opposite poles. So, the transition from Mao to Deng is widely regarded as a shift in the moral understanding of private profit, from virtue rigorism to pragmatic economic promotion. However, my argument is that neither Mao's virtue rigorism nor Deng's moral pragmatic tendency are new in Chinese moral attitudes. Oscillation between the two poles of moral idealism and moral pragmatism has happened continuously in Chinese state ruling history. This oscillation creates a tension in the endeavor to balance two deep-seated moral concerns among state rulers and policy makers: the very question of the people's livelihood and the ascendancy of moral values. Nonetheless, profit claims cannot take priority over moral claims in the economic realm. The enunciation of moral values has a consistent strong role in any official ideology.

The economic reform that began in 1978 is an efficiency-oriented de-collectivization reform in its first stage. When the market, as a key institution, was needed again as the center of economic life. It changed the basic economic structure of society. People began to discover or rediscover forms of ethical networks, most of which, are traditional, such as kinship, clan, acquaintance, geographic relationship, and *guanxi*, etc. They are shared forms of local knowledge that stem from a combination of cultural norms, of which morality is part and parcel. As shown in this chapter, in this re-establishing process, there is a deep-seated coherence with pre-1949 culture, from which stem the cultural resources that I deal with in my second chapter.

In chapter 2, I embarked on encapsulating the basic cultural repertoire that supplies the resources of business ethics, and which originates from the birth of the market and economic activities in China over the past two thousand years. This cultural repertoire has supported the economy and market to function and develop. It has a persistent influence on the business ethics development in China's current socioeconomic transition. A detailed inspection China's cultural resources in this context is quite worthwhile. Their significance lies in the fact that they have blurred together and organically united as metaphysical and experiential attitudes, beliefs and values. They lie largely below the level of consciousness, and which are highly resistant to dilution.

China is a society with a diverse spiritual life, and ideologies often come from multiple beliefs or religions. There has existed no period of a single religious dictatorship in traditional Chinese society. Different guises of religions, thoughts and ideologies have blended and blurred with Chinese folk customs. For example, the three Great Teachings of Confucianism, Buddhism, Daoism have coexisted and intermingled since the Song Dynasty, while Islam and Christianity have also coexisted peacefully with them in many areas. The norms of daily life are a mix of

different traditional customs, philosophy, habitus, religions, local god beliefs, covenants, ritual, and kinship disciplines.

I systematically introduce and scrutinize business ethics related thinking and ideas in Confucianism, Daoism, Chinese Buddhism, folk secular cultures and popular religions, and Christianity in China. Then I dwell on the relationship between the thinking and the modern business ethics accounts.

In reality, business ethicists have always suggested that businesspeople should be ethical, not cheat, and have integrity. These familiar demands were repeated a hundred, even thousands, years ago in Chinese history, as I show in chapter 2. Nonetheless, we cannot presume that configuration of morality in business is immutable. Employing Goffman's theater theory, what businesspeople do, or are directed to do, at 'front stage', in public, may be one thing: for example, do not cheat and be trustworthy.²¹ However, this cannot guarantee that the societal configurations of ethics 'back stage' are the same. What is actually being publicly regarded as morally permissible and desirable may come from a totally different starting point and evolving path. And we cannot afford to ignore this aspect. These are as well morality facts, which exist at the societal and cultural level. They are not determined by individuals, but rather belong to the cultural, ideological and metaphysical superstructure. Thus, this chapter describes the deep orientations of Chinese ethical thought that are related with business. It helps to clarify the moral background behind Chinese business ethics. Current business ethics discourses in China factually draw on these resources.

In chapter 3, I introduced Abend's moral background theory as my approach to this long-ignored moral background of business ethics. The first part of this chapter constructs my theoretical framework, overarching moral background theory, business ethics domain situation in the China's socioeconomic transition. I firstly introduce the conceptualization of moral background, including its theoretical definition, how it comes into being, its philosophical genealogical tree, working field, empirical methodological dimensions and the interrelationship between its theoretical basis and empirical concept operationalization.

The second part of chapter 3 is a brief diachronic introduction of modern business ethics domain and business morality in public discourses in China, in the reform period since 1978. In this part, I briefly examine three main fields: the state, academia and business associations. I revealed how these actors construct business ethics, together with their particular aims, claims, and ideas. The third part of the chapter is a description of the data collection, samples selection and analysis methodology in this research. I explained the historical method in moral background research and how this methodological approach is applied in this particular research. Then I explain and illustrate the hermeneutic interpretation method as a promising method that I used to analyze the texts.

²¹ Erving Goffman, *The Presentation of Self in Everyday Life* (New York: Doubleday Press, 1959).

Chapters 4 and chapter 5 present my empirical research and explain how I apply moral background theory. By considering wider social and institutional factors in the lived expressions of moral thought, I probed into public moral normativity through analysis of business ethicists' work. Business schools and business associations are the most important and main engines in this public moral framing sphere. I examine these two respectively as subjects in chapter 4 and chapter 5. By revealing their divergent or recurring moral background elements, this contributes directly to the understanding of second-order business morality of Chinese society.

In chapter 4, business schools and their business ethicists are the protagonist. The academic field of business ethics emerged in several very high-status universities, against the backdrop of the establishment of market economy in Chinese economic reform. Using public primary sources, I bring to light some important developments: new business schools, new business ethics courses setting at the School of Economics and Management at Tsinghua University; Ethics Education reform at Tsinghua University; Sense of Social Responsibility Education model at the Guanghua Management School at Peking University; Humanistic Curriculum reform at the Cheung Kong Graduate School of Business; National business Ethics lectures and forums offered at the World Ethics Institute Beijing at Peking University.

This chapter is an empirical study of moral background in the business ethics development in the aspect of business schools in China. It shows that, when the market economy reform started in the late 1970s, business ethics issues was considered so important that socially prestigious and influential actors in academia began to care and determined do something about it: a considerable number of discussions about it began to appear in print, as well as concrete educational changes in the curricula of universities and ethics reforms in educational institutions. By virtue of analyzing ethicists' claims and programs, and taking into account local practices in context, I argue that their main objective is to justify moral education's central role in new state economy, Chinese society and modern Chinese civilization. I believe this particular moral background research on Chinese business ethics education history has particular value in considering the ethical tension between 'Chinese Essence' and 'Western Science Influence' during the last few hundreds of years. It is an effort in holding up to scrutiny certain assumptions about Chinese thought history. My conclusions from this empirical research suggest an uninterrupted development of Chinese traditional moral thought, although affected and modified to some extent by Western influence. The Chinese thinkers in educational institutions have not lost their faith in the value of traditional Chinese moral civilization. In fact, they, consciously or unconsciously, feel a social compulsion to use traditional moral legacy for all it is worth. And these high-level educators seek to strengthen its claim to value. Consequently, the history of Chinese moral thinking in this regard shows a modified but not broken, development.

The story in chapter 5 revolves around the private business associations. I

selected for my empirical research representative and influential ones that were founded since 1978 economic reform. They emerged out of a strong need of private entrepreneurs to get justified recognition in moral terms in the market reform process. Seeking to justify and legitimize themselves morally, they try to answer urgent practical questions: what is good for the Chinese market economy and themselves as new business groups? What are entrepreneurs' roles and identities? What can private businesspeople do for this end? These concerns gave private business associations a good practical reason to promote business ethics.

This chapter presents several illustrations in the aspect of private business associations and their leaders, including the 'Integrity-Pass' of Alibaba Group, Chint Group's 'National Industrial Dream', the Hunan Entrepreneur Association's 'Xiang Entrepreneurs' Culture Construction', and the Confucian Entrepreneurs' 'Traditional Cultural Management Camp'. I analyze these entrepreneurs' business ethics work in detail, and in particular the tension between two arguments: *yi* and *li* [righteousness and profit]. This dichotomy then expands to the relationship between the concepts of *gong* and *si* [public and private], nationalism and individualism, traditional moral culture and modern capitalism. Empirical research in this chapter argues that China's traditional moral and cultural concepts and understandings are still at the heart of the Chinese leading businesspeople and recognized as the irreducible basis and source of morality.

In the concluding chapter of this book, I summarize the empirical findings of chapters 4 and 5. Firstly, I categorize all the types of moral background shown in the empirical research and compare them. Then, out of the five types in total, I distinguish two main groups. These are the traditional culture reliance group, and the modern social practice group. The traditional culture reliance group's moral background is based on a metaphysical picture or understanding inherited from traditional Chinese moral culture. This culture emphasizes the moral nature of human beings, heaven and the human mind as ultimate origin and wellspring of morality, will's transformative power, spirit's ontological status as core in the social moral sphere, interdependent / relational ideology in social structure, ritual's priority in interpersonal networking, the value of collectivism and communal / group / national identity.

In contrast, the modern social practice group admits science and technology as a functional means and pragmatic tool for the realization of moral ends. Evidence has shown a buttress of science concept as necessary part in modern business ethics. They emphasize a positivist aspect of social morality, rather than merely relying on abstract moral semantics. They argue that stressing on practice is a proper way to deal with human social affairs. Justification of science lies in its effective function in moral practice. Modern science is justified as one concrete and provable method and tool that can help to increase the moral supply of society and economic success: they are useful means for ultimate moral ends. This type believes in the positivist function of science, particularly the efficiency of science method, effect of scientific practice, and the amenability of moral affairs to certain

scientific notions. They believe business ethics can be cultivated scientifically in order to help entrepreneurs and the whole society take ethics into account in practice.

Nonetheless, my empirical research shows that the moral practice group's attitude towards science rational knowledge and practice haven't led them to a scientific or materialism philosophy stance in morality ontological understanding. This moral background pattern makes itself closer to the pragmatic reasoning aspect of Chinese philosophical and folk cultural tradition that manifests itself as avoiding metaphysical talking and abstract speculation. Its basic stance is to stress on circumstance/situation, to emphasize that knowledge and learning must be connected with reality and practice, and to attach great importance to practice and focus on the combination of action and mind.

The convergence of these two groups in moral background by virtue of epistemology and ontology of morality is much greater than their divergence in the aspect of means, tools and method of morality in business. Or in other words, their similarity in moral background is more fundamental. The empirical findings in Chapter 4 and 5 suggest that, in Chinese context, indigenous thoughts, pre-communist civilization thought in particular, persists in a continuous development. Pre-established indigenous understanding of social normative sources and metaphysical structure have not only persisted, but also have determined and shaped the evolving modern moral normativity structure.

I argue that, even while recognizing the process of ideological negotiation and transformation since late Imperial times, especially with extensive Socialist movements in Maoist era, all-round learning and adoption of Western capitalist modes of practice and Western scientific knowledge in market reform, Chinese indigenous humanistic civilization ideas, culturalism attitudes and spiritual ideologies that preexisted in society continue to animate, constitute and even direct the everyday moral life of society. The Chinese continue to organize their own moral life in ways that are more associable with pre-established social and cultural thoughts and ideas.

This inquiry deals with the past and the present. To some extent, my research is an attempt to respond to the question: during the course of China's reform, in which direction is Chinese social morality evolving? Is there a middle ground between tradition and modernity, as well as between 'Chinese' and 'Western'? These four directional tendencies appear in many ways. It is my hope that my research contributes to a comprehensive inquiry into and discussion of these four tendencies in the modern Chinese socioeconomic transition. The results of my research would suggest a movement towards a new tradition, a new direction, in China's self-understanding.

Chapter 1 Morality in China's Socioeconomic Transition

—From Mao to 'Reform and Opening-up'

The foundation of the People's Republic of China in 1949 firstly marked the beginning of a political transformation towards a new socialist state after a long period of civil wars, regional militarization and socioeconomic upheavals. From 1949 to 1976, the practice of China's socialist state building could be termed as "Maoist socialism", which relied on the socialist state's monopoly of political power and the collective ideology on the one hand, and its monopoly of economic power through a highly planned economy and its collective production and redistribution system on the other.²²

The political and economic measures of this period included, just to name a few, collectivization, de-marketization, an indigenous Soviet nomenklatura system, state-led industrialization, the People's Commune, class classification and labeling, as well as consistent political campaigns which aimed at establishing new particular political and social systems.²³

After the death of Mao in 1976, Deng Xiaoping claimed the CCP would follow its own socialist state development path, calling it "the socialism with Chinese characteristics".²⁴ This period is regarded as a new phase after Maoist rule, marked by a significant shift to a market-oriented economic reform. In the socioeconomic structure, we could see a change from centralizing collectivization to a trend of de-collectivization and marketization.

²² James A. Gregor, *Marxism and the Making of China: A Doctrinal History* (New York: Palgrave Macmillan, 2014), 1-24.

²³ Felix Wemheuer, *A Social History of Maoist China: Conflict and Change 1949-1976* (Cambridge: Cambridge University Press, 2019), 152-61.

²⁴ The term was first used by Deng Xiaoping in the opening speech of the 12th National Congress of the Communist Party of China (NCCPC) in 1982. See: <http://cpc.people.com.cn/GB/64162/64168/64565/65448/4429495.html>. Last access: 04.07.2020. Translated by the author.

1.1. 1949-1976 Maoist Socialism

1.1.1. A Highly Planned Economy and its Result

The Chinese economy inherited by the socialist government in 1949 was a war-torn economy in which 89.4 per cent of the population lived in rural areas and industry accounted for only 12.6 per cent of national income.²⁵

At the early stages of P.R.C.'s foundation, Mao once claimed that communism would help end China's reputation as a lesser-developed country: "the era in which the Chinese were regarded as uncivilized is now over. We will emerge in the world as a highly civilized nation".²⁶ From 1949, the new regime quickly established a planned economy and collective production system, under the policy of "state monopoly purchase and marketing",²⁷ and continuously extended control over production, starting with fixed production and purchase orders. In rural areas, these measures collectivized almost all farmers.²⁸ On this basis, production teams took over the economic decision-making power of the family, and the state government directed the production teams through extremely detailed production and procurement instructions.²⁹

Near the end of 1952, Mao announced a plan for 'The Three Great Remouldings':³⁰ the transformation of private capitalist industry and commerce into a state-owned enterprise; the transformation of individual agriculture into collective; the transformation of individual handicraft industry into collective. All these three transformations were completed by the end of 1956. Meanwhile, the government had adopted a Stalinist heavy-industry-oriented development strategy

²⁵ 国家统计局综合司, 系列报告之十二: 从一穷二白到现代工业体系的历史跨越 [National Bureau of Statics, Serial reports No.12: *From Zero to Modern Industrial System, A Historical Breakthrough*].

See: http://www.stats.gov.cn/ztjc/ztfx/qzxzgc160zn/200909/t20090921_68644.html. Last access: 15.01.2019. Translated by the author.

²⁶ History.com Editors, *Mao Zedong outlines the new Chinese government*. <https://www.history.com/this-day-in-history/mao-zedong-outlines-the-new-chinese-governme>. Last access: 20.01.2019.

²⁷ State Council Seventh Office Work Bulletin No.1 (Jan 4, 1955), page 155-6, published online: 07 Dec 2014. <https://doi.org/10.2753/CLG0009-4609260304155>. Last access: 20.01.2019.

²⁸ Zhenlin Tan, Comrade Tan Zhenlin's Report on the Grain and Cooperatives Situation in Zhejiang, 197-9, published online: 07 Dec 2014. <https://doi.org/10.2753/CLG0009-4609260304197>. Last access: 20.01.2019.

²⁹ Felix Wemheuer, *A Social History of Maoist China: Conflict and Change 1949-1976*, 495-502.

³⁰ Great Chinese-English Dictionary, p430 (Beijing: Great Chinese-English Dictionary Press, 1999).

since 1952. This period, from the 1950s until the end of the 1970s, was often referred to as the “planned economy period”.³¹

To be precise, it should rather be called “the period of pursuing a planned economic ideal that could not be realized and was frustrated.” The planned economy is an artificial economic system derived from Marxist theoretical deduction and the Soviet experience. According to this theory, the entire national economy can be manipulated and implement the up-to-bottom “planned and proportionate” economic development design. This should be achieved on a society-wide scale by centralized political decision-making, based on the system of state-owned means of production. The purpose was to avoid the cyclical crises of the capitalist market economy and achieve a faster industrialization rate than the capitalist market economy.

Although the idea of a highly planned economy was tempting, it was impossible to meet the goals in reality. Therefore, the pursuit of a planned economy was counterproductive. Consistent with the planned economy was the closure of China’s national economy to the outside world.

From 1958 to 1962, the ‘Great Leap Forward’ campaign was inaugurated, in terms of which Mao aimed to quickly transform China from an agrarian economy into a socialist economy through rapid and highly planned industrialization and collectivization, in spite of local conditions and economic reality.³² This campaign turned out to be seriously out of balance. According to Gregor, “the Chinese economy had foundered on failed efforts and mistaken policies—at the cost of the wholesale waste of labor and resources. The frightful toll in terms of human deaths alone made the ‘Great Leap Forward’ one of the most tragic periods in the tragic history of China.”³³

The following years (1963-1965) were an adjustment period for the national economy. The Chinese economy slowly recovered its vitality by gradually loosening the planned control. However, in the mid-to-late 1960s, the ideology of the planned economy became more and more a creed that did not allow any doubts or leeway. A serious deviation between ideology and economic reality, coupled with erroneous political movements and the ruthless implementation of the political class struggles, caused great damage to the national economy.³⁴

³¹ Mao Zedong first mentioned the “Three Great Remouldings” in the meeting of the Political Bureau of the Communist Party of China (CPC) Central Committee on June 15, 1953. Information selected from Zhongmin Zhang 张忠民, “公私合营”研究 [*gongsi heying yanjiu / public-private joint management Research*] (上海 [Shanghai]: 上海社会科学院出版社 [Shanghai shehui kexueyuan chubanshe], 2015), 33-41.

³² Zedong Mao, “Talks at the Wuchang Conference (November 21–23, 1958),” In *The Secret Speeches of Chairman Mao: From the Hundred Flowers to the Great Leap Forward*, eds. Roderick MacFarquhar, Timothy Cheek, and Eugene Wu (Cambridge, MA: Harvard University Press, 1989), 494.

³³ Gregor, *Marxism and the Making of China: A Doctrinal History*, 155.

³⁴ *Ibid.*, 140-71.

This divergence of political life and economic life reached its peak during the Cultural Revolution, a disastrous period of social upheaval that lasted from 1966 to 1976. It was launched in order to purge capitalist thoughts and traditional remnants from Chinese society, and to re-impose Maoist ideology.

The social environment during this period was awash in urban violence between Red Guard factions and the brutal persecution of perceived counter-revolutionaries. Rurally, from 1968 on, large numbers of urban youths were sent down to the countryside, to “accept labor re-transformation”.³⁵ Because the violence among factions and the persecutions escalated nation-wide, economic and production activities almost came to a halt. A World Bank document indicates there were around 250 million rural poor at the time of Mao’s death.³⁶ According to Frank Dikötter, “...starvation remained common in large parts of the countryside until 1976.”³⁷ Both Angus Maddison and Harry Wu’s works reveal that, in the period of 1966 – 78, there was per capita GDP growth in China of just 2.5 per cent.³⁸ By the end of the 1970s, the national economy had reached a dangerous situation of “being on the verge of collapse... [with] unmistakable signs that both agriculture and industry were in serious trouble and that the problems were worsening.”³⁹

In recent years, there are some scholarly efforts to offer a revision to the above widely accepted claims of economic failure in this period.⁴⁰ Their counterarguments claim that a “‘metric of aggregates’ (the national growth rate,

³⁵ Wemheuer, *A Social History of Maoist China*, 1646-51.

³⁶ World Bank, “*China: Reform and Development in 1992-93*,” 31-40. <http://documents.worldbank.org/curated/en/424651468769174777/China-reform-and-development-in-1992-93>. Last access: 20.01.2019.

³⁷ Frank Dikötter, *The Cultural Revolution: A People’s History, 1962-1976* (New York: Bloomsbury Press, 2016), 263.

³⁸ Maddison Research, “Historical Statistics, World population, GDP and per capita GDP, 1–2003 AD.” <http://www.ggd.net/Maddison>. Last access 20.01.2019; Harry, X. Wu, “China’s Growth and Productivity Performance Debate.” https://www.conference-board.org/pdf_free/workingpapers/epwp1401.pdf. Last access: 20.01.2019.

³⁹ Harry X. Wu, “*China’s Growth and Productivity Performance Debate*.” https://www.conference-board.org/pdf_free/workingpapers/epwp1401.pdf. Last access: 20.01.2019.

⁴⁰ Mingqi Li, *The Rise of China and the Demise of the Capitalist World-Economy* (New York: Monthly Review Press, 2009), 37-48. Mobo Gao, *The Battle for China’s Past* (London: Pluto Press, 2008), 12-9; Dongong Han, *The Unknown Cultural Revolution* (New York: Garland Publishing, 2000), 79-81; William Hinton, *The Great Reversal* (London: Earthscan, 1991), 121-35; Chris Bramall, *In Praise of Maoist Economic Planning* (Oxford: Clarendon Press, 1993), 37-55; *Sources of Chinese Economic Growth, 1978-1996* (Oxford: Oxford University, 2000), 178-91; *The Industrialization of Rural China* (Oxford: Oxford University Press, 2007), 77-90; “A Late Maoist Industrial Revolution? Economic Growth in Jiangsu Province (1966–1978),” *The China Quarterly*, vol. 240 (2019): 1039-65; Marc Blecher, *China Against the Tides (3rd Edition)* (London: Bloomsbury, 2009), 83-90; “A Late Maoist Industrial Revolution? Economic Growth in Jiangsu Province, 1966-1978”, *The China Quarterly*, no.240 (2019): 1039-65.

living standards and rural poverty) is (not) the appropriate way to judge China, and that the late Maoist record is not clear cut”.⁴¹ However, it is hard to deny the fact that in general China then was a society in disintegration because of escalating political fights and failing economic policies. By the end of the Cultural Revolution, their lives under great pressure, people resorted to every means available to try to lead normal lives. However, even just surviving was a problem, especially in some rural areas.

1.1.2. Maoism as a Moral Ideology

The above-mentioned planned economy measures reflect Mao’s fundamental understanding of the relationship between economic and social power structures: By adopting a certain kind of moral position, the individual can transform social reality, material condition and the economy. By moral efforts, such as ideological campaigns, the CCP can change the economic conditions and social power structure, which would change the social reality in the end. Social transformation is largely seen in terms of moral will and moral efforts. The changes in society appear to go along with ideological changes, which to a large degree, are moral changes.

This Maoist thinking definitely runs contradictory to classical Marxist doctrines. Marxists believe that the relations of production and economic exploration are the basis of the social power structure. In order to break down the old social power structure, the old relations of production, i.e., the economic structure must be changed. In all these categories, morality is not a main player. Mao’s understanding was totally different. In Mao’s judgment, Stalin had lapsed into grievous error concerning many things, in particular that he had never engaged the “latent power” of the people.⁴² Mao clearly assigned top priority to collective consciousness as main energizing factors in historical progression. For him, it was not the economic base of society—productive forces and productive relations—that generated revolutionary consciousness; it was human consciousness and high standard moral belief that produced and promoted society’s economic substructure.⁴³ Mao’s efforts had been consistently to stress the moral efforts and moral motivation of people as main aspects of social transformation patterns, rather than the Marxist production relationship aspect. Mao moved primarily by

⁴¹ Andrew G. Walder, *China under Mao: A Revolution Detailed* (Cambridge MA: Harvard University Press, 2015), 321-33.

⁴² Zedong Mao, “On the Ten Great Relationships (April 25, 1956)” and “Chairman Mao’s Talk to Music Makers (August 24, 1956),” in *Chairman Mao Talks to the People, Talks and Letters 1956-1971* (New York: Pantheon Books, 1974), 82, 86.

⁴³ Hongwen Wang, “Report at the Central Study Class,” in *And Mao Makes 5: Mao Tsetung’s Last Great Battle*, ed. Raymond Lotta (Chicago: Banner Press, 1978), 65.

broadly his class egalitarian concerns. And he was totally indifferent to the fact that all the subtleties of traditional Marxism doctrines had fallen away.

The ideology that supported this institutional collectivization was based on Mao Zedong's conception of morality. One key part is Maoist egalitarian thought. Another one is emphasizing the power of consciousness and moral will in human society — a contention that had been consistently rejected by Engels. These two parts of Mao's thoughts are in fact closely interrelated.

Egalitarianism represents the intrinsic nature of Socialism that Mao wanted to achieve during his ruling.⁴⁴ Orthodox Marxism holds that under socialism everyone should be equal. No individual should suffer from exploitation by the ruling class. Each individual should be rewarded “according to his work”⁴⁵. However, in Mao's view of egalitarianism, equality first means abolishing all manner of social and economic distinctions, which Mao considered this as his Chinization of Marxism.⁴⁶ Egalitarianism in classical Marxism means that all classes are equal, whereas Mao's egalitarianism is actually a reversion or upside-down of old production relation based classes. He intended to make the poor be superior to the rich.

Mao was obsessed with trying to create this new social class order. He repeated the policies have the goal of eliminating the “three great differences”: the distinctions between workers and peasants, between city and country, and between mental and manual labor. Eliminating social difference in Mao's view means everyone is equal to share everything. In Mao's words, “Chinese have an old saying, ‘if there is food, let everyone share it’. This is quite reasonable”; “I contend, if there is food, let everyone share it; if there is work, let everyone do it; if there is a book, let everyone read it.”⁴⁷ The socialism in Mao's understanding is a society in which people cooperated equally rather than competed. In his letter to Cai Hesen on Jan 1920, Mao claimed, “what is Socialism? Socialism is ‘cosmopolitanism’, is ‘universal brotherhood’, is ‘care about self meanwhile care about others’”.⁴⁸ Hence,

⁴⁴ Gregor, *Marxism and the Making of China*, 121; Maurice Meisner, *Marxism, Maoism, and Utopianism: Eight Essays* (Madison, WI: University of Wisconsin Press, 1982); Victor Nee and James Peck, ed. *China's Uninterrupted Revolution* (New York: Pantheon, 1973), 75-83.

⁴⁵ Richard Curt Kraus, *Class Conflict in Chinese Socialism* (New York: Columbia University Press, 1981), 31.

⁴⁶ Martin K. Whyte, “Rethinking Equality and Inequality in the P.R.C.,” paper presented at the 50th anniversary conference for the Fairbank Center for East Asian Research, Harvard University, December 9-11, 2005. https://wcfia.harvard.edu/files/wcfia/files/1068_mkw_rethinkingequality.pdf. Last access: 23.07.2020.

⁴⁷ Zedong Mao, “New Democratic Politics and New Democratic Culture”, Opening Speech on the First Congress of Cultural Association in Shaan Gan Ning Remote Areas, Jan, 1940. <https://www.marxists.org/chinese/maozedong/marxist.org-chinese-mao-194001.htm>. Last access: 22.07.2020.

⁴⁸ See Yongchun Li 李永春, *蔡和森思想研究 [caihesen sixiang yanjiu / Research on Cai Hesen Thoughts]* (北京 [Beijing]: 人民出版社 [renmin chubanshe], 2011), 156.

in this understanding, socialist society is a society in which individuals were motivated by the moral desire to serve the others rather than self-interest. This understanding of Socialism apparently is moral as essence. Or in other words, Mao viewed socialist society as moral defined.

In Mao's view, all repressed subjects intrinsically accumulate natural desire, and suppressing subjects inevitably instinctively produce inertness. Among the two, the former has a moral vitality of life, while the latter are sluggish. The formers are weak, but they breed vitality. Although the latter are strong, they are doomed to step down.⁴⁹ Thus, the proposition suggested by Mao's concept is as his well-known saying: "The despicable is the most intelligent, the noble is the most stupid". This was the comment by Mao Zedong on the report issued by Ni Wei and Wang Guangzhong for the Second Session of the Eighth National Congress of the Communist Party of China on May 18, 1958.

This report was on the successful trial production of a 30-horsepower tractor in An Dong Machinery Plant on May 3, 1958. The successfully trial production was succeeded through the ordinary workers' effort, not the experts. Mao felt very thrilled and even wrote 300 words comments besides this report,

Please print and distribute this report to all comrades of the conference. Please collect similar materials from the Central Industrial and Transportation Departments. Compile and print a simple and concise biography (brochure) of scientific and technological inventors from all over the world (including China) in the recent 300 years. Let's see if we can prove that the scientific and technological inventions are mostly from the repressed class, those with lower social status, those are less learned, and poorer, those are always looked down upon or tortured, even killed. Academy of Sciences and universities should also do this job, as well as all provinces, cities, and autonomous regions. The whole nation should do this job simultaneously. If this can be proved systematically, it will encourage many small intellectuals, many workers and farmers, and many new and old cadres to get rid of their sense of inferiority, to get rid of superstition, to inspire fearless consciousness that dare to think, speak, and act. This spirit is inevitably be of great help to our task of catching up with Britain in seven years and catching up with the United States in another eight or ten years."⁵⁰

Clearly, Mao intended to overturn the old moral social status order and create a new one in which everyone, especially the poor peasants, was deemed worthy of higher social respect. Mao fiercely criticized how stratified and unequal Chinese socialism in 1950s turned out to be, with high level cadres, managers, and intellectuals enjoying their better pay, superior housing, and other perquisites, while ordinary workers and vast numbers of peasants still living much bleaker lives.⁵¹

⁴⁹ Lucian Pye, *Mao Tse-Tung: the Man in the Leader* (New York: Basic Books Inc, 1977).

⁵⁰ Mao, "The despicable is the most intelligent, the noble is the most stupid", <http://www.yhew.net/famine/Documents/mzdwg/d070097.html>. Last access: 02.02.2019. Translated by the author.

⁵¹ *Ibid.*, 2.

By achieving this class overturn goal, instead of following classical Marxism production relationship doctrines, Mao believed in moral power: moral consciousness change and recreate better material world.⁵² In these talks, he had discovered that the historical materialism of Marx and Stalin required revision, especially the role of superstructural convictions in social dynamics. The class struggle in terms of Mao's creation was an evidently deviant interpretation of Marxism. Classic Marxism notion of the class structure of political economy provided a universal and presumably scientific scheme for explaining social grievances and organizing for their elimination. Marxism argues the production relationship determines classes, whereas for Mao, class is an ideological category, instead of an economic category.

Mao viewed national and moral sentiment, directed by the class consciousness supplied by the party, could marshal human energy that would achieve equality between social classes and material production wonders.⁵³ Mao, in accordance with his views on the moral belief, conceived the class struggle as essentially moral.⁵⁴ Mao insisted class struggle as the main social class transformation means, because he believed that, class struggle and class criticism could purify the bad and backward ideas of rich class and instill moral ideas and consciousness into their mind. It was moral mind that could distinguish true revolutionaries from revisionists, as well as the promoter of Socialism construction.⁵⁵

In our country bourgeois and petty-bourgeois ideology, anti-Marxist ideology will continue to exist for a long time. Basically, the socialist system has been established in our country. We have won the basic victory in transforming the ownership of the means of production, but we have not yet won complete victory on the political and ideological fronts. In the ideological field, the question of who will win in the struggle between the proletariat and the bourgeoisie has not been really settled yet. We still have to wage a protracted struggle against bourgeois and petty bourgeois ideology. It is wrong not to understand this and to give up ideological struggle. All erroneous ideas, all poisonous weeds, all ghosts and monsters, must be subjected to criticism; in no circumstance should they be allowed to spread unchecked. However, the criticism should be fully

⁵² Mao, "Talks at the Beidaihe Conference (Draft Transcript) (August 17–30, 1958)," in *The Secret Speeches of Chairman Mao*, ed. by Roderick MacFarquhar et al. (Cambridge: Harvard University Press, 1989), 402-3; also see "Talks at the Wuchang Conference (November 21–23, 1958)," in *The Secret Speeches of Chairman Mao*, 512.

⁵³ Mao, "On Ideological Work (Talk at a Conference Attended by Party Cadres from People's Liberation Army Units under the Nanjing Command and from Jiangsu and Anhui Provinces) (March 19, 1957)," in *The Secret Speeches of Chairman Mao*, 345.

⁵⁴ Donald Munro, "Egalitarian Ideal and Educational Fact in Communist China," in *China: Management of a Revolutionary Society* ed. John Lindbeck (Seattle: University of Washington Press, 1971), 256-301; Gregor, *Marxism and the Making of China: A Doctrinal History*, 161.

⁵⁵ See: Hongwen Wang, "Report at the Central Study Class," in *And Mao Makes 5: Mao Tsetung's Last Great Battle*, ed. Raymond Lotta (Chicago: Banner Press, 1978), 65.

reasoned, analytical and convincing, and not rough, bureaucratic, metaphysical or dogmatic.⁵⁶

In class struggles movements, class became in essence a moral quality classification and moral label. The landlords, rural gentry and capitalists were considered evil, whereas poor farmers and workers were supposedly morally excellent.⁵⁷ Class labels were hereditary through the male descent line, and the people with bad political labels were institutionally discriminated against and oppressed.⁵⁸ In essence, Mao created a new social stratification according to the predetermined moral qualification of classes.

Mao regarded the proletariat class as the most promising and superior in morality, as they possessed nothing. This kind of ‘nothing’ is not only referring to poor economic income, but also to weak political status. Compared with other classes, they have a deeper desire for revolution and a desire to overturn the injustice in society. In short, the person who is ‘disliked’ is the most creative. By contrast, the authoritative classes are morally putrid. Mao called the authoritative classes a “paper tiger”.⁵⁹ The criteria for the evaluation of good-bad, positive-evil, beautiful-ugly were inferred as classes labels. Workers and farmers belong to the ‘people’ and ‘revolutionary’ classes, which naturally endow them with higher and excellent morality. Due to inherent moral defects, people with bad class labels cannot belong to the category of ‘people’. They were treated as the objects of struggle and fight. Political actions using the class struggle as structural arguments and aiming at a change of the economic relationship and social structure.

In Mao’s view, the criteria discrimination between ‘people’ and ‘against people’ lies in the morality of a person, instead of economic relationship. To obtain the identity of ‘people’, it is essential to gradually be educated by the party and ordinary working class spirit and inject the ‘emotions and values of the working-class’ into the bad classes’ original psychology and beliefs, and then ‘transform / *gai zao* [改造]’ them. This proletarian spirit contains selfless, altruistic, serve the people wholeheartedly, bearing hardship, being capable of doing hard work,

⁵⁶ Mao, Speech at the Chinese Communist Party's National Conference on Propaganda Work (March 12, 1957), 1st pocket ed. 26-7, <https://www.marxists.org/reference/archive/mao/works/red-book/ch02.htm>. Last access: 17.07.2020.

⁵⁷ Jonathan Unger, “The Class System In Rural China: A Case Study”, http://bellschool.anu.edu.au/sites/default/files/IPS/PSC/CCC/publications/papers/JU_Class_System.pdf. Last access: 17.07.2020.

⁵⁸ Richard C. Kraus, *Class Conflict in Chinese Socialism* (New York: Columbia University Press, 1981), 155-79.

⁵⁹ Mao, “All Reactionaries are Paper Tigers”, Excerpts from a speech at the Meeting of Moscow Representatives of the Communist and Workers’ Parties, in *Selected Works of Mao Zedong*, https://www.marxists.org/reference/archive/mao/selected-works/volume-5/mswv5_70.htm. Last access: 18.07.2020.

diligent and thrift.⁶⁰ The ideological and moral attitude of being identical to the working-class is a key to obtaining this noble identity of ‘people’.⁶¹ Therefore, Maoist class notion actually became morally defined, as a set of moral doctrines and creeds, which played a guiding and educational function in the society’s interpersonal structure. In Mao’s arguments, class label could be overturned through individual’s mentality transformation.⁶² Even though class struggle theory is Marxist, it is not hard to depict the fundamental difference between Maoism and Marxism in this regard. Mao was interested in class struggle as a means of moral transformation and virtuocracy at the societal level.

Mao was determined to transform people’s belief and consciousness, to make them more virtuous. This ideal played a determinate role in the programs and policies of the collectivization movements, ‘Great Leap Forward’ of 1958-1960, the Cultural Revolution in 1966 and consistent class struggle movements. This belief in morality is also interrelated with Mao’s strong conviction of consciousness’s basic role in human society and history evolution.⁶³ Mao’s conception of the nature of consciousness was fundamentally different from those of Lenin and also contradicted some of the central tenets of classical Marxism. For Mao, consciousness and ideas, especially revolutionary consciousness, which mostly are moral ideas, served as the necessary conditions for social revolution and sustain revolutions.⁶⁴ Morality as superstructure was not merely a reflective product of its economic base. It was the moral revolutionary consciousness that produced society’s economic substructure and determined the history evolution. This comment reveals the most distinctive parts of Mao’s virtuocracy practice. Scholars like Susan Shirk even called it as “Mao’s crusade to transform social consciousness”.⁶⁵

Mao acclaimed that the people, animated by a revolutionary consciousness, which basically means selfless and without material incentive, would work tirelessly with high spirit. This moral power would overfill quotas, to achieve

⁶⁰ Mao, “On the Correct Handling of Contradictions Among the People (February 27, 1957)”, 1st pocket ed. 71. https://www.marxists.org/reference/archive/mao/selected-works/volume-5/mswv5_70.htm. Last access: 18.07.2020.

⁶¹ Mao, *Selected Work of Mao Zedong*, vol 3 (Beijing: Beijing People Press, 1991), 741-2.

⁶² *Ibid.*, 1386.

⁶³ Mao, “On Ideological Work (Talk at a Conference Attended by Party Cadres from People’s Liberation Army Units under the Nanjing Command and from Jiangsu and Anhui Provinces, March 19, 1957),” in *Selected Work of Mao Zedong*, 345. See also Mao, *A Critique of Soviet Economics* (New York: Monthly Review Press, 1977), 85.

⁶⁴ Mao, “Reading Notes to the Soviet Text,” *A Critique of Soviet Economics* (New York: Monthly Review Press, 1977), 51.

⁶⁵ Susan, L Shirk, “The Decline of Virtuocracy of China”, in James L. Watson edited, *Class and Social Stratification in Post-Revolution China* (Cambridge: Cambridge University Press, 2010), 57.

economic results.⁶⁶ The ritual of public confession and self-criticism followed. Mao was to “champion spiritual inspiration”—to create an environment of “spiritual excitement.”⁶⁷

Mao argued the Communist Party leadership was charged with the responsibility of ‘instilling’ in the population correct consciousness: moral will and egalitarian thought. He believed that it was the responsibility of the CCP to lead people toward virtue. In the mid-1960s, the government advocated and actively instilled these moral doctrines into people, making them a comprehensive guide to the moral life as common life. Mao was to insist on correct consciousness and correct values, to be obediently obeyed by all, in order to assure the outcomes of new social order. Selected CCP cadre carried on the responsibility to illuminate the blank minds of peasants, and achieve the goal of transforming their behavior.⁶⁸ This is what Chinese study scholars have coined as “virtuocracy” of Maoist ruling.⁶⁹

By attacking traditional hierarchical ethics, the Maoist revolutionary heroism morality of class and self-sacrifice was meant to achieve a utopia.⁷⁰ A new type of socialist moral role model was created, the so-called ‘Chairman Mao’s good soldiers’, epitomized by the ordinary soldier Lei Feng, who prioritize his loyalty to the party-state and devote himself to the grand revolutionary goals instead of any individual interests. In the national propaganda, Lei Feng is a quasi-sage, who was described as having no private interests at all and only caring about the common welfare and helping others.⁷¹ Mao staged a prominent and profound national campaign called ‘Learn from Comrade Lei Feng’.

By setting up new moral revolutionary role models, kinship based ethical responsibilities that used to be the moral foundation were rejected from society. After 1949, class labeling forced the loyalty to kinship groups and networks to be replaced by loyalty to class groups and to Mao as ‘Great Leader’. Class ethics and Chinese cultural traditions were mismatched: the class labeling was meant to destroy the old ethical basis but still continued to follow a genealogy-patriarchal line; respect for elders and authorities – the deep influence of Chinese cultural tradition – was directly transplanted to the absolute obedience to higher (better)

⁶⁶ Mao, “Talks at the Chengdu Conference (March 1958),” *Chairman Mao Talks to the People* (New York: Pantheon Books, 1974), 104–6.

⁶⁷ Mao, “Reading Notes on the Soviet Text,” *A Critique of Soviet Economics*, 86–87, 94–98, 107, 112.

⁶⁸ Gregor, *Marxism and the Making of China: A Doctrinal History*, 155.

⁶⁹ Shirk, “The Decline of Virtuocracy of China,” 56-83.

⁷⁰ Mao, “The Foolish Old Man Who Removed the Mountains” (June 11, 1945), in *Selected Works*, Vol. III, p. 321; Ci, Jiwei, *Dialectic of the Chinese revolution: from Utopianism to Hedonism* (Stanford, CA: Stanford University Press, 1994), 79-85; Richard Madsen, *Morality and Power in a Chinese Village* (California: University of California Press, 1984), 177-91.

⁷¹ Yunxiang Yan, “The Chinese Path to Individualization,” *The British Journal of Sociology*, no.61 (2010): 489-512.

classes and cadres; the class labels – essentially alike the old social status and ranks – inevitably became a political means to strengthen the cadres’ influence and power.

1.1.3. De-marketization

From the basic Marxist economic theory, where there are markets with private property, there inevitably would be the exploitation of labor in general. Unless all the properties are collectively owned. A socialist society is one “in which workers and producers would no longer exchange their services and goods for wages and profit – a distributive plan, instead, would rationally allocate the products of labor in order to satisfy collective needs and wants”.⁷² However, market itself is not necessarily a criterion that demarcate Capitalism and Socialism. There can be a market without private property, and market socialism means: products are collectively owned. Socialist market is a market for products. The same as class category, market is defined as economic category, and it reflects material production relationship.

It is highly significant that Mao did not approach market from this Marxist viewpoint. Market was viewed by him as an ideological category and ultimately moral issue.⁷³ The existence of markets with private property signaled the presence of systemic exploitation between workers, farmers and capitalists. Workers and farmers were compelled to work for capitalists and landlords, to the production of “surplus value” for the profits of enterprise.⁷⁴ Meanwhile, Mao believed that material interests could make people morally weak and lose revolutionary spirit. Profit seeking produced antisocial consequences.⁷⁵ This viewpoint urged Mao to fiercely criticize Stalin used material incentives in Socialism construction.⁷⁶

Rather than Marxism, Maoist radical rejection of the market, material incentives and profit seeking reflect traditional Confucian concerns about the erosion of moral commitment in rampant pursuing private profits. Mao believed that markets have a detrimental effect on moral attitudes. In Maoist times, the alleged detrimental effect of markets on moral attitudes was a driving force of recurrent campaigns against petty capitalist and landlords’ activities on the local level. Hence, one key institutional transformation in the Mao period is de-marketization. Mao imposed a single, centralized non-market plan since the start of P.R.C.

Mao’s de-marketization had met some struggles from CCP leadership. Since the foundation of P.R.C., the Chinese leadership spoke with many voices on the issue

⁷² Ibid.

⁷³ Carsten Herrmann-Pillath, *China’s Economic Culture: The Ritual Order of the State and the Market* (London and New York: Routledge, 2017), 145

⁷⁴ Gregor, *Marxism and the Making of China: A Doctrinal History*, 173.

⁷⁵ Ibid.

⁷⁶ See Mao, “Reading Notes on the Soviet Text,” in *A Critique of Soviet Economics*, 86–7, 94–98, 107, 112.

of how to construct socialism. Some members of the leadership, like Zhang Wentian and Liu Shaoqi, who advocated a free market-oriented approach to the allocation of inputs and outputs, and permitting a mixed economy of privately owned capitalist firms, state-owned capitalist firms, self-employment, communist collectives, and other diverse types of enterprises. These leaders were encouraged by the early experiments in market socialism in the USSR: the so-called New Economic Policy.⁷⁷

Vladimir Lenin launched the New Economic Policy (Hereafter. NEP) as a more market-oriented economic policy to foster the economy of the country, which had suffered severely since 1914. According to Lenin, by the NEP, a new economic system could be set up, which would include “a free market and capitalism, both subject to state control,” while socialized state enterprises would operate on “a profit basis”.⁷⁸

In Lenin’s understanding of market economy, capitalism, and socialism, he took the approach that in order to achieve socialism, “the missing material prerequisites” of modernization and industrial development in then-Soviet Russia should first be realized. These markets measures would make Soviet Russia “fall back on a centrally supervised market-influenced program of state capitalism”.⁷⁹ Lenin was following Marx’s doctrine that a nation must first reach “full maturation of capitalism as the precondition for socialist realization”.⁸⁰

Mao knew this NEP history quite well. His choice in economic transformation in China means he didn’t agree Lenin’s understanding of Socialism. Mao’s essay in 1949, “On the People’s Democratic Dictatorship,” established his vision of socialism as a social transformation which required the wholesale destruction of predatory institutions. In 1953, he asked the CCP members to seriously take Soviet Union’s experience as a lesson.⁸¹ Mao called for the rapid eradication of the feudal landlords and the economic structure that had supported them. Market was considered as one part of this predatory structure. The aftermath is that the market creates a certain way of thinking as a capitalist. The market breeds the seed of capitalism within a socialist society, and was seen as a seductive force, reviving profit seeking mind and egoism which in Mao’s perspective should definitely not

⁷⁷ Gabriel J. Satya, “The Structure of a Post-Revolutionary Economic Transformation: The Chinese Economy from the 1949 Revolution to the Great Leap Forward,” Sep 1998, <https://www.mtholyoke.edu/courses/sgabriel/economics/china-essays/3.html>. Last access: 07.07.2019.

⁷⁸ Vladimir Ilyich Lenin, *Lenin's Collected Works, 2nd English Edition* (Moscow: Progress Publishers, first printed 1965, Volume 33, 1973), 186–96.

⁷⁹ James A. Gregor, *Marxism, Fascism & Totalitarianism: Chapters in the Intellectual History of Radicalism* (Stanford: CA, Stanford University Press, 2008), 55.

⁸⁰ *Ibid.*, 59-65.

⁸¹ Mao, “On the Ten Major Relationships,” (April 25, 1956). https://www.marxists.org/reference/archive/mao/selected-works/volume-5/mswv5_51.htm. Last access: 02.01.2020.

be done and which he tried to avoid. Market as an institutional setting was incompatible with Mao's "great impartiality excludes consideration of self" moral ideal,⁸² as best represented by the above-mentioned socialist moral role model, Soldier Lei Feng.

Mao suppressed the market as the basis for an institutional transformation from privatization to collectivization, from poor agricultural society to Communist society. After de-marketization, the state and its agents were the sole source of exchange, housing, employment, health care, education, and access to consumer goods. As Timothy Brook described it as "agricultural production was organized into communes, prices were set, distributions were centralized and residential and occupational identities were fixed ... so that redness would prevail over expertise, to use Mao Zedong's old polarity."⁸³

From the above analysis of Maoist class struggle and the de-marketization, this kind of socialism represents itself as the dominance of moral sense. This is obviously not Marxism, which mainly objects the moralistic language in politics. Large part of Maoism actually follows the certain Confucian moral values, in particular the dominance of collective interest over private interest and moral dominance of righteousness over material profit.

In the Confucian ultimate goal, the universal harmonious society — *Da Tong she hui* [大同社会]⁸⁴, public interests are of the highest value, which entails a pejorative view on private interests,

When Great *Dao* prevails, all the people own the whole world. Those who are virtuous and competent are selected as administrators. People treat each other with sincerity and live in harmony. People not only love their parents, bring up their children, but also take care of the aged. The middle-aged are able to put their talents and abilities to best use, children are well nurtured, and old widows and widowers, unmarried old people, orphans, childless old people, and the disabled are all provided for ... This is universal harmony.⁸⁵

It is evident that not much room is made for private commercial interest in this *Da Tong* Utopian ideal.⁸⁶ This ideal society is organized and regulated by moral

⁸² Mao, "In Memory of Norman Bethune" (December 21, 1939) In *Selected Works*, vol. II, 337-8.

⁸³ Timothy Brook and Michael B. Frolic, *Civil Society in China* (Armonk, New York: M.E. Sharpe, 1997), 57.

⁸⁴ *Da Tong* society: This term refers to the time of peace and prosperity envisioned by Confucian scholars when all the people under heaven are one family, equal, friendly, and helpful to each other. Confucianism takes universal harmony as the supreme stage of the development of the human society. Its main features are: all power and wealth belong to the whole of society; all people are equal and live and work in peace and contentment; everyone is cared for by society; everything is used to its fullest and everyone works to his maximum potential.

⁸⁵ Confucius, *The Book of Ritual*, Chapter Li Yun, trans.by James Legge. <https://ctext.org/liji>. Last access: 30.01.2019.

⁸⁶ Timothy Brook and Hy V. Luong, *Culture and Economy: The Shaping of Capitalism in Eastern Asia* (Ann Arbor: The University of Michigan Press, 1999), 27-44.

virtues. Profit earning is not the end. Interestingly, in the late Qing Dynasty and the early Republic of China, *Da Tong* was variously translated as socialism, communism, or cosmopolitanism: concepts that had been introduced to China from the West.⁸⁷ Mao himself had invoked ‘realize *Da Tong*’ to describe a future communist ideal society in his famous report, *On the People’s Democratic Dictatorship*.⁸⁸ This indicates that Mao himself understood a similar relationship between *Da Tong* and a future Communist society.

According to Martin Whyte, “Mao Zedong was obsessed with trying to create a more egalitarian social order, not only in comparison with pre-1949 China, but eventually even in comparison with the Soviet Union. That obsession eventually led to the disasters of the ‘Great Leap Forward’ and the Cultural Revolution, and to a Maoist social order in which egalitarian goals constantly interfered with economic efficiency.”⁸⁹ Mao seems to take Soviet Russia not as a model but only as a reference. By comparison, he apparently placed greater emphasis on morality in the construction of the communist ideal.

In Wolfgang Bauer’s transcultural research, he concluded that Chinese conceptions of happiness offer a stimulating analysis of traditional cognates of Mao’s ideals.⁹⁰ This research reminds us of the importance of Mao’s Chinese roots. Thomas Metzger’s salient work, *Escape from Predicament*, is a systematic examination and explanation of twentieth-century developments in the ideology of Chinese Confucianism as Chinese tradition. In it, he describes an ‘interdependence’ existing between Chinese scholarly ideology and the moral autonomy present in traditional unequal status-ordered relationships.⁹¹

Metzger argues that the Chinese, the well educated in particular, were conceptually bound by their Neo-Confucian intellectual heritage. Neo-Confucianists believe that self-recognition is achieved through moral recognition. In this respect, people can build a just society by their own strength of will. The individual has a sacred moral self-power, but also has an anxiety about moral failure, that is, a sense of worry that he cannot exercise his inner moral power. The entanglement of the two constitutes a sense of predicament.⁹²

In the Confucian’s efforts of escaping from the predicament, Metzger proposed a concept of ‘interdependence’, that is, the dependency relationship in Confucian ethics or Chinese culture is not based on the authority of the upper levels of society,

⁸⁷ Entry of “Universal harmony”: https://www.chinesethought.cn/EN/shuyu_show.aspx?shuyu_id=2144. Last access: 30.01.2019.

⁸⁸ Mao, “On the People’s Democratic Dictatorship.” https://www.marxists.org/reference/archive/mao/selected-works/volume-4/mswv4_65.htm. Last access: 30.01.2019.

⁸⁹ Whyte, “Rethinking Equality and Inequality in the P.R.C.”, 3.

⁹⁰ Wolfgang Bauer, *China und die Hoffnung auf Glück - Paradiese Utopien Idealvorstellungen in der Geistesgeschichte Chinas* (Munich: Dtv, 1989), 537-72. Translated by the author.

⁹¹ Metzger, *Escape from Predicament*, 54.

⁹² *Ibid.*, 55,119.

but on an interdependence between individuals and transcendental sources, and a mutual relationship between individuals and collectives. Just as the self relies on transcendence, this transcendence depends on the self. Therefore, any one-to-one relationship between the individual, the universe and society are not a one-way dependence, but an interdependence. Therefore, Confucian ethics is not a “dependent social orientation”, but an “interdependent spiritual temperament”. As its spiritual nature, this transcendence power comes from virtues and moral will.⁹³

Under this Confucian moral framework, moral radicalism is regarded as proper and even necessary, believes that through the implementation of correct moral principles, society can be transformed by morality attitude and will power.⁹⁴ Therefore, the state as authority should exercise comprehensive control over society and directly mobilize the blank masses. Private interests should give way to the needs of the state if necessary. There is an emphasis on limiting selfishness and achieving social oneness.⁹⁵ The state’s prior task is to enact laws and strengthen morals to guide the people and raise the moral standards of the entire society. This is what Mao actually had done. He successfully mobilized a vast of peasant population by relying on this indigenous heritage of moral ideals.⁹⁶

Metzger argues that it is this interdependent spiritual temperament that has influenced contemporary Chinese political culture, especially Maoist collectivization and Socialism state building efforts. For instance, Mao attempted to remove any mechanisms and institutions that may have a harmful effect on the people’s morals. In this regard, his struggle with private ownership and market economy could be viewed as a moral effort.⁹⁷

Some may say that Mao’s collectivization and de-marketization should only be interpreted in virtue of his Communist ideal, given that Confucianism in traditional China had never caused large-scale collectivization and de-marketization. In fact, Soviet Union leaders had criticized Mao as voluntarism and unscientific.⁹⁸ The whole picture have shown Mao’s heavily stress on consciousness, will power and moral power in social construction and socialism transformation. Hence, Maoism should be defined as an ideological merger between socialist categories and Chinese traditional moral ideas. Mao’s polarity was redness prevail over expertise. The influence of Confucian spiritual temperament and Communist class thoughts on the revolutionary movement of the twentieth century is manifested as “inspiring a universal moral spirit and using it as a means to change the real society”.⁹⁹

⁹³ Ibid., 23, 24, 44, 45.

⁹⁴ Ibid., 212.

⁹⁵ Ibid., 210.

⁹⁶ Ibid., 233.

⁹⁷ Ibid., 231-5.

⁹⁸ Herrmann-Pillath, *China’s Economic Culture*, 525.

⁹⁹ Ibid., 231.

1.1.4. *The Ideal Runs into Social Reality*

The moral ambiguity of material profit is a theme over which Confucianism has long worried. What worried Confucians was the order, and the possibility to place economic values ahead of moral values. This worry continues to resonate for Mao. Mao determined to put economy to the service of moral goals: organize people's communes and work units, set fixed price, centralized distribution, no free trade. This was a direct Confucian commitment.¹⁰⁰ Mao's anti-commercial attitude and against private market fit in this facet of moral framework.

It is noteworthy to stress that Confucius never denied the importance of material need of human beings and earning profits as human nature. Confucianism affirms the satisfaction of material need as the basic living and life as well as people's pursuit of legitimate material interests. In *The Analects* of Confucius, chapter *Li Ren*, said, "To be rich and noble is what one desires." In *Mencius*, chapter *Gaozi Shang*, said, "food and sex are basic human desires." Also in *Mencius*, chapter *Jinxin Xia*, said "everyone has a desire to be rich and honorable." This fully shows that both Confucius and Mencius affirmed that people have natural material desire. Confucianism holds that pursuing moral virtues at first requires " (life) security without worry".¹⁰¹ Therefore, early Confucians such as Mencius and Xunzi possessed great insight into how to realize the positive ambition of Confucian moral ideal by emphasizing the responsibility of the state to enrich its people. Early Confucianism refused the stringent dichotomy between morality and material interest.¹⁰²

Interestingly, the necessity of earning a good living and getting rich is an essential part of Chinese folk tradition, which is consistent until today. This tradition is closely related with Chinese utilitarianistic familism¹⁰³ and materialism interest¹⁰⁴, which are prevalent in cultural values study. Chinese utilitarianistic familism can be defined as "the normative and behavioral tendency of an individual Chinese to place his familial interests above the interests of society and of its constituent individuals and groups in such a fashion that the furtherance of his familial interests is the primary consideration. Moreover, among the familial interests, materialistic interest takes priority over all non-materialistic interests."¹⁰⁵

¹⁰⁰ Brook, *Culture and Economy*, 31.

¹⁰¹ Confucius, *The Analects of Confucius*, chapter *Ji Shi*. Trans.by James Legge. <https://ctext.org/analects/ji-shi/ens>. Last access: 07.07.2020.

¹⁰² Sungmoon Kim, "Politics and Interest in Early Confucianism," *Philosophy East & West*, vol. 64, no.2 (April., 2014): 425-48.

¹⁰³ Siu-kai Lau, "Chinese Familism in an Urban-Industrial Setting: The Case of Hong Kong," *Journal of Marriage and Family*, vol. 43, no. 4 (Nov., 1981): 977-92.

¹⁰⁴ I adopt the definition in Robert Ioane Bogdan, "Materialism in China - Review of Literature," *Asian Journal of Business and Management*, vol. 04, no. 03(June., 2016): 99-110.

¹⁰⁵ Lau, *Chinese Familism in an Urban-Industrial Setting*, 978.

In this regard, Ryan's study of Chinese values discussed the "focal value of wealth".¹⁰⁶ Ryan found a cluster of the most respected values in the Chinese community. Family values are of top priority and materialism come next. Materialism value means Chinese community stress on continuous pursuit of wealth, entrepreneurial skill, diligent, most of these in a commercial context.¹⁰⁷ The concept that materialism interest is central and typical of Chinese culture was also suggested by Freedman.¹⁰⁸ Similar observation in value surveys involves the entrepreneurial spirit and astuteness in commerce of the Chinese.¹⁰⁹

Hence, there are two poles of the relationship of morality and material desire. Mao had deep seated anxieties about the moral value of private market, whereas according to some anthropological research, during Mao's ruling, collectivization and de-marketization actually reinforced lineage-based property rights.¹¹⁰ As Dikötter argues, the seeds of a capitalist reawakening began to sprout even during the late period of the Cultural Revolution:

By now, people are exhausted by the revolutionary frenzy. They look around, particularly in the countryside, and realize that the credibility of the Communist Party has been undermined by the Great Leap Forward, [and] the organization has been badly damaged by the Cultural Revolution itself. Who is going to prevent them from doing what they'd really like to do?¹¹¹

Dikötter goes on to say that "millions of ordinary villagers quietly, surreptitiously, and on the sly, reconnected with the past [...] They started returning the land to individual households, expanding private plots, and opening black markets — often with the complicity of local officials".¹¹²

Mao Zedong's radical moral code and ordinary Chinese' traditional understanding of making a living formed tensions. An example of this can be found in Richard Madsen's book, *Morality and Power in a Chinese Village* (1984). In it, he describes the conflicts, in a small village called Chen, between village carders and villagers. When the leaders of Chen Village tried to justify their revolutionary collectivization actions, the ordinary villagers criticized the leaders for leaving the village starving. Each in this village relied on different ethics and norms at the same time.

As a traditional clan village, Chen village's moral basis was composed of family bonds and the specific responsibilities arising from such bonds. After 1949, this set

¹⁰⁶ Edward J. Ryan, *The value system of a Chinese community in Java*. Unpublished doctoral thesis (Harvard University, Cambridge, 1961).

¹⁰⁷ *Ibid.*, 19.

¹⁰⁸ Maurice Freedman, *The Study of Chinese Society* (California: Stanford University, 1979).

¹⁰⁹ Geert Hofstede, *Culture's consequences: International differences in work-related values* (Beverly Hills, CA: Sage, 1980).

¹¹⁰ William L. Parish and Martin K. Whyte, *Village and Family in Contemporary China* (University of Chicago Press, 1978), 304f; Sulamith H. Potter and Jack M. Potter, *China's peasants: The anthropology of a revolution* (Cambridge, Mass: Cambridge University Press, 1990), 261; Herrmann-Pillath, *China's Economic Culture*, 525-30.

¹¹¹ Dikötter, *The Cultural Revolution*, 5.

¹¹² *Ibid.*, 5-6.

of lineage moral ethics was criticized by Maoism. Political campaigns, as communist ritual, instilled Mao Zedong moral doctrines into the community, and farmers understood and accepted these doctrines in their own way, which formed a new coexistence of traditional ethics and new Maoist ethics. In the Cultural Revolution, this moral alliance was destroyed. During the anarchy of the Cultural Revolution, the normative chaos gradually made villagers question the Maoist moral standards that the government had promoted only a few years before. When the Cultural Revolution was over, a “moderate realism” view¹¹³ that joined with already existing market-oriented behaviors and individual economic interest have reconstructed life morals.

The transformation of moral accounts and practices was conducted by an interaction between the state and society. The suppression of pre-1949 Confucian ethics (1), the instillation of Maoist revolutionary Heroic selfless doctrines (2), the parallel of these two in reality, (3) and collapse of Maoist moral doctrines in political movements and broken economy, and the reconstruction of life morals (4) after the Cultural Revolution disaster, are all closely related to this interaction.

1.2. 'Reform and Opening-up' since 1978

1.2.1. Fading Maoism Ideology and Deng's Market Ideas

After decades of political campaigns and institutionalized collectivism, the Chinese economy was almost stagnant during the Cultural Revolution in the 1960s and 1970s. People suffered from a quite low living standard. Public goodwill was directed towards raising, or at least maintaining, the general level of material prosperity. The state realized the need for reform was imperative.¹¹⁴

From 1976 to December 1978, China had already closed the door on Mao's radical ideology and embraced economic development as its first priority.¹¹⁵ This was a key shift of the CCP's focus from political ideology center to economic development center. A drastic decline appeared in radical revolutionary ideology and the ruling methods and foundation of the current regime have also changed.

Deng's economic policy and institution changes aimed to dissolve the planned economy system and effectively improve the standard of living. As markets came back and business activities became dominant in social life, Mao's version of radical moralism was progressively replaced by Deng Xiaoping's “emancipate our

¹¹³ See Metzger, *Escape from Predicament*, 54. He uses ‘moderate realism’ as a description of a return to the traditional moral view.

¹¹⁴ Ibid.

¹¹⁵ Ronald Coase and Ning Wang, “How China's Market Reform Began,” in *How China Became Capitalist* (London: Palgrave Macmillan, London, 2012), 41.

minds, use our heads, seek truth from facts and unite as one in looking to the future”.¹¹⁶

Deng’s main thought manifested in his policies to use every possible means to promote modernization of the Chinese economy. Regardless of political ideology, left or right, any institutions and reforms that would be useful for the Chinese economy should be given a try. Deng’s emphasis on empirical practice, and rejecting the no nonsense formalist philosophy had become the distinctive label of Deng Xiaoping Thought.¹¹⁷

Deng had a famous argument: do not care about the color of the cat so long as it catches the mice. This argument was widely regarded as the best illustration of his pragmatic thinking. It was firstly uttered by Deng in 1962 meeting with China Communist Youth Committee. The backdrop was China had just experienced the greatest famine in human history: between the spring of 1959 and the end of 1961 some 30 million Chinese starved to death.¹¹⁸ In 1961, CCP admitted that the famine had overwhelmingly ideological causes, in particular Great Leap and People’s Commune movement. Mao conducted self-criticism in “Seven Thousand People Meeting”.¹¹⁹ On July 07, 1962, Deng published the paper “How to recover the agricultural production?” In this paper, Deng justified the ‘household based fixing output quotas’ policy after the Great Leap,

Comrade Liu Bocheng often said a Sichuan common saying: ‘Yellow cats, black cats, as long as they can catch mice, they are good cats.’ This is a war. The reason why we were able to defeat Chiang Kai-shek was that we did not follow the old rules nor fight in the old ways. Everything depends on the situation and only the winner counts. Now we need to resume agricultural production, it depends on the situation, that is, it is impossible to completely adopt a fixed form in the production relationship. It depends on which form can arouse the enthusiasm of the masses. Regardless of whether the planned economy or the market economy, it is just a means of resource allocation and has nothing to do with the political system. Capitalism can have planned economy, and socialism can also have market. As long as it can develop productivity, it can be used in practice.¹²⁰

From this argument, Deng stressed on situation’s determinate role in action. He believed that only the result accounted, no matter what kind of forms should be used. Hence, there has been a consensus among scholars to regard Deng as a

¹¹⁶ Xiaoping Deng, “Speech at the closing session of the Central Working Conference,” which made preparations for the Third Plenary Session of the Eleventh Central Committee of the Chinese Communist Party that immediately followed. In essence, this speech served as the keynote address for the Third Plenary Session. In *Selected Works of Deng Xiaoping*, Volume II (1975-1982) (Beijing: People’s Press, 1993-2010). This speech is widely considered as the most essential representation of ‘Deng Xiaoping’s Thought’.

¹¹⁷ Lucian W. Pye, “On Chinese Pragmatism in 1980s,” *The China Quarterly*, no. 106 (Jun., 1986): 207.

¹¹⁸ Thomas P. Bernstein, “Mao Zedong and the Famine of 1959-1960: A Study in Willfulness,” *The China Quarterly*, no. 186 (Jun., 2006), 421-45.

¹¹⁹ *Ibid.*, 422.

¹²⁰ Deng, “How to recover the agricultural production?” In *Selected Works of Deng Xiaoping*, Volume 1 (Beijing: People Press, 1983), 177.

pragmatist leader.¹²¹ What Mao had fight for was a society that everyone helps everyone, without rich / poor difference, without status difference. Mao tried to achieve this goal with heroic moralism. Deng at first no longer clung to this ideology. He put the economic development as priority. His way of thinking was only by enriching the people can realize the socialism in the aspects of politics and superstructure areas.

Deng's understanding of socialism is best represented in his saying "What is socialism? Socialism is to make the people rich and to develop productive forces."¹²² This definition of socialism is not ideological, but it links socialism with the common sense of human survival and development. It is pragmatic, and not to be superstitious in ideology.¹²³

Deng's approach means he pragmatically created a new form of socialism. No Chinese Communist Party leaders ever really condemned Mao's ideological excess and every Chinese leader is compelled to work within the strictures of state mythology and the party structure. Under this framework, Deng managed to dismantle the People's Communes and other collectivist units, while encouraging market and private enterprises, and engaging with the international economy. Deng Xiaoping's pragmatic policies became the guiding principles in the new era and the banner of economic reform from then on.¹²⁴ This approach is pragmatic because of its emphasis on practical results of ideology in stimulating and maintaining economic growth. The new economic policies turned towards more pragmatic, tangible efforts to expand prosperity.

This kind of pragmatic thinking could be regarded as an abandonment of Maoist moral puritanism. It aimed to establish a practical, consensual framework for governance that transcended Mao's ideological zealotry. Deng consciously and effectively removed the high-intensity control of Maoist ideology at a social level. Meanwhile, he kept the Marxist-Leninist ideology that still plays the role of integrating the political power of the state with the political structure of social transformation and which frames China's ongoing, egalitarian sense of national identity.¹²⁵

It is straightforward to recognize a fundamental root of Chinese cultural pragmatism here, which might be seen as a most general aspect of Chinese ways of coping with challenges. Francis Hsu has noted that the Chinese believe that it is eminently reasonable for people to change their behaviors and attitudes according to what makes sense in particular circumstances. This also means that Chinese moral norms are highly particularistic, with high adaptability. In addition, a

¹²¹ Pye, "On Chinese Pragmatism in 1980s," 207-8.

¹²² Deng, *Building the Socialism with Chinese Characteristics* (Beijing: People Press, 1984), 43-4, 133.

¹²³ Zehou Li and Zaifu Liu, "Deng Xiaoping and Pragmatic Reason," in *Farewell to Revolution* ed. Zehou Li and Zaifu Liu (Hong Kong: Hong Kong Tiandi Publishing, 1995), 15-8.

¹²⁴ Pye, "On Chinese Pragmatism in 1980s," 208.

¹²⁵ *Ibid.*

plausible proof of this argument is that the Chinese public has adapted to and even embraced market economy and new ethical rules with evident ease and alacrity.¹²⁶ This is clearly demonstrated in Madsen's Chen Village anthropological research: even in the midst of the Cultural Revolution, the villagers still secretly clung to kinship ethics with pragmatic attitudes and behaviors.¹²⁷ Dikötter's research on the 'silent revolution' also proves this point.¹²⁸

Being pragmatic and circumstance dependency in social behavior and attitude has deep roots in traditional Chinese thinking, in particular Confucianism.¹²⁹ The same holds for Deng's pragmatic morality. It could be regarded as "a backlash to radical Maoism...So, market morality may be also seen as a modern transformation of Confucian pragmatism".¹³⁰ After the death of Mao, facing a nearly bankrupt economy and national spreading of individual marketing and profit earning behavior, pragmatism was destined to be the realistic moral choice.¹³¹ Metzger even predicted this moral change in his 1977 book.

1.2.2. 'Reform and Opening-up' since 1978: Economic Institutional Changes

1.2.2.1. Pioneers: The Household Responsibility System

In economic institutional changes, rural areas were once again the vanguard in the economic reforms since 1978. This is because peasants suffered the most under the old rigid planned system and thus had the strongest desire for reform. Rural areas were in fact the pioneer sector with the fewest political barriers in the political system (comparing with cities) and thus offered a breakthrough point for reform.

One major change was the introduction of the household responsibility system (Hereafter. HRS), which was developed spontaneously by poor peasants in response to underlying economic forces. The first recorded practice of this kind took place in December 1978 in the Xiaogang Production Brigade of Fengyang County in Anhui Province, where 20 peasants representing 20 households put their fingerprints on a contract to divide the Commune's land among the households.¹³² By doing so, they also promised to fulfill the procurement quota of grain to the State. Under the HRS, households became residual claimants to any surplus production and obtained almost all control rights over production and circulation,

¹²⁶ Coase and Wang, "How China's Market Reform Began," 208-9.

¹²⁷ Madsen, *Morality and Power in a Chinese Village*, 202-17.

¹²⁸ Dikötter, *The Cultural Revolution*, 21-33.

¹²⁹ Zehou Li, *A History of Classical Chinese Thought* (London: Routledge Studies in Contemporary Chinese Philosophy, 2019), 5-11.

¹³⁰ Herrmann-Pillath, *China's Economic Culture*, 581, cited Madsen [1984].

¹³¹ *Ibid.*

¹³² Justin Yifu Lin, "The Household Responsibility System in China's Agricultural Reform: A Theoretical and Empirical Study," *Economic Development and Cultural Change*, vol.36, no. S3 (Apr., 1988): 199-224.

except for the right to dispose land. This practice soon expanded to other parts of An Hui Province and received unexpected strong support from the provincial governor Wan Li. Faced with this bottom-up institutional breakthrough, no official endorsement was given by the central government. Even worse, the 1978 Party Central Committee meeting on reform explicitly prohibited such practice in An Hui. It was not until two years later, that the Communist Party for the first time officially allowed the HRS to exist – but only in poor areas.¹³³

The Party started to advocate actively the HRS only in early 1982. The HRS became fused with the People's Commune system. By the end of 1982, 80 per cent of rural households had adopted the HRS nationwide, and by 1984, almost all had completed this institutional transformation. This greatly undermined and destroyed the basis of collectivization. When the contracts of the HRS were all prolonged to a period of 15 years around 1984 and 1985, the HRS completely replaced the Maoist collective Commune system.¹³⁴

1.2.2.2. Rural Marketization

Despite the de-marketization enforced during the Mao period, and required to be perpetual, the state power actually never fully abolished regional market systems, especially in rural areas. In Rozelle et al.'s research, periodic markets did not vanish with the modernizing reforms in China.¹³⁵ Even in the mid-1970s when the class struggle was at its peak, local peasants embraced the market in order to pull themselves out of poverty.¹³⁶ According to Herrmann-Pillath, on the eve of the Cultural Revolution there still were about 37,000 rural markets and about 33,000 before the advent of reforms in 1978.¹³⁷ The number had further expanded to 83,000 by 1995. Therefore, the question in Deng's market reform was not whether to let markets exist, but how to legally and ethically justify their existence and make them function in the recovery of the national economy.¹³⁸

After the Cultural Revolution, the regime's goals were focused on economic recovery, and peasants were responding positively to daily economic needs. China during this period most closely resembled a traditional agrarian society with its

¹³³ Justin Yifu Lin, "The Household Responsibility System Reform in China: A Peasant's Institutional Choice," Center Discussion Paper, No. 526 (Yale University, Economic Growth Center, New Haven, CT, 1987). <https://www.econstor.eu/bitstream/10419/160449/1/cdp526.pdf>. Last access: 20.07.2020.

¹³⁴ *Ibid.*

¹³⁵ Scott Rozelle and Vincent W. R. Benziger and Jikun Huang, "Continuity and Change in China's Rural Periodic Markets", UC Davis Working Paper, No. 02.009, 2002. <https://ssrn.com/abstract=334161> or <http://dx.doi.org/10.2139/ssrn.334161>. Last access: 03.02.2019.

¹³⁶ Dikötter, *The Cultural Revolution*, 33-47.

¹³⁷ Herrmann-Pillath, *China's Economic Culture*, 538.

¹³⁸ *Ibid.*

usual peasant business.¹³⁹ The HRS is in many ways similar to private farming in a market economy: “the farm household has control over the land it uses and can choose what to produce and how to market its products as is the case in a market economy.”¹⁴⁰ Under the institutional transformation of the HRS, China’s rural economy experienced a rapid transition from a re-distributive/ collective economy to a market-like economy.

The central government realized the function of the market in revitalizing the economy. A greater role was given to markets in guiding agricultural production: “The decision to increase grain imports, cut down grain procurement quotas, and reduce the number of products included in agricultural planning reflected an intention to increase the role of markets”.¹⁴¹ The restoration of household farming and the increase in market freedom prompted farmers to adjust their production activities in accordance with profit margins.¹⁴²

In the villages and small towns, some People’s Communes and village production brigades began to set up enterprises since 1980s. These enterprises at first did not obtain the freedom to seek profits in industries other than agriculture until after the reform. In July 1979, the State Council issued the ‘*Regulation on Some Questions Concerning the Development of Enterprises Run by People’s Communes and Production Brigades*’, which allowed provinces to grant tax suspensions of 2-3 years to new commune and brigade enterprises. The enterprises were no longer restricted to agricultural industry, such as producing chemical fertilizer and farm tools, but were allowed to enter into many industries unrelated to agriculture where previously only state-owned enterprises had access. They also no longer had to use only local resources and could sell beyond local markets.¹⁴³

In the ‘*Central Committee Circular on Agricultural Work*’ of January 1, 1984, the government “encourages peasants to invest in or buy shares of all types of enterprises and encourages collectives and peasants to pool their funds and jointly set up various kinds of enterprises by following the principle of voluntary participation and mutual benefits.”¹⁴⁴ In March 1984, the former commune and brigade enterprises were renamed as ‘township and village enterprises’ (TVEs). A rural enterprise sector is entitled to have group household and individual enterprises (i.e., private enterprises). Rural enterprises finally obtained legitimacy.

¹³⁹ William G. Skinner, “Rural Marketing in China: Repression and Revival,” *The China Quarterly*, no. 103 (1985): 393-413.

¹⁴⁰ Gregory C. Chow, “Development of a More Market-Oriented Economy in China”, *Science*, vol.235 (1987).

¹⁴¹ Justin Yifu Lin, “On the Development Strategy of an Externally Oriented Economy,” *Chinese Economy*, vol. 25, no. 3 (1992): 53-66.

¹⁴² *Ibid.*, 60,61.

¹⁴³ Christine P. Wong, “Between Plan and Market: The Role of the local sector in Post-Mao China,” *Journal of Comparative Economics*, vol.11 (1987): 385-98.

¹⁴⁴ CCP Central Committee, “Circular on Rural Work in 1984,” <https://doi.org/10.2753/CLG0009-4609190469>. Last access: 03.02.2020.

After the abolishing of the Commune system in June 1984, township and village governments enthusiastically supported rural marketization because the ever-growing rural markets had become a strong economic driving force. Moreover, the local governments relied heavily on the development of rural markets as the way to generate financial revenues.¹⁴⁵

These township enterprises expanded quickly, which demonstrates the rapid development of rural markets. Between 1983 and 1988, total rural industries' output increased by more than five-fold; in comparison, between 1978 and 1983, it merely doubled. By the end of the 1980s, rural enterprises had already become one of the pillars of the national industry. No wonder Deng Xiaoping said in 1987: "The greatest achievement that was unexpected is rural enterprises [both TVEs and private enterprises] have developed."¹⁴⁶

Meanwhile, land markets and labor markets started to boom in rural areas. In large parts of the country, regional growth has been achieved through the proper use of farmland. Rural laborers have widely entered labor markets. So far, the 150 million (approximately) rural migrant workers make up a vital portion of the entire labor force.¹⁴⁷ Judged from above facts, the emergence and growth of markets were the driving forces behind the success of the reforms. In sum, free markets led to free trade and labor flow. The dramatic growth seen during 1978-1984 was a result of a package of market-oriented rural reforms.

1.2.2.3. *Urban Economic Reform*

Domestic Market

As the rural reforms were so successful, the government was encouraged to take a bolder approach to reforms in both the rural and urban sectors in 1985. In May 1984, the government officially permitted urban areas to pursue the market practice alongside the previously planned track for industrial goods, but with a restriction of price ranges of commodities. For instance, the price of a commodity in the market track should only be floated within 20 per cent of the planned track price. This was the so-called 'dual-track economy' In February 1985, the dual-

¹⁴⁵ Enrico C. Perotti, Laixiang Sun and Liang Zou, "State-Owned versus Township and Village Enterprises in China," working paper no.150. <https://www.wider.unu.edu/sites/default/files/wp150.pdf>. Last access: 06.02.2020.

¹⁴⁶ Document of CCP central committee meeting June 12, 1987. <http://data.stats.gov.cn/staticreq.htm?m=aboutctryinfo>. Last access: 06.02.2020. Translated by the author.

¹⁴⁷ Shi Li, "The Economic Situation of Rural Migrant Workers in China," *China Perspectives*, Apr, 2010, <https://doi.org/10.4000/chinaperspectives.5332>, Last access: 03.02.2020; "China says farmers' majority in work force to end by 2000," *Agence France Presse*, archived on August 18, 1996; Gary Silverman, "Vital and vulnerable," *Far Eastern Economic Review*, vol.159, no.21 (May 23, 1996).

track was formally put into place. Under this system, the planned prices were maintained as before, together with the planned quotas for delivery.¹⁴⁸

However, the above quota quantities produced by State owned enterprises (SOE) were allowed to be sold on the market and the prices were freely determined by market supply and demand. In this way, any good legally carried two prices -- a planned price as before, and a market price that was based on the market demand and was not regulated by the government. Under this dual-track system, the market system in urban areas was finally able to grow.¹⁴⁹ Its significance also lies in the fact that a basic market environment was established for the existence and development of the non-state-owned and non-public economy. Therefore, the dual-track system played a significant role in the development of the private sector. In 1981, the number of private enterprises in China was only 1.83 million. By 1985, it had grown to 11.71 million, with an average annual growth rate of over 159 per cent.¹⁵⁰

International Market

As early as 1972, when the Cultural Revolution was not even over, China had begun to change its former practice of diplomatic and economic isolationism, by developing trade relations with Western countries and learning and introducing foreign science & technology. In December 1978, the Third Plenary Session of the 11th CPC Central Committee officially announced the implementation of a ‘foreign policy of opening up’ which aimed at actively developing economic cooperation with the global market.¹⁵¹

In 1979, the government decided to expand foreign trade and welcome foreign investment. Two provinces, Guangdong and Fujian, were at the forefront of the opening up process because of their coastal geographic locations. In July 1979, the central government decided that the two provinces should pursue reform ‘one step ahead’ of other regions in the country, allowing them to adopt ‘special policies’ [*te shu zheng ce* / 特殊政策] and to implement ‘flexible measures’ [*ling huo cuo shi* / 灵活措施]. For example, these two provinces were allowed to retain all foreign exchange income after remitting 30 per cent from the increased amounts of exports.

¹⁴⁸ Justin Yifu Lin, “On the Development Strategy of an Externally Oriented Economy,” *Chinese Economy*, Taylor & Francis Journals, vol. 25, no. 3 (1992): 53-66.

¹⁴⁹ Barry Naughton, “China’s Emergence and Prospects as a Trading Nation.” Working Paper on Economic Activity, 1996. https://www.brookings.edu/wp-content/uploads/1996/06/1996b_bpea_naughton_lardy.pdf. Last access: 14.06.2020

¹⁵⁰ National Database: <http://data.stats.gov.cn/staticreq.htm?m=aboutctryinfo>. Last access: 30.01.2019. Translated by the author.

¹⁵¹ Shigeo Kobayashi, Baobo Jia and Junya Sano, “The ‘Three Reforms’ in China: Progress and Outlook,” working paper, no.45, Sep 1999. <https://www.jri.co.jp/english/periodical/rim/1999/RIMe199904threereforms/>. Last access: 20.07.2020.

In August 1980, the central government approved Shenzhen, Zhuhai, Shantou and Xiamen to be the trial areas of a special economic zone [*jing ji te qu* / 经济特区] in terms of regional export-oriented economic with special market regulations. Nowadays, these areas all have become the leading engines of the Chinese economy.¹⁵²

Until the end of the 1980s, the state had not yet made the final decision to remove planned economy dominance.¹⁵³ However, the shortcomings of the planned economy had gradually become apparent and economic difficulties became more critical. These problems were concentrated on four aspects: (1) poor economic development level and impoverished living standard; (2) the financial situation of state-owned enterprises deteriorated; (3) inflationary pressures erupted from time to time; (4) rent-seeking activities in planned economy (in particular, administrative corruption in state owned enterprises) that used public power to collect private wealth was widespread. To overcome these problems, the central government determined to steadily reconstruct a market system.¹⁵⁴

In October 1992, the 14th National Congress of the Communist Party of China set the goal of “reforming the establishment of a socialist market economy”.¹⁵⁵ In November 1993, the Third Plenary Session of the Fourteenth Central Committee inaugurated the ‘Decision on Several Issues Concerning the Establishment of a Socialist Market Economic System.’ The Decision of the Third Plenary Session of the Fourteenth Central Committee clearly put forward a new reform strategy of ‘integral promotion and key breakthroughs’, formulated specific plans for promoting reform in all aspects of the economic system, and required the establishment of a market economic system by the end of the 20th century.¹⁵⁶

The marketization of commodity prices was realized in the early 1990s. In 1992, under conditions of monetary tightening, the prices of almost all commodities, except for a few products such as oil, were released from control. This pattern of the liberalization of prices of commodities has been largely maintained.¹⁵⁷

In 1993, the Third Plenary Session of the 14th CPC Central Committee decided to establish a ‘modern enterprise system’ in state-owned enterprises, namely

¹⁵² Richard Herd, Vincent Koen and Paul van den Noord, “China’s Emergence as a Market Economy: Achievements and Challenges,” OECD contribution to the China Development Forum (Beijing: 20-21 March 2011), <http://www.oecd.org/governance/public-finance/47408845.pdf>. Last access: 06.03.2020.

¹⁵³ Report on the Work of Government in 1980: http://www.gov.cn/test/2006-02/16/content_200778.htm. Translated by the author.

¹⁵⁴ John McMillan and Barry Naughton, “How to Reform a Planned Economy: Lessons from China,” *Oxford Review of Economic Policy*, vol.8, no.1 (Spring, 1992): 130-43.

¹⁵⁵ The 14 National Congress of the CCP Reports: http://www.chinatoday.com/org/cpc/cpc_14th_congress_standing_polibureau.htm. Last access: 06.02.2020.

¹⁵⁶ Ibid.

¹⁵⁷ Reform Data Base: <http://www.reformdata.org/2009/0113/19886.shtml>. Last access: 06.02.2020. Translated by the author.

modern companies. On December 29, 1993, the Standing Committee of the National People's Congress passed the 'Company Law of the People's Republic of China' and began to implement it on July 1, 1994.¹⁵⁸ In 1997, the 15th National Congress of the Communist Party of China, and especially the Fourth Plenary Session of the 15th CPC Central Committee in 1999, further clarified that – except for a very small number of enterprises that need to be monopolized by the state – all state-owned enterprises must undergo share-based restructuring in order to diversify their equity structure.¹⁵⁹

According to the idea put forward by the 15th National Congress of the Communist Party of China in 1997, the '1998 Amendment to the Constitution of the People's Republic of China' clearly stipulated "the common development of multiple forms of public ownership and the common development of multiple ownership systems is the basic economic system."¹⁶⁰

This announcement includes three main aspects: First, the 'advancing and retreating' adjustment of the state-owned economy, with the aim of narrowing its scope; second, putting more efforts into finding a variety of public ownership forms, include, state-owned enterprises, state-holding enterprises and state joint ownership enterprises; and third, encouraging the development of the non-public economy such as the individual and private sectors, and making them important parts of the socialist market economy.

An important part of adjusting and improving the ownership structure was to 'open up and invigorate state-owned small enterprises.' This institutional transformation steadily softened the limitations of private ownership in the market and society. By the turn of the century, most state-owned small and medium Enterprises (SME) and township enterprises affiliated to the grassroots governments had realized re-structuration through various means such as shareholding cooperation, overall sale, and restructuring into limited liability companies or joint-stock companies.¹⁶¹ This injected lots of vitality into the private economy.

1.2.3. Deng's Socialist Spiritual Civilization Construction

From the beginning of the market reform, there have been voices of disagreement in the CCP. There had been much discussion and even disturbances within top political entities, and xenophobic reactions within the Party, to the idea of market

¹⁵⁸ Public Information services Official web page: "Company Law of the People's Republic of China." http://www.fdi.gov.cn/1800000121_39_4814_0_7.html. Last access: 07.07.2020.

¹⁵⁹The 15 National Congress of the CCP Reports: http://www.bjreview.com.cn/90th/2011-03/25/content_357542.htm. Last access: 20.07.2020.

¹⁶⁰ Ibid.

¹⁶¹Kobayashi, The "Three Reforms" in China, <https://www.jri.co.jp/english/periodical/rim/1999/RIMe199904threereforms/>. Last access: 20.07.2020.

and opening up the country since the mid-1980s.¹⁶² Since reform, there have been fierce debates: how to legitimize the market economy and opening up policy? How to legitimize Deng's slogan of "letting some of people get rich first"?¹⁶³ How to make market economy and socialism compatible? Around 1990, the left wing of the CCP argued that "if the Party did not clearly distinguish between capitalism or socialism, then the reform would become wholesale Westernization".¹⁶⁴

The promotion of a 'socialist spiritual civilization', launched by Deng in the early 1980s, was an attempt to counteract moral challenges to the emphasis on economic growth and reform.¹⁶⁵ The idea of 'two civilizations', and a campaign to promote it, were formally inaugurated by the CCP. The 'two civilizations' are commonly expressed as 'material civilization' and 'spiritual civilization'. While continued economic growth highlighted gains in 'material civilization', morality promoted 'socialist spiritual civilization', focusing on 'moral, cultural and ideological' advancement among Chinese citizens.¹⁶⁶ Material civilization was confirmed as the basis for China's moral progress, and spiritual civilization as its guarantee. This was an attempt to instill a modern socialist morality to handle the new challenges of the market economy. 'Spiritual civilization' [*Jing shen wen ming* / 精神文明] is often translated and termed in official Chinese documents as 'cultural and ethical progress'. The use of terminology 'civilizations' could be regarded as intended "to create an ideological lineage for their (CCP) distinct political platforms, and in doing so to maintain – or be seen to be maintaining – the moral legitimacy of the Party".¹⁶⁷

According to Deng, material achievement was the foundation: "when people's material wealth progresses, their cultural aspects will rise their spiritual aspects as well (and) will change considerably".¹⁶⁸ In 1991, when Deng Xiaoping visited

¹⁶² Report on the Work of Government in 1980: http://www.gov.cn/test/2006-02/16/content_200778.htm. Translated by the author.

¹⁶³ Deng, speech at the meeting with delegation of American senior entrepreneurs organized by American Times Company on October 23, 1985. <http://cpc.people.com.cn/GB/34136/2569304.html>. Last access: 07.07.2020.

¹⁶⁴ Renzhi Wang 王忍之, "关于反对资产阶级自由化 [guanyu fadui zichan jieji ziyoushua / On the Opposition against Bourgeoisie Liberalization]", *人民日报* [*renmin ribao* / *People Daily*], Feb 22, 1990.

¹⁶⁵ Anlin Dai 戴安林, "邓小平的社会主义精神文明建设思想 [Deng Xiaoping de shehuizhuyi jingshen wenming jianshe sixiang / Deng Xiaoping's Socialist Civilization Construction Thoughts]," *重庆社会科学* [*Chongqing shehui kexue* / *Chongqing Social Science*], March 04, 2014. http://www.cssn.cn/zt/zt_xkzt/12746/zxzt_dxp/xssy_wh/201403/t20140304_1018045.shtml?COLLCC=1763908260&. Last access: 30.01.2019. Translated by the author.

¹⁶⁶ Ibid.

¹⁶⁷ Nicholas Dynon, "'Four Civilizations' and the Evolution of Post-Mao Chinese Socialist Ideology," *The China Journal*, no.60 (2008): 83-109.

¹⁶⁸ Deng, "改革的步子要加快 [gaide de buzi yao jiakuai / The Pace of Reform Should Be Accelerated]," In *Selected Works of Deng Xiaoping*, vol.67,237.

Shanghai for inspection, he made an influential speech, which had far-reaching implications for China's reform: "Don't think that the planned economy equals socialism, the market economy equals capitalism, it is not so. Both (planned and market) are means. The market can also serve socialism."¹⁶⁹

Therefore, we could view Deng as a pragmatist with regard to markets as an economic means. Meanwhile, he, as well as the top CCP leaders, was quite aware there should be a new ideology and moral framework in the new market. Deng, as the General Secretary of the CCP, initially kept the Marxist-Leninist ideology that still played the role of integrating the political power of the state. Moreover, he formulated the 'Communist spiritual civilization' ideology,¹⁷⁰ which then became ubiquitous and formidable on an institutional scale. Deng's ideological concern for civilization was best manifested in his famous saying "one hand is tough while the other is soft", meaning that material civilization was being emphasized, whereas spiritual values were neglected.¹⁷¹ In September 1986, the Sixth Plenum of the Twelfth Party Central Committee approved the adoption of the slogan "In grasping with two hands, both hands must be firm" as party guideline.¹⁷² Both hands being firm actually means socialist spiritual civilization should be paid more attention. The idea of the two civilizations provided a new ideological framework to cope with the moral concerns among Party members. This decision from CCP was intended to control the balance between social order and economic liberalization.

Civilization concept has formed the ideological backbone to the Deng modernization program. It is a moral concern with facing the new social order challenges brought by market reform and opening up. "As a construct within Chinese socialist theory, civilization is in many ways anti-ideological, a narrative that has from its outset favored harmony over dialectical materialism, and that increasingly favors culturalist over socialist frames of reference"¹⁷³ The civilization campaign of the CCP thus is not derived from Marxism. With this 'civilization' ideological construct, the CCP's new economic policies gain moral legitimacy under the Socialist conditions of the present.

1.3. Conclusion

Since 1949, China have seen radical changes of contemporary history, as it moved from an economic system perturbed by Mao's radical collectivization and de-marketization, to Deng's market reform and opening up. Changes occurred in a number of ways: socioeconomic flux; changes in social morality stemming from traditional values to Communist values; a shift from Mao's radical utopian

¹⁶⁹ Ibid.

¹⁷⁰ Dai, *Deng Xiaoping's Socialist Civilization Construction Thoughts*, 11.

¹⁷¹ Ibid., 11-2.

¹⁷² Ibid.

¹⁷³ Ibid., 17.

revolutionary ethics to Deng's pragmatic thinking in market economy design as well as his socialist spiritual civilization.

Mao's de-marketization and planned collectivized economic system and Deng's market reform seems to represent two different moral stances in regard to economic and business. The main difference lies in whether private profit interest is considered moral or not and whether a market economy is moral or not. Mao thought private profit interests were the source of immorality and would ruin the moral purity of his ideal Communist society. On the contrary, Deng believed profit interests were morally good, and gave it justification in practice. Market economy can contribute to the moral ends of a modern nation. In this regard, Deng and Mao apparently represent two distinct poles in Chinese history about the moral understanding of profits.

Therefore, we could say, the transition from Mao to Deng, in some regard, was a shift in the moral understanding of private profit and market. Interestingly, they are two sides of one coin. Mao's virtue rigorism and Deng's pragmatic morality are not new in Chinese moral attitudes related with business. Both represent certain aspects of Confucianism. If scrutinizing more carefully their arguments and practices with respect to the institutional relationship between market and society, both agreed that the economy is to be put to the service of moral goals. This end actually makes these two modern Chinese leaders as convergent and consistency in moral thinking with Confucianism. In *The Analects*, Chapter Zilu,

When the Master went to Wei, Zan You acted as driver of his carriage. The Master observed, "How numerous are the people!" You said, "Since they are thus numerous, what more shall be done for them?" "Enrich them," was the reply. "And when they have been enriched, what more shall be done?" The Master said, "Teach them."¹⁷⁴

Confucius believed, enriching people is the prerequisite of educating people and civilizing them. The ultimate goal is a more moral and civilized society. This is the principle that shows a clear continuity through centuries in Chinese elite's political economy ideal: the efforts to define reasonable and effective measures by which the government can promote the economy for the benefit of the people.¹⁷⁵ We could find it in both Mao and Deng, though they adopted quite different means. Mao used ideology-oriented moralism. He totally denied the morality of private profits and the market as a field for profit-earning activities would have an immoral function in society. This has been Confucian ethical possibility in Mao's thought that he stressed upon moral consciousness as his central thought. On the contrary, Deng argued a moral justification of private profits and contended that a prosperous market economy as a means can ultimately promote the exact

¹⁷⁴ Confucius, *The Analects*, chapter zilu, trans. by James Legge. <https://ctext.org/analects/zilu/ens>. Last access: 07.01.2019.

¹⁷⁵ Bin R. Wong, "Chinese Understanding of Economic Changes: From Agrarian Empire to Industrial Society," In Timothy Brook and Hy V. Luong ed. *Culture and Economy: The Shaping of Capitalism in Eastern Asia* (Ann Arbor: The University of Michigan Press, 1999), 48-9.

foundation of spiritual and moral realization. Reviving the market economy and strengthening spiritual civilization construction, in Deng's view, was necessary for a more civilized Chinese society, which echoed in Confucius's argument of enriching people firstly and then teaching people. In essence, both Mao and Deng defined economy as a means for morality end. Being afraid of virtue lay behind the pursue of material advantage, Chinese Communist ideology has had difficulties in pure pursuit of profit.¹⁷⁶ In this moral mindset, Deng persisted in the moral guidelines of 'Two Civilizations Constructions' and 'In grasping with two hands, both hands must be firm' in the market reform.

If Mao's moralism could be regarded as an obvious heritage of Confucianism moralism, Deng's insistence of a unity of empirical practice and doctrines may make itself inherit pragmatic aspect of Confucianism. No wonder, pragmatic reasoning is what Western philosophers have labeled Confucianism and Chinese traditional folk culture.¹⁷⁷ In *the Analects*, Chapter Gongye Chang, "Zi Gong said, 'The Master's personal displays of his principles and ordinary descriptions of them may be heard. His claims about man's nature, and the way of Heaven, cannot be heard [夫子之言性与天道, 不可得而闻也].'"¹⁷⁸ Hence, Confucius tried hard to avoid metaphysical talking and abstract speculation. Its basic stance is to emphasize that knowledge and learning must be connected with reality and practice, that is, to attach great importance to practice and focus on the combination of action and mind. This is also the basic contribution of Song Ming Neo-Confucianism.¹⁷⁹

In Chinese folk culture, pragmatic reasoning is not only a guide for daily life, but also the leading principle of ideological and cultural exploration.¹⁸⁰ For a long time, in the study of comparative religions, there has always been a common scholarly conclusion that, comparing with Westerners' worship of God, Chinese people's religious worship is completely out of pragmatic reasoning.¹⁸¹

¹⁷⁶ Ibid., 58.

¹⁷⁷ Roger, T. Ames, "Confucianism and Deweyan's Pragmatism: A dialogue," *Journal of Chinese Philosophy* vol.30, no.3&4 (Sep / Dec., 2003): 403-17; Daniel J. Stephens, "Confucianism, Pragmatism, and Socially beneficial Philosophy," *Journal of Chinese Philosophy*, vol.36, no.1 (March., 2009): 53-67; Sor-Hoon Tan, "The Pragmatic Confucian Approach to Tradition in Modernizing China," *History and Theory*, vol. 51, no. 4 (2012): 23-44; Zehou Li 李泽厚, *实用理性与乐感文化 [shiyong lixing yu legan wenhua / Pragmatic Reason and A Culture of Optimism]* (北京 [Beijing]:三联书店 [sanlian shudian], 2005), 325.

¹⁷⁸Confucius, *The Analects*. <https://ctext.org/analects/gong-ye-chang/ens>. Last access: 23.07.2020.

¹⁷⁹ Roger, T. Ames, "Confucianism and Deweyan's Pragmatism: A dialogue," 403-17; Wujin Yu 俞吾金, "从实用理性走向实践智慧 [cong shiyong lixing zouxiang Shijian zhihui / On the China's Development from Practical Reason to Practical Wisdom]," *杭州师范大学学报 [hanzhou shifandaxue xuebao / Journal of Hangzhou Normal University]*, no.3 (May., 2014): 36-43.

¹⁸⁰ Ibid., Ames, 406-7; Yu, 36-7.

¹⁸¹ Ibid., Yu,37-8.

In this regard, CCP early leaders' treatment of practical problems germane to this tradition. Chairman Liu Shaoqi in his famous essay "How to be a Good Communist"¹⁸² advocated 'the theory of taming tools' in the discussion about the cultivation of Communist Party members, and 'tools' are understood from the perspective of being used. Liu also asked the individual party member must in large degree be his own policeman in thought and action, to "watch himself when alone."¹⁸³

CCP's dialectical materialism banner owes nothing to Chinese tradition, but their emphasis in arguments and movements, like Mao's attitude toward moral consciousness and will power, like Deng's and Liu's attitude toward the relationship of the pragmatic action and abstract Marxist theory, like Deng's spiritual construction campaign, do make constant appeal to traditional Confucian moral ideas of role related social reliability and responsibility, moral consciousness power, moral self-examination, self-watchfulness, acting out one's knowledge for utility and enriching people. The early Confucian view of order contained two parallel appeals that are in tension: on the one hand, Confucianism built an ideal order with virtues and the consistent pursuit of moral values as lifelong career; on the other hand, Confucianism was reality/context oriented and pragmatic in existing social order.¹⁸⁴ Hence, Deng's as well as other CCP leaders' stress upon practice in economic development perhaps shows Confucian tradition but stressing in different aspects. Together with Deng's consistent effort of 'Spiritual Civilization Construction', there has nonetheless been a sophisticated effort to mesh a Communist ethic with those aspects of deep-rooted ethical thought.

From both Mao and Deng's claims, the core of modern civil society should be noble political values, new social ethics, and a new social structure – all of which, in my understanding, amount to a modern version of the Confucian *Da Tong* society, or a morality defined communist society. Social transformation can realize the modernization of China as a civilized state. In this sense, despite of opposite economic ethics understandings, Mao and Deng shared the same moral goal for the Chinese nation – also identical with that of precedent Confucian scholars – namely, the desire to morally transform the society and realize the grand hope of a harmonious and civilized society.

In micro social level, the economic reform that began in 1978 was an efficiency-oriented market reform. The Maoist ideology had experienced collapse as well. We can see that the disintegration of the Maoist collective resulted in individuals, particularly farmers, re-uniting in various networks. People began to return to

¹⁸² Shaoqi Liu, "How to be a good Communist?" July 1939, <https://www.marxists.org/reference/archive/liu-shaoqi/1939/how-to-be/ch01.htm>. Last access: 23.07.2020.

¹⁸³ Mao, Liu at al., *A Guide to Thought* (Hong Kong: Pei-fang Press, 1949), 4.

¹⁸⁴ Jiuyong Liu 刘九勇, "早期儒家秩序观中理想与现实的二重奏 [zaoqi rujia zhixuguan zhong lixiang yu xianshi de erchongzou / Idealism and Reality in Early Confucianism's Order Concept]," *北方论丛* [*Northern Forum*], no.3(2017): 116-21.

traditional ethical networks— for instance, kinship, clan, acquaintance, geographic relationship, *guanxi*, etc., or create new ethical networks. When the market as a key institution appeared again as the center of economic and revolutionary ideology was no longer in the center of social life, it changed the basic economic structure of society and changed the motivation and behavior of people in business actions. Any version of an institution is based on a set of basic predispositions, a meaning system (in Clifford Geertz's sense of culture as a meaning system).¹⁸⁵ Different social structures and institutions manifest different value and meaning systems. To note, economic systems and institutions also have to be based on some shared assumptions that stem from a combination of cultural norms, of which morality is part. The general cultural pattern can be helpful in suggesting probable elite dispositions and people's motivations as well as behaviors.¹⁸⁶ As independent actors in the market again, people are starting to look for and follow certain business ethics. As shown in this chapter, the pre-1949 culture continues to have a deep impact in Chinese society. These cultural resources are what I will deal with in Chapter 2.

¹⁸⁵ Clifford Geertz, *The Interpretations of Culture* (New York: Basic Books, 1973).

¹⁸⁶ Pye, *Mao Tse-Tung: The Man in the Leader*, 4.

Chapter 2 Business Ethics in Traditional China and its Cultural Resources

The ‘sense-making’ process in society is based on cultural repertoires. Ethics, and changes in ethics, also have never started from a vacuum. All changes in ethics have to begin with existing ethics, and any change has to be initiated and implemented by agents within these existing ethical understandings in their historical and social context. This is especially true in the study of ways of thinking about morality, since moral norms are connected with and rooted in assumptions and in the value systems specific to sociocultural contexts. Historically inherited ethics have far-reaching impacts on current ethics and even their direction of change, sometimes long after historical social institutions have been changed or abandoned.¹⁸⁷ No major distinctive features of business ethics — including subsequent changes — can be properly understood without understanding their fundamental and underpinning cultural resources.¹⁸⁸

As a persistent and stable culture with at least 4000 years’ history, Chinese traditional culture has left an ever-lasting impact on the probable elite dispositions and people’s motivations as well as behaviors, it is worthwhile to examine its origins and its robustness in history. As Fan and Whitehead stated, “every culture possesses a patrimony of moral goodness and spiritual achievements. This storehouse of moral values, accumulated over many centuries, functions as an endowment to be cherished and conserved, as well as a moral asset to be invested in the future.”¹⁸⁹ The basic resources of business ethics originated from the birth of the market and economic activities in China and have evolved over two thousand years.¹⁹⁰ These resources have supported an economy and market that has lasted

¹⁸⁷ Dieter Birnbacher, “Ethics and Social Science: Which Kind of Co-operation? Ethical Theory and Moral Practice,” *Justice in Philosophy and Social Science*, vol. 2, no. 4 (Dec., 1999): 319-36.

¹⁸⁸ Thomas Donaldson and Thomas W. Dunfee, “Toward A Unified Conception of Business Ethics: Integrative Social Contracts Theory,” *The Academy of Management Review*, vol.19, no.2 (Apr., 1994): 252-94.

¹⁸⁹ Lizhu Fan and James D. Whitehead, “Spirituality in a Modern Chinese Metropolis,” In *Chinese Religious Life*, ed. by David A. Palmer, Geln Shive and Philip L. Wickeri (Oxford: Oxford University Press, 2011), 35.

¹⁹⁰ Haiying Zhang 张海英, “明清商书中的商业伦理与商人意识 [mingqing shang shu zhong de shangye lunli yu shangren yishi / Business ethics and Businessman Consciousness in the Ming-Qing Business Books],” in 走向大众的“计然之术”——明清时期的商书研究 [zou xiang dazhong de “jiren zhi shu”- mingqing shiqi de shangshu yanjiu / Being Rich: Towards

longer than any of the old empires of world history, and they continue to have a lasting impact on the business ethics of the current socioeconomic transition in China.¹⁹¹ Thus, to understand the current Chinese business ethics environment requires a profound understanding of Chinese cultural orientations and repertoire. Furthermore, it becomes prudent to consider the mindset behind Chinese business ethics. It is crucial to understand the indispensable function of culture as informal institutions in China and how that it affects business ethics.

2.1. *General Conception of Ethics and Morality in the Chinese Historical Context*

Business ethics as an academic discipline is populated by both social scientists and normative theorists. Most social scientists within the field approach the study of business ethics descriptively and try to answer questions about practice. In my research, I do not probe into these descriptive questions about lived business ethics. I focus instead on questions, which have to do with business ethicists, their work and the cultural contexts.

In Chinese language, there is no equivalent of the term ‘moral’ in classical Chinese.¹⁹² The word ‘ethics / *Lun li* [伦理]’ in ancient Chinese firstly refers to the organization of things and music, and has nothing to do with human morality.¹⁹³ In the early Han Dynasty, the term ‘*lun li*’ began to be widely used to refer to interpersonal relationships and their norms: the ethics, and their inherent meaning.¹⁹⁴ ‘*Lun li*’ represents the organization and order of interpersonal relationships. From the perspective of the ancient Chinese context, interpersonal relationships are not chaotic, but naturally organized, “like jade with clear stripes.”¹⁹⁵ This kind of organized order was understood as inherent and endogenous in interpersonal relationships, and it was generalized as *li* [ritual / 礼] in traditional Chinese society.

the Public - The Ming-Qing Business Book Research, 张海英 Zhang Haiying (北京[Beijing]: 中华书局 [Zhonghua Shuju], 2019), 2-3.

¹⁹¹ Ibid., 6.

¹⁹² Henry Jr. Rosemont, “Rights-Bearing Individuals and Role-Bearing Persons,” in *Rules, Rituals and Responsibility*, ed. Mary Bock-over, 33-47 (LaSalle, Illinois: Open Court, 1991). See also Henry Jr. Rosemont and Roger T. Ames ed. *Confucian Role Ethics: A Moral Vision for the 21st Century?* (Taiwan: National Taiwan University Press, 2016), 33-40.

¹⁹³ Dainian Zhang, *Chinese Ethics Thoughts Research* (Shanghai: Shanghai People Press, 1989), 2.

¹⁹⁴ Ibid., 4-7.

¹⁹⁵ This sentence is from Xu Shen’s *Shuo Wen Jie Zi* / 说文解字. The original sentences are: “伦，从人，辈也，明道也；理，从玉，治玉也” ‘Lun’ means the interpersonal relationship; ‘li’ is the veins in the jade. ‘Lunli’ means the orders and norms in the interpersonal relationship.
<http://www.chinaknowledge.de/Literature/Science/shuowenjiezi.html>. Last access: 02.02.2019.

The original meaning of the word ‘morality [*Dao de* / 道德]’ refers to the inherent qualities of the ‘*Dao*’ in nature, and individuals’ inner recognition and acquisition of those qualities in the course of their pursuit of *Dao*.¹⁹⁶ Morality / *Dao de* refers to the harmony of individuals’ external behaviors and their intrinsic ideas and virtues.¹⁹⁷

Modern Japanese scholars first borrowed ‘*lun li*’ from ancient Chinese to translate the English word ‘ethics’; this translation was later introduced into China,¹⁹⁸ and was generally accepted by Chinese scholars and Chinese society.¹⁹⁹ The ‘*Dao de*’ concept maintains its meaning as ‘morality’ in modern China.²⁰⁰

2.2. *The Start—Confucianism as the Source of Orthodox Ethical Principle: Salt and Iron Debate*

If we consider Confucianism as the dominant cultural basis of China, there would be no argument. Schwartz considered Confucius’ dominance as truly exceptional among the other ancient civilizations, as there are no exact parallels, not even Socrates.²⁰¹ Hence, I would like to start my Chinese cultural tour from Confucianism.

Confucius and his thinking’s unique position in China’s culture was hardly established during his lifetime (551-479BC) nor even decades after his death. It wasn’t until much later that Confucianism (thanks to the enormous efforts of his students and followers) gradually progressed into official philosophy.²⁰² By integrating with political and social institutional reforms, its orthodoxy was

¹⁹⁶ Zhang, *Chinese Ethics Thoughts Research*, 10-2.

¹⁹⁷ Ibid.

¹⁹⁸ According to Guocheng Jiao 焦国成, the term *lun li* emerged during the modernization of Japan, and its meaning was finally fixed only after a period of time. In the process, Kenji Morioka, Nishizhou, Tejiro Inoue, Maru Inoue and others made important contributions. It was Tetsuji Inoue who translated ethics into *Lun li* after which it spread widely. See Guocheng Jiao 焦国成, “论伦理:伦理概念与伦理学 [lun lunli: lunli gainian yu lunlixue / On Ethics: The Concept of Ethics and Ethics as an academic discipline]”, *江西师范大学学报 [Jiangxi shifan daxue xuebao / Journal of Jiangxi Normal University]:哲学社会科学版 [zhexue shehui kexue ban]*, no.1(2011):22-8.

¹⁹⁹ When Yan Fu translated Huxley’s *Evolution and Moral Philosophy* in the late Qing Dynasty, he believed that the Japanese scholar’s translation was proper, and borrowed it. This translation was then widely used.

²⁰⁰Modern Chinese Dictionary.
<https://www.mdbg.net/chinese/dictionary?page=worddict&wdrst=0&wdqb=%E9%81%93%E5%BE%B7>. Last access: 02.02.2019.

²⁰¹ Benjamin I. Schwartz, *The Reign of Virtue: Leader and Party in the Cultural Revolution in China and Other Matters* (Cambridge Mass: Harvard University Press, 1968), 2-4.

²⁰² Ibid., 27.

gradually set up and retained as the cultural essence of China.²⁰³

This gradual process began during the Han dynasty (206BC-220AD), which was the first hallmark period for the initial formation of traditional Chinese political structures and social ethics, and also for the burgeoning of an alliance between Confucianism and social institutions. In terms of ideology, Confucius, Menci (372-289 BC) and Xuncius (316-237BC) established the basic form of Confucianism.²⁰⁴ However, in the chaotic society of the Spring and Autumn Period and the Warring States Period (770BC-221BC), these concepts did not cope with the dysfunctional social problems. Thus, Confucianism during this time was merely a scholarly topic and ideal. With the unification of Han state, the value of Confucianism as a social stabilizer was progressively recognized by emperors and politicians.²⁰⁵

The first Chinese Imperial Dynasty Pre-Qin, just prior to the Han Dynasty, mainly adopted Legalism²⁰⁶ as its political ideology, which emphasized attaining a 'rich state and a powerful army' and ensuring domestic stability, though it was marked by intense inter- and intra-state competition. Legalists were political realists. They believed that human beings, no matter who, will forever remain selfish and covetous of riches and fame; they were unconcerned with morality and they believed there should be no expectation of individual morality. Therefore, a viable sociopolitical system should be based on impersonal norms and standards: laws, administrative regulations, clearly defined rules, and the like.²⁰⁷

The early Han Dynasty concentrated on laissez faire economic policies. The early emperors mainly adopted another important form of Chinese thinking, the Daoist principles, such as *Wu wei* [noncoercive action / 无为]²⁰⁸ which included reducing agricultural taxes (from 1/15 of agricultural output to 1/30). In Emperor Wen and Jing's period, agricultural taxes were once even abolished entirely.²⁰⁹ In addition to this, the required public labor service was reduced from one month every year to one month every three years; the minting of coins was privatized; and taxes on salt and other commodities were removed. As a result, merchants and industrialists prospered during this period. In the early Western Han Dynasty, the wealthiest men in the empire were the large merchants who produced and

²⁰³ Lai Chen, *The Core Values of Chinese Civilization* (Singapore: Springer, 2017), 41-3.

²⁰⁴ Ibid.

²⁰⁵ Fuguan Xu, *History of Thoughts in Two Han Dynasties* (Beijing: Jiuzhou Press, 1972[2014]), 20.

²⁰⁶ Introduction to Legalism: <https://plato.stanford.edu/entries/chinese-legalism/>. Last access: 03.02.2020.

²⁰⁷ Ibid.

²⁰⁸ This translation of *wu wei* comes from Roger T. Ames and David L. Hall, *Dao De Jing: making this life significant: a philosophical translation* (New York: Ballantine Books, 2003), 7-15.

²⁰⁹ Cho-yun Hsu, *Han Agriculture: The Formation of Early Chinese Agrarian Economy* (Seattle and London: University of Washington Press, 1980), 177-81.

distributed salt and iron.²¹⁰ The Han state became a plutocracy in many senses.

The succeeding Emperor Han Wu (141BC-87BC) viewed plutocracy as a threat to the State's authority, as the wealthy elites drew the peasants' loyalties away. He determined to put an end to plutocracy by nationalizing the salt and iron trades.²¹¹ Meanwhile, the early Emperor Han Wu period was still in a flux of years of wars. Therefore, Emperor Han Wu basically picked Legalism as the state governing measures.²¹² Thus, during the early years of Emperor Han Wu, the stance on socioeconomic issues was dominated by the Legalists, who argued that "a viable sociopolitical system should allow individuals to pursue their selfish interests exclusively in ways that benefit the state, viz. agriculture and warfare."²¹³ To finance its years-long military campaigns, Emperor Han Wu nationalized the private salt and iron industries in 117 BC.²¹⁴ As a by-product, this policy produced large profits for the state treasury. This policy was also successful in financing Emperor Han Wu's military campaigns. Consequently, Legalism that stressed on national power became the official economic ideology. However, these policies triggered large-scale dissent and backlash among Confucian scholars and local large clans.²¹⁵

As the wars continued, land merger had become increasingly formidable, which made farmers destitute. The disadvantages of nationalized policies, such as poor-quality iron farming wares, wildly fluctuating prices, together with state officials sought bribe gains in the market, directly harmed the farmers and small merchants. The government monopolies in industries were severely criticized by Confucian scholars and ignited their fierce resistance.²¹⁶ Against this backdrop, the 'Salt and Iron Debate' as a state conference was held at the imperial court in 81 BC. Officials and scholars were summoned by Emperor Han Wu to discuss state policies, especially state monopoly policy.

In essence, the 'Salt and Iron Debate' could be regarded as a debate over the justification of the State's monopoly control of market, commerce and industry, which fundamentally related with the understanding of morality and ethics in economics. This conference is widely regarded as the first face-to-face confrontation in Chinese economic ethics history between the emerging Confucian

²¹⁰ Ibid.; See also Nishijima Sadao, "The Economic and Social History of Former Han," in *The Cambridge History of China*, ed. by Denis Twitchett and Michael Loewe (Cambridge: Cambridge University Press, 1986), 545-60.

²¹¹ Ibid., 183-90; 547.

²¹² Yuanmin Cheng 程元敏, *汉经学史 [han jing xue shi / The History of Classics in Han Dynasty]* (台北 [Taibei]: 台湾商务 [taiwan shangwu], 2018), 109-41.

²¹³ Ibid.

²¹⁴ Cho-yun Hsu, *Han Agriculture*, 112.

²¹⁵ Jing Zhao 赵靖, *中国经济思想史述要 [zhongguo jingji sixiang shuyao / China Economic Thought History]* (北京 [Beijing]: 北京大学出版社 [Beijing daxue chubanshe], 1998), 41-3.

²¹⁶ Ibid., 53-7.

moralism school of thought and then dominant Legalist school of thought.²¹⁷

The key debater from the state side was Sang Hongyang, a prominent financial officer in the ruling bureaucracy. His best-known reform was the state monopoly over iron and salt. Sang's economic thoughts were largely inherited from Legalism.²¹⁸ What greatly affected his economics thinking was the avant-garde legalist concept from Guanzi "Light and Heavy", which argued in a dialectical way, "When things are too abundant, they become cheap; when things are rare, they become expensive; when things are scattered, they become light; when things are gathered, they are heavy."²¹⁹ That is to say, goods are expensive when their supply is short, while the price of goods is suppressed when there is oversupply. Sang encouraged the state to use this Light-Heavy principle to set state economic policy, regulate market prices, control important strategical commodities such as grain, salt and iron, and manage the exchange in the market. In Sang's understanding of the Light-Heavy dichotomy, the state is heavy whereas people are light. His state monopoly methods created the earliest form of state-owned enterprise in China. The special status of state-owned enterprise has been maintained till modern times.²²⁰ A distinct phenomenon in the current Chinese market economy reform called *Guo jin min tui* [国进民退] – meaning 'the State advances, the private sector retreats' – also could be regarded as stemming from this historical economic institution.²²¹

The literary scholars as the opposition in this meeting were mainly Confucian scholars. They were not only dissatisfied with the state intervening in the market and competing for profits with the people but also disagreed with the policy of "discarding agriculture by developing industries".²²² The Confucian scholars questioned and had a pejorative view on a wide variety of state interventions, for instance, monopolies on national salt and iron enterprises, price stabilization schemes and taxes on private merchants and private capital. Under Emperor Han

²¹⁷ Ibid., 71-3. See also, Fuguan Xu 徐复观, "盐铁论中的政治社会文化问题 [yantielun zhong de zhengzhi shehui wenhua wenti / The Political, Social and Cultural Problems in Salt and Iron Debate]," 两汉思想史 [lianghan sixiang shi / The History of The West and East Han Thoughts], vol.3 (台北 [Taipei]:台湾学生书局 [Taiwan Xuesheng shuju], 1979), 117-216.

²¹⁸ Ibid., 72.

²¹⁹ *Guan zi*, Chapter Qing zhong / Light Heavy Discourse, <https://ctext.org>. Last access: 05.02.2020. The main body of *Guan zi* is the collective work of a group of anonymous Qi scholars who revered Guanzhong during the period of the Warring States. Guanzhong was a Chinese philosopher and politician. He was an influential reformer of the State of Qi during the spring and Autumn period. The central idea of *Guan zi* is the ideas of state ruling and the rule of law, which is represented by the chapters Renfa, Mingfa, Fafa, Junchen, Lizheng, Qifa, Banfa, Fajin, and Zhongling. These chapters make up the largest proportion of the entire book.

²²⁰ Xu, "The Political, Social and Cultural Problems in Salt and Iron Debate," 72-4.

²²¹ Xiangjun Li 李祥俊, "从盐铁论看后汉武帝时代的价值观冲突 [cong yan tie lun kan hou hanwudi shidai de jiazhiguan chongtu / The Value Conflict in the late Han Wu Emperor: started from "Salt and Iron Debate]," 社会科学战线 [shehui kexue zhanxian / The Frontier of Social Science], no.4 (2017): 12-9.

²²² Ibid., 13.

Wu, after years of wars and heavy farm taxes, the peasants were destitute. The thought of raising the status of agriculture was pervasive among Confucian scholars. They emphasized that agriculture, as the root of society, should be the proper way of maintaining social harmony and easing peasants' suffering.²²³

So Confucian scholars launched a vigorous attack against the supporters of the state policy, mainly on moral aspect. They argued that the policies of state intervention in business harmed the health of social ethics and would turn into a morality hazard:

Recently, a system of salt and iron monopolies, a liquor excise tax, and an equitable marketing system have been established throughout the country. These represent financial competition with the people which undermines their native honesty and promotes selfishness.

We desire that the salt, iron, and liquor monopolies and the system of equitable marketing be abolished. In that way the basic pursuits will be encouraged, and the people will be deterred from entering secondary occupations. Agriculture will then greatly prosper. This would be expedient.²²⁴

Anthony Comegna notes, "The Confucians argued that government sponsorship of business enterprises created a moral hazard, positively encouraging immoral behavior and distorting individuals' decision-making processes."²²⁵ The Confucians insisted that state intervention warped the natural ethical orders in economic activities, which would lead to immorality in people.²²⁶

If virtue is used to lead the people, they will return to honesty, but if they are enticed with gain, they will become vulgar...Vulgar habits lead them to shun duty and chase profit; soon they throng the roads and markets. Laozi said, "A poor country will appear to have a surplus." It is not that it possesses abundance, but that when wishes multiply the people become restive. Hence, a true king...restrains the people's desires through the principles of ritual and duty and arranges to have grain exchanged for other goods. In his markets, merchants do not circulate worthless implements.

The purpose of merchants is circulation, and the purpose of artisans is making tools.

These matters should not become a major concern of the government.²²⁷

Confucian scholars insisted upon the fundamental role of virtue and morality in social affairs. They accentuated the need for giving priority to morality and virtues in state economic policies. State rulers should not undermine the moral basis of a

²²³ Xu, "The Political, Social and Cultural Problems in Salt and Iron Debate", 119-20.

²²⁴ Kuan Huan, *Annotation of Discourses on Salt and Iron*, trans. Liqi Wang (Beijing: Zhonghua Book Company, 1806/2011), 1.

²²⁵ Anthony Comegna, "Without the state's incredible, Heaven-mandated, virtually godlike concentrated power, Who would build the roads?" <https://www.libertarianism.org/columns/monopoly-empire-ancient-chinas-debate-salt-iron>. Last access: 02.03.2020.

²²⁶ Ibid. See also Gan Lao 劳干, "《盐铁论》所表现的儒家及法家思想之一斑 [yantielun suo biao xian de rujia yu fajia sixiang zhi yi ban / The Confucianism and Legalism Thoughts in Salt and Iron Debate]," in *古代中国的历史与文化 [gudai zhongguo de lishi yu wenhua / Ancient Chinese's History and Culture]* (北京 [Beijing]: 中华书局 [Zhonghua shuju], 2006), 231-42.

²²⁷ Kuan Huan, *Annotation of Discourses on Salt and Iron*, 3.

society by intervening in the market and business or through state monopoly. Rather, moral personality cultivation should be advocated as the basis and root of state policy, “[In order to] better govern the country, develop agriculture, prevent immorality, and better the customs, the state should [stay out of business] and enhance benevolence / *ren yi*.”²²⁸ In other words, state’s publicly straining after profits in the market were not a proper way of governing people or educating people. This was a very bad exemplar. The Confucian scholars suggested, the state should leave business and market, and stop running after profits in the hands of the people.

For instance, the Confucian scholars criticized: “The cast irons made by the state are mostly large vessels, which are very inappropriate for the household to use [...]. The ironware that the state has made is mostly inferior in quality, but the price is very expensive, and [the state] forces people to buy them. The common people have no choice (in the market) but to use woodwork instead of incongruous ironware for farming.”²²⁹ They contended that under such policies people struggled to earn a living, regardless of morality. According to Confucian scholars, this indicated the state’s policies of “abandon[ing] the morality root” and ruining the entire social morality.”²³⁰

To refute, the state officials advocated that state’s monopoly benefited both individual interest and national interest. By strictly following Legalism, they emphasized individuals’ rights were devalued and disdained when they conflicted with the ruler’s will and national interest. They preached that good state-owned business and good economic policies could as well meet the needs of self-interest of the people and contribute to the happiness of people.²³¹

In regard to the relationship of profit pursuing and material calculations, Legalist officials argued that material interests play a decisive role in the development of the nation and people. The salt and iron policy permitted the country to be directly involved in business and expand material power in a very short time. This reveals a goal in politics to safeguard imperial monarchy: to increase the state treasury income and limit the increasingly powerful private businesses. In the specific historical situation of the Han Dynasty, these measures that aimed to enhance military resistance to foreign insults turned out to be very effective and of great impact in the emperor’s power of accumulation and military safety. These officials contended that, in the long run, the policy of state monopoly and intervention in business was good for the people as a whole.²³² In the officials’ argument, apparently, national safety and interests held “the greatest righteousness / *da yi* [大

²²⁸ Ibid.

²²⁹ Ibid., 4.

²³⁰ Ibid.

²³¹ Ibid.

²³² Ibid., 5.

义]”.²³³ So, the legitimacy of the salt and iron monopoly policy could not be undermined in the ethical sense.

This debate is a fundamental ethics debate. Through the Salt and Iron Debate, the Confucian School emerged for the first time as a political group, and substantively began to enter the political and economic arena and compete with the dominant Legalist School in mainstream ideology. They represented the reformists who were obsessed with virtues and morality as social and economics bases. From the perspective of ideology history, it could be said as the proper bases for society and the economy that the emergence of Confucianism as a new power was a prelude to an ideological turning point in Chinese history. As Ge argued, “The Salt and Iron Debate is an important episode in the process of Confucianism obtaining the official ideological status of the Han Dynasty and later Imperial dynasties.”²³⁴ The Salt and Iron Debate set up a key tone for the later Chinese social ideology: a fundamental role of virtue and morality as the guiding principle in economic development ideology.²³⁵

The fundamental difference between Legalism and Confucianism is the status of moral concern in social life. Confucianist thought focuses on the cultivation of virtue in a morally organized world. Moral norms should be construed as universal, impartial, objective principles on the basic understanding that moral rules have ultimacy in human life. A model for government is based on the perfect character and merits of the king and on his perfect moral governmental measures. A good rule should ensure well-ordered hierarchies not only in the political arena but also in the moral, social, and familial settings.²³⁶ During this debate, Legalist thoughts were well and truly lambasted by Confucian scholars. Confucian’s arguments became national wide recognized and disseminated via this famous debate. Since then, Confucianism has fully integrated into the political ideology system.

Thirty years later, Confucian scholar Huan Kuan wrote *Discourses on Salt and Iron / 盐铁论* as a record of this conference. Besides including the official documents, Huan Kuan also added his own follow-up and comments on the debate. The publication and wide spread of *Discourses on Salt and Iron*, in what was then a much more politically conservative era, verifies that Confucianism and its ethical ideology had become dominant after the Emperor Han Wu Dynasty.

After decades of state economic control, the political and economic centralization of the Han Dynasty had become stable. The proponents of the salt and iron policy had already been defeated in the rough and tumble of politics (Sang Hongyang was later executed in 80 BCE for treason). The political ideology

²³³ Ibid.

²³⁴ Zhaoguang Ge 葛兆光, *中国思想史 [zhongguosixiangshi / The Thought History of China]* (北京 [Beijing]: 北京大学出版社 [Peking University Press], 2001), 23.

²³⁵ Lao, “The Confucianism and Legalism Thoughts in Salt and Iron Debate,” 233-4.

²³⁶ Karyn L.Lai, “Confucian Moral Thinking. Philosophy East and West,” *Comparative and Asian Philosophy in Australia and New Zealand*, vol. 45, no. 2 (1995): 249-72.

ensured that “everything must accord to the ancient verses”.²³⁷ By the time of the book’s publication, there were “three doctrines of economic thoughts: advocating justice while depreciating benefits; concentrating on agriculture development while restraining commerce; averting luxury while upholding frugality. They are finally become a formal institution in the field of economic ideology in Han Dynasty.”²³⁸

2.2.1. Confucian General Ethical Values and Norms

Sociologist Robert Bellah called Confucianism a “civil religion”.²³⁹ It has historically strongly influenced the moral code of the Chinese ethical tradition and forms the backbone of Chinese culture.²⁴⁰

Confucianism believes that ethics lie within human nature. This is based on a cornerstone belief that human nature is morally good, and claims that benevolence / *ren* [仁], love, and righteousness / *yi* [义] are the origins of ethics.²⁴¹ As Confucianism became the dominant ruling ideology, the Chinese nation formed a cultural and philosophical tradition of giving great attention to virtues, moral self-discipline, moral self-cultivation and ethical orders in social life.²⁴² Economic field is no exception.

This emphasis of morality in self, community and universe as a whole has originated from ancient Chinese thinking and social life pattern. Confucius’s role was to systematically organize these thoughts. According to Schwartz, the ancestor worship in lineage and tribes was pervasiveness and omnipresent in ancient China, and very central to the entire development of Chinese civilization. This had led to, in China, the fundamental status of lineage that centered on the ancestral cult. Ancestor worship strongly associates with kinship. Hence, kinship has extraordinary strength in ancient Chinese social structure.²⁴³ Ancestor worship “highlights the kinship group as a paradigm as of social order, that is, as a network of intimately related roles”.²⁴⁴ As this ancestor worship was also taken as religious orientation, these role relationships span the divide between the world of living, the

²³⁷ Zhao, *China Economic Thought History*, 11.

²³⁸ *Ibid.*, 13.

²³⁹ Robert N. Bellah, *Beyond Belief: Essays on Religion in a Post-Traditionalist World* (Berkeley: University of California University, 1991), 77.

²⁴⁰ Xiaotong Fei, *From the Soil: The Foundations of Chinese Society* (Beijing: Peking University Press, 1948), 20-5; Ying Fan, “A Classification of Chinese Culture,” *Cross Cultural Management: An International Journal*, vol.7, no.2(2000): 3-10; Jacobs Laurence, Guopei Gao and Paul Herbig, “Confucian Roots in China: A Force for Today’s Business,” *Management Decision*, vol.33, no.10(1995): 29-34.

²⁴¹ Stanford Encyclopedia of Philosophy: <https://plato.stanford.edu/entries/ethics-chinese/#ConEth>. Last access: 02.02.2019.

²⁴² *Ibid.*

²⁴³ Schwartz, *The Reign of Virtue*, 19-23.

²⁴⁴ *Ibid.*, 24.

world of dead, the world of divine and the nature, river, mountain, rain, wind, earth, stars, universe.²⁴⁵ The kinship roles are inevitably hierarchic, the role status are naturally embedded as the order. This belongs to the nature of ancestor worship. As indicated by Chang Kwang-chih, lineage organization plays crucial role on the entire development of ancient Chinese society.²⁴⁶

The possible implication of ancestor worship for the religious and philosophic development of China involves the relational ontology of cosmos.²⁴⁷ The cosmology in ancient Chinese thinking is relational in essence. It manifests itself as the belief that all things in the universe are existing in a relational network that binds the living to the dead, the divine to the human, the individual to the community. This relational network is characterized by intimately related roles. Within this network model, the role relationships should be maintained in harmony.²⁴⁸ Hence, the moral sense and value of order is central. ‘Order’ here may be different from Western readers’ understanding of ‘order’ and ‘rationality’. Order in ancient Chinese social thought is a conception that “embraces and incorporates every aspect of human experience - including numinous and magical aspects”.²⁴⁹ Order is where the essential category ‘*li* / ritual [礼]’ in Confucianism came from. Ritual / *Li* as a category “bridges a gamut of prescriptions, ranging from religious ritual to proper social behavior and even etiquette”.²⁵⁰ Ritual / *Li* determines and supports the order and control of relations.

Hence, in an interdependent and inter-relational cosmos, the harmony of a community becomes each individual’s obligation and social duty. Honoring status relationships, using correct titles, and following rituals in mind and behavior, ‘naturally’ becomes social structure center. By virtue of Confucianism’s orthodoxy having had a prescriptive existence in Chinese society for the past 2000 years, its basic claims — that moral qualification is the most esteemed individual quality, and that morality is grounded in human and divine nature — continue to have fundamental influence for the contemporary Chinese culture and value system. Early modern scholars have already asserted Chinese culture to be a culture of ethics (*lunli leixing de wenhua* [伦理类型的文化]).²⁵¹ This has played a decisive role in the formation and development of Chinese traditional business ethics, especially in dealing the relationship of morality and profit.

²⁴⁵ Ibid., 23.

²⁴⁶ Kwang-chih Chang, *Shang Civilization* (New Haven: Yale University Press, 1980), 245.

²⁴⁷ Schwartz, *The Reign of Virtue*, 25.

²⁴⁸ Ibid., 48.

²⁴⁹ Ibid., 33.

²⁵⁰ Ibid., 23.

²⁵¹ Shuming Liang 梁漱溟, *中国文化要义* [*zhongguo wenhua yaoyi / Chinese Culture Essences*] (台北 [Taipei]: 正中书局 [zhengzhong shuju], 1969), 10.

2.2.2. The Dichotomies of Yi-Li and Gong-Si in Business Ethics

As mentioned above, Salt and Iron Debate's key ethical focus was the fundamental dichotomy between righteousness / *yi* and profits / *li* in business.²⁵² Confucianism's stance was very clear. It emphasized seeking benefit by means of righteousness, and attached great importance to the function of benevolence and morality in state economic development.

Generally speaking, *li* / profit refers to the material benefits, satisfactions, etc. that can meet individual needs. *Yi* / Righteousness mainly has two meanings: the subject's internal moral attitude and the social group's moral order.²⁵³ For the individual, *yi* / righteousness refers to the subject's internal moral affect/correctness. For the social group, *yi* / Righteousness consistently has to do with ritual, and the group moral order.

The *Yi* and *Li* dichotomy can also be interpreted as the *Gong* [公] and *Si* [私] dichotomy. If looking at the view of Chinese society about the values of community and the individual, two fundamentally different claims concerning *gong* and *si* come out. *Gong* and *Si* can be translated as public / common and private / individual in English. There is an irreconcilable antagonism between *Gong* interests – meaning the public, community, or common good – and *Si* interests, meaning private, personal, or egoistic benefit.²⁵⁴ *Si Li* / Private profits as individual material profit, which is categorized as *si*, while public interests are categorized as *gong*, which belongs to *yi*. Confucius always argued that *gong* / public interests or common profits should be promoted as the priority. *Si li* / Private profits are secondary to *yi* / righteousness.²⁵⁵

Confucianism is not opposed to self-interest, but only asks people to consider the means: whether such pursuit conforms to ritual and morality, both of which target common good. At the very least, they should pay due attention to not harming others. This is what Confucius said: “First righteousness, and then take profits [义, 然后取].”²⁵⁶ Mencius said that “ [if not out of] righteousness, not the Dao ... [then it should not introduce to all people.]”²⁵⁷ ; and Xunzi said “gentlemen

²⁵² Xu, “The Political, Social and Cultural Problems in Salt and Iron Debate,” 137.

²⁵³ Stanford Encyclopedia of Philosophy: <https://plato.stanford.edu/entries/ethics-chinese/#ConEth>. Last access: 02.02.2019.

²⁵⁴ Jiuyong Liu, “Two notions of ‘gong [公]’ in Ming and Qing Dynasties: a comparison between Huang Zongxi and Wang Fuzhi,” *History of Chinese Philosophy*, no.3 (2017): 104-11; Ruoshui Chen 陈弱水, *公共意识与中国文化 [gonggong yishi yu zhongguo wenhua / Public Consciousness and Chinese Culture]* (北京 [Beijing]: 新星出版社 [xinxing chubanshe], 2006), 73-4.

²⁵⁵ Chen, *Public Consciousness and Chinese Culture*, 80.

²⁵⁶ Confucius, *The Analects*, Chapter Xianwen, trans. by James Legge, <https://ctext.org/analects/wei-ling-gong/ens>. Last access: 03.01.2019.

²⁵⁷ Mencius, *Mengzi*, Chapter Wan Zhang Shang, trans. by James Legge, <https://ctext.org/mengzi/wan-zhang-i/ens>. Last access: 02.02.2019.

want profit but do not act in a wrong way.”²⁵⁸ As long as the means are in line with morality, everyone can seek profits as they like.

It is important to note that the concept of *yi* is very broad and can be aligned with ritual, etiquette, benevolence, loyalty, forgiveness, trust, etc. In fact, all the moral behaviors could be termed as *yi*.²⁵⁹ Thus, profit is not necessarily immoral in Confucian opinion. Confucius argued that profit is a natural subjective need whose reasonableness and justification in human life should be admitted.²⁶⁰ The desire to be rich is part of human nature.²⁶¹ Hence, Confucius admitted this material desire’s ethical nature. But the justification of profit does not lie in itself but in the means or way used to get profits. If the means are not in accordance with *ren* / benevolence and *yi* / righteousness, the profits cannot be justified and should not be taken.²⁶²

A fundamental understanding of human nature in Confucianism is that, compared with material profit needs, moral need is the more basic human need. Hence, morality occupies ontological status in the Confucian social value system. ‘*Yi* / Righteousness as human nature [君子义以为质]’²⁶³ indicate that Confucius believed *yi* is an ontological substance that serves as the prior reference. *Yi* as the ontological substance contains profit, and only by behaving according to the principle of *yi* can one be self-cultivated and achieve the greatest social benefits.²⁶⁴

In chapter one, when discussing the Confucian influence in CCP leaders and polices, I have stated that, by insisting the central role of morality in social life, Confucius had never denied the legitimacy of profit earning. Furthermore, Confucius argued that ruler should at first enrich people and then educate them. The ruler’s primer responsibility is to make their people well off.²⁶⁵ This stance is closely related to a categorical group in Confucianism which I should explain.

In the Confucian mindset, there is group of intellectuals who are called *Junzi* [exemplary people / 君子]. They form a contrast to *xiaoren* [ordinary people / 小人]. *Junzi* are the ones who have the ability to understand the *Dao* by morally

²⁵⁸ Xunzi, *Xunzi*, chapter Bu Gou, trans. by John Knoblock, *Xunzi: A Translation and Study of the Complete Works*, vol.3 (Stanford: Stanford University Press, 1988), 109.

²⁵⁹ Chen, *Public Consciousness and Chinese Culture*, 89-93.

²⁶⁰ Confucius, *The Analects*, chapter Xu Er, trans. by James Legge. <https://ctext.org/analects/ens>. Last access: 03.02.2020.

²⁶¹ Confucius, *The Analects*, chapter Li Ren, trans. by James Legge. <https://ctext.org/analects/ens>. Last access: 03.02.2020.

²⁶² Confucius, *The Analects*, chapter Wei Ling Gong: “君子义以为质”; “The Analects”, chapter Li Ren: “君子喻于义，小人喻于利”; chapter Li Re: “君子去仁，恶乎成名”; chapter Tai Bo: “士不可以不弘毅，任重而道远.仁以为己任，不亦重乎？死而后已，不亦远乎？” trans. by James Legge. <https://ctext.org/analects/ens>. Last access: 03.02.2020.

²⁶³ Ibid.

²⁶⁴ David Wong, “Chinese Ethics,” in *The Stanford Encyclopedia of Philosophy* (Fall 2018 Edition), ed. Edward N. Zalta, <https://plato.stanford.edu/archives/fall2018/entries/ethics-chinese/>. Last access: 05.02.2020.

²⁶⁵ See chapter 1, section 1.1.1.4.

persistent self-cultivation. *Junzi* must abide by Confucius' moral requirements, whereas ordinary people do not necessarily achieve this. D.C. Lau generalized Confucius's *junzi* as the moral ideal type.²⁶⁶

The original linguistic meaning of 'jun' is wine vessel, which indicates a highly valuable thing. *Junzi* are the moral models for the *xiaoren* in the aspects of order, self-cultivation, social responsibility and ideal behavior. As exemplary figures, the *junzi*'s moral influence manifested themselves in their social responsibility and public affairs participation. Hence, apparently, *junzi* embodies the source of order in the public normative framework.²⁶⁷ Confucius utilized this term especially in virtue of political participation, which is seen as a necessary part of self-cultivation. He believed that *junzi*'s single-minded moral effort in action and words [言忠信, 行笃敬] are instrumental to attaining moral success.²⁶⁸ Comparing with Socrates's discussion of virtue and learning, Confucius emphasized behavioral - action and words - reform in practice as a characteristic of *junzi* while Socrates's conception seems to be less pragmatic and more focused on abstract apprehension of truth than on direct participating in practice.²⁶⁹ This indicates an important principle of Confucian ethics: the cultivation of virtues and responsibility to the community are interdependent and must be realized in practice and in context.²⁷⁰ *Junzi* are defined and regulated by both morality and social responsibility. Self-cultivation is definitely coupled with positive participation in the affairs of family and community, and the nation at large.

The pervasive requirement of community participation is a prerequisite of *junzi*'s self-cultivation induced a tension between state and ordinary people. This tension had proved provocative in the Salt and Iron debate. The Legalists argued that profitable results for the nation as the biggest group belong to the *yi* category, no matter whether the means of obtaining them are moral or not. However, Confucian creeds insisted that the ordinary people's benefit should be categorized as *yi*, because ordinary people actually comprise the 'community'. The community's benefit and moral order are of the highest value.

In Confucianist business ethical thought, 'the distinction between *yi* and *li*' occupies a pivotal position. It is not only directly related to the 'distinction between the *Junzi* and the ordinary people', and to 'the distinction of *gong* and *si*', but also has a close relationship with other Confucian core ethical themes, such as

²⁶⁶ D. C.Lau cited in he trans., *The Analects* (Beijing [北京]: 中华书局 [zhonghua shuju], 2008), p. xiv.

²⁶⁷ Stanford Encyclopedia of Philosophy:<https://plato.stanford.edu/entries/ethics-chinese/#ConEth>. Last access: 02.02.2019.

²⁶⁸ Confucius, *The Analects*, Chapter Wei ling gong, trans. by James Lagge, <https://ctext.org/analects/wei-ling-gong/ens>. Last access: 03.01.2019.

²⁶⁹ Roger G. Tweed and Darrin R. Lehman, "Learning considered within a cultural context: Confucian and Socratic approaches," *American Psychologist*, vol.57, no.2 (2002): 89-99. doi:10.1037//0003-066X.57.2.89.

²⁷⁰ Schwartz, *The Reign of Virtue*, 157.

the differentiation between human beings and animals, the differentiation of *Li* / reason [理] and *Yu* / desires [欲], and the distinction between *Wang* / kingly [王] and *Ba* / tyrannical [霸] rules.²⁷¹ Thus, the distinction between *yi* and *li* is the backbone of Confucianist ethics, which also guides ancient Chinese business ethics.

No doubt, the balance between morality and materialism in Chinese business norms has been extremely emphasized. *Yi*, as ontological substance, serves as the source for a basic moral code and ethical regulation of people's daily economic behavior. Specifically, the moral code determines considerations when conducting a profitable business – profit should result from right business. There are four disciplines when practicing *yi* / righteousness and *li* / material profits principles:

1. Explicitly oppose pursuing profits without considering righteousness.
2. Affirm the legitimacy of reasonable material profits.
3. Oppose pursuing profits and benefits under the flag of *yi* but in the end accepting to obtain profits as a result of fake *yi*. This is the kind of behavior of what Confucius called the “hypocrite”, criticized by him as “the thief of morality”.²⁷²
4. In special circumstances, sacrifice profits to realize moral achievement. The extreme situation is what Confucius called, “die a martyr to achieve virtue / *Sha shen cheng ren* [杀身成仁],”²⁷³ and Mencius's “sacrifice one's life for the sake of righteousness / *She shen qu yi* [舍身取义]”.²⁷⁴

Three conclusions can be drawn. Firstly, Confucius acknowledges that the urge for wealth possession is what the ordinary person desires; poverty and embarrassment are what most people hate. This clearly legitimizes the reasonableness of gaining wealth. Secondly, whether the purpose is to obtain wealth or evade poverty, it should be achieved in a moral way. Thirdly, for *junzi*, the first thing is to achieve ‘virtue and benevolence / *ren de* [仁德]’, which means to obtain moral virtues. In Confucianism, balancing righteousness and material benefit can be achieved with a peaceful and harmonious mind, as long as it is done with an ethical and legitimate interest at heart.

Based on the requirement of morality, the legitimacy of profit comes from ‘following the *Dao* of Heaven’, ‘for the people’ and accepting that ‘the will of Heaven lies in the people's benefits’.²⁷⁵ The legitimacy of profit exists in its public

²⁷¹ Lionel M. Jensen, “The Genesis of Kongzi in Ancient Narrative: The Figurative as Historical.” in *On Sacred Grounds: Culture, Society, Politics, and the Formation of the Cult of Confucius*, ed. by Thomas, A. Wilson (Harvard: Harvard University Asia Center, 2002), 4.

²⁷² Confucius, *The Analects*, chapter Yang Huo, trans. by James Legge. <https://ctext.org/analects/ens>. Last access: 03.02.2020.

²⁷³ Confucius, *The Analects*, chapter Wei ling gong, trans. by James Legge. <https://ctext.org/analects/ens>. Last access: 03.02.2020.

²⁷⁴ Mencius, *Mengzi*, chapter Gao zi shang, trans. by James Legge. <https://ctext.org/mengzi/gaozi-i/ens>. Last access: 03.02.2020.

²⁷⁵ Youlan Feng, *Selections of Feng Youlan's Academic Works* (Beijing: Beijing Normal University Press, 1992), 27-30.

/ *gong* rather than individual / *si*, character. Profit for a majority of a population is more worth pursuing. That is what Confucius called, “for the sake of the people’s benefits / *yin min zhi zuo li er li* [因民之所利而利]”.²⁷⁶

2.2.3. *Ritual and Chinese Business Ethics*

Ritual Ruling as Basic Social Structure

In the *Analects*, ritual includes ceremonies of ancestor worship, the burial of parents, and the rules governing respectful and appropriate behavior between parents and children. Later ritual came to cover a broad range of customs and practices that spelled out courteous and respectful behavior of many different kinds.²⁷⁷ Engaging in ritual, learning to perform it properly and with the right attitudes of respect while performing it, is to engage in a kind of cutting, carving, grinding and polishing of the self. One of the most distinctive marks of Confucian ethics is the centrality of ritual performance in the ethical cultivation of character.²⁷⁸

Based on this understanding, some would argue ritual is an instrumental means to virtues. However, Herbert Fingarette, in his influential interpretation of *Analects*, construes ritual performance as an end in itself: as beautiful and dignified, open and shared participation in ceremonies that celebrate human community. Ritual, through performance and practice, has been internalized, “so that it becomes second nature, such that it is gracefully and spontaneously performed, is a crucial constituent of a fully realized human life.”²⁷⁹ Hence ritual is not merely an instrument or practice but rather an endogenous part of refining the substance of virtues. It is the core of social order in Confucian notions, and can be defined in a condensed way as “all those ‘objective’ prescriptions of behavior, whether involving rite, ceremony, manners, or general deportment.”²⁸⁰

A richer interpretation of ritual, from Wong, is “Confucianism hews close to a kind of pre-theoretical experience of the moral life that might otherwise get obscured by a more purely theoretical approach to ethics. If we look at everyday experience of the moral life, we see that much of the substance of ethically significant attitudes such as respect is in fact given by cultural norms and practices,

²⁷⁶ Confucius, *The Analects*, chapter yao yue, trans. by James Legge. <https://ctext.org/analects/ens>. Last access: 03.02.2020.

²⁷⁷ Feng, *Selections of Feng Youlan’s Academic Works*, 41-47.

²⁷⁸ David Wong, “Chinese Ethics,” In *The Stanford Encyclopedia of Philosophy* (Fall 2018 Edition), ed. Edward N. Zalta. <https://plato.stanford.edu/archives/fall2018/entries/ethics-chinese/>. Last access: 14.06.2020.

²⁷⁹ Herbert Fingarette, *Confucius—The Secular as Sacred* (New York: Harper Torchbooks, 1972), 42-3.

²⁸⁰ Schwartz, *The Reign of Virtue*, 67.

and learning a morality must involve learning these norms and practices.”²⁸¹ That’s how ritual acts in ethical cultivation and constitutes an important part of what virtues are.

The orthodox rituals in Confucian thought are Western Zhou’s (11BC-771BC) rituals. Western Zhou’s rituals were a collection of various clans’ habitual rituals and systematical regulations.²⁸² The externalization of morals became ritual, ‘ritual is objective aspects of virtue’.²⁸³ All the proper ways of the righteous behavior of the ancient moral personality were brought together into the formal rites. The subjective purpose of these rituals is to communicate between the cosmos / *tian* [天], heaven and human, to communicate with ancestors, so as to bring blessings to the clan; its objective effect is to consolidate the clan, maintain order, and assure survival. Because of the sacredness of ritual (disobedience will lead to a catastrophe for the entire community), obedience to ritual becomes the greatest virtue of a king. People’s ‘good luck’ and ‘blessing’ are also influenced and even controlled through rituals.²⁸⁴

At the beginning of Zhou dynasty, besides individual morality, ‘virtue [德]’ had been referred to moral regulations related to major activities and events of the clan such as sacrifice and war, so virtue and ritual were already closely linked at the swaddling stage of Chinese society.²⁸⁵ Throughout Chinese history, ritual has evolved into a set of norms and rules about daily behaviors, activities, and use of language. When ritual changed from being religious ritual to being the general rules of interpersonal communication, it became a manifestation of a series of activities such as social habits, norms, and folklore, covering increasingly complex social relationships and mechanisms. However, in the process of ritual’s evolution, it never lost its original sacred moral meaning and the intrinsic relationship with virtue and morality.²⁸⁶ This shows an important characteristic of Chinese society and Chinese civilization – that rituals integrate the individual and the community through its moral function– and this function of ritual has never been lost.²⁸⁷

Liang described the traditional Chinese society, transformed from a clan society, as a society in which ethical relations are most fundamental. The core

²⁸¹Wong, “Chinese Ethics,” <https://plato.stanford.edu/archives/fall2018/entries/ethics-chinese/>. Last access: 14.06.2020.

²⁸² Zehou Li 李泽厚, *孔子再评价 [kongzi zai pingjia / Revaluation of Confucius]* (北京 [Beijing]: 三联书店 [sanlian shudian], 1985), 37-41.

²⁸³ Moruo Guo 郭沫若, “青铜时代:先秦天道观的发展 [qingtong shidai: xianqin tiandao guan de fazhan / The Bronze Time: The Tian Dao Concept in the Early Qin Dynasty],” *沫若文集 [moruo wenji / Works of Moruo]*, vol.16 (北京 [Beijing]: 人民文学出版社 [renmin wenxue chubanshe], 1962),15, 19.

²⁸⁴ *Ibid.*, 25.

²⁸⁵ Li, *Revaluation of Confucius*, 37-41.

²⁸⁶ *Ibid.*, 47.

²⁸⁷ Roger T. Ames and David, L. Hall, *Thinking through Confucius* (Albany, NY: State University of New York Press, 1987), 91-100.

characteristic of ethical relations is regulated by ritual, which involves both hierarchical order and compassionate emotional connection.²⁸⁸ Ritual includes both explicit and implicit systems of conventions in the form of etiquette and customs, as well as moral emotions and value choices with internal ethical judgments and moral psychology as its main content.

Fei used his famous contrasting ‘modes of association’ to discuss Chinese social structure. He contended that, compared with most Western societies that are ruled by law in modern times, Chinese society is ruled through rituals. Order in this kind of ritual society depends primarily on people’s obedience to their role based moral obligations and following rituals.²⁸⁹ According to Gary G. Hamilton and Wang Zheng, recent archaeology research re-confirms this conclusion.²⁹⁰ In regulating social relations, ritual, instead of law, is the basic principle. Ruling by ritual indicates the importance of emotional ties and personal relations, with principal emphasis on interpersonal obligations rather than individual rights. This is the distinct feature of ‘ruling by ritual’ in Chinese society.²⁹¹

As we have discussed above, ritual mainly represents and manifests itself in its external existence as a system of cultural norms and practices regarding moral virtues. Ritual is not only necessary for cultivating virtue internally, but is also essential to achieving external social group harmony. Confucius highlighted ritual’s role in the social structure and social norms. Immersed in such a culture of ritual, achieving harmony in group and interpersonal relationships has essential priority. Keeping harmony requires that the social status hierarchy is maintained as a premise.²⁹²

Hence, maintaining harmonious relationship is an important rule of business ethics in China. And as one distinct feature of ritual, Chinese traditional businessmen attached high importance to harmonious emotional ties. When profit and harmonious ties clashed, Chinese businesspeople tended to sacrifice profit to save harmony in relationship. In Chinese business history, there are many popular sayings commending harmony in business relationships, such as ‘harmony brings fortune[和气生财]’, ‘harmonious family can bring the luck and lead to the success of everything[家和万事兴]’, and ‘*Ren [Benevolence]* and *Yi [Righteousness]* outlast the business deal [买卖不成仁义在]’, just name a few.

Orthopraxy over Orthodoxy

In general, according to Confucian understanding, daily behavior must be guided by established ritual, not merely for restricting individuals but also for cultivating a

²⁸⁸ Liang, *Chinese Culture Essences*, 101.

²⁸⁹ Fei, *From the Soil*, 110-5.

²⁹⁰ Gary G. Hamilton and Wang Zheng, “Introduction in Fei Xiaotong’s *From Soil*,” In *From the Soil*, preface.

²⁹¹ Fei, *From the Soil*, 110-5; Liang, *Chinese Culture Essences*, 97-100.

²⁹² *Ibid.*

sense of holy righteousness and mission in their hearts.²⁹³ James L. Watson convincingly contended that the construction of a united Chinese culture is based on united rites, instead of united beliefs. What Chinese society shares are united ritual practices.²⁹⁴ His contention is that orthopraxy (correct practice) reigned over orthodoxy (correct belief) as the principle means of attaining and maintaining Chinese cultural unity. The notion of ‘Orthopraxy’ in Confucianism means that following the ritual behavior principles has a significant transformative power for the inner state and mind.

In comparison studies of societies, this point is confirmed. East Asian Confucian societies often involve a single ethnic community group. These groups and societies in a larger sense have a long history and experience of sharing special rituals.²⁹⁵ Orthopraxy highlights ritual. It demands a harmony in thought and action: correct ideas follow from proper behavior. Hence, Confucian Orthopraxy stresses ritual practice fulfillment.²⁹⁶

This also contributes the pragmatic characteristic of Confucianism business ethics that had been analyzed at chapter 1 and the beginning of this chapter as well. In terms of economic behavior and ethics, this pragmatic characteristic manifest itself in keen sensitivity to business situations without binding to any particular belief or value. The process involves emphasis on action in real circumstance. What is worth being paid attention to is action rather than doctrines, stressing ritual form of actions to a near exclusion of standardized belief.

Through the learning of ritual and daily business practice, businesspeople could deeply learn a sense of obligation to others, self-discipline, self-cultivation, achieving consensus and cooperation. A coherent ritual system underscores the layman’s business practice, which can find strong testimony in the network / *guanxi* [关系], and the customs of favor / *renqing* [人情] and face / *mainzi* [面子] in Chinese business culture. This part I would like to explain in more detail in the later section on Chinese popular folk culture.

2.3. *Transformations of Confucianism: The Imprint on Business Ethics*

In a social structure sense, Confucianist ethics exist at two levels: one exists among officials, scholars and elites; the other exists among ordinary people. They are in

²⁹³ Ames, *Thinking Through Confucius*, 46-51.

²⁹⁴ James L. Watson, “The renegotiation of Chinese cultural identity in the post -Mao era,” A public lecture delivered at the University of Hong Kong on 19 March 1991. <http://hdl.handle.net/10722/42558>. Last access: 06.02.2019.

²⁹⁵ Geert Hofstede, *Culture’s Consequences: International Differences in Work-Related Values* (Beverly Hills, CA: Sage, 1980).

²⁹⁶ Fingarette, *Confucius - The Secular as Sacred*, 71.

the same vein as Robert Redfield's "great tradition and little tradition".²⁹⁷ Both convergence and divergence of thoughts and practices have always coexisted. Chinese history has witnessed many clashes between upper-level ideological culture and popular customs. Rather, in the sense of Watson 'cultural construction',²⁹⁸ this was a process in which all Chinese participated. Many times in history, the elite bureaucracy "were forced to accept, adapt, and co-opt mortuary customs that first emerged among the peasantry".²⁹⁹

Against this backdrop, Confucianism has experienced two major significant transformations in history. One began during the reign of Emperor Zhengde (1491-1521) in Mid Ming Dynasty. From the Zhengde period to the Wangli period (1563-1620), a big cultural trend was that religions began the process of secularization and secular thoughts was no longer disdained. Along with this trend, the Neo-Confucian School appeared as a reform to early Han Confucianism. This thought reform coincident with the pulse of the historical times, such as the increasing popularity of Buddhism and Daoism, rapid development of transportation, commercialization, market centralization and urbanization. Economic development led to real improvements in individual well-being, combined with a notable increase in trade and commerce in the Song and Ming periods.³⁰⁰

This socioeconomic transition in the Song and Ming periods was preceded by a 'medieval economic revolution' and succeeded by a 'second economic revolution', which saw grand transformations in expanded farming (land exploration and farming techniques), science, and technology. This marked the beginning of a 'light government' ideology of Chinese state—meaning light taxation and minimal interference with commerce — which enabled the private economy to achieve a sustained expansion over the ensuing centuries.³⁰¹ Through the eighteenth century, state policies and institutions (fiscal, monetary, and legal) facilitated economic expanding, which reduced transaction costs and gave free rein to the growth of market and a dominant private sector. Commercial markets, from the time of the Song dynasty were largely competitive. The Ming and Qing economic transformation is widely seen as the precursor of China's own modern process.³⁰² It offered fertile ground for a profound cultural and social transformation.

²⁹⁷ Robert Redfield, *Peasant Society and Culture: An Anthropological Approach to Civilization* (University of Chicago Press, 1956), 7.

²⁹⁸ James L. Watson, "Rites or Beliefs? The Construction of a Unified Culture in Late Imperial Chinese," In *China's Quest for National Identity*, ed. Lowell Dittmer and Samuel S. Kim (New York: Cornell University Press, 1993), 100.

²⁹⁹ *Ibid.*

³⁰⁰ *Ibid.*, 100-10.

³⁰¹ Mark Elvin, *The Pattern of Chinese Past: A Social and Economic Interpretation* (Stanford: Stanford University Press, 1973), 113-29.

³⁰² Rowe T. William. "Approaches to Modern Chinese Social History," In *Reliving the Past: The Worlds of Social History*, ed. by Oliver Zunz (Chapel Hill: University of North Carolina Press, 1985), 236.

2.3.1. Neo-Confucianism in Song-Ming Period

By virtue of the economic prosperity of this period, the social environment in the Song dynasty was largely different from previous dynasties. Corresponding to social, economic and bureaucratic transformations, a new social trend emerged since Song, significantly characterized by secularism.³⁰³ It manifested itself as secular and hedonic. Confucian scholars were facing an internal and external predicament. Internally, civil economic development made the socioeconomic structure more complex and Confucian scholars acclaimed the social environment had been subverted. This crushed their hope of being a moral sage. Externally, beginning from the Tang Dynasty, common people indulged more and more in Daoism and Buddhism. Quite a few Confucian intellectuals were not satisfied with the fact that Confucianism was circumscribed in the practical fields of politics, and elite morals, but lacked the theoretical depth in comparing with Buddhism and charm among ordinary people in comparing with Daoism, which prevented it from competing with popular Daoism and Buddhism in the folk ideological field.³⁰⁴ They conducted an unprecedented self-reform of Confucianism.

In the progress of reform, Song-Ming Neo-Confucianism was divided into two broad schools: Cheng-Zhu Principle Learning represented by Cheng Yi and Zhu Xi, and Lu-Wang Mind Learning represented by Lu Jiuyuan and Wang Yangming. Cheng-Zhu School's Principle Learning saw ethical principles as universal rules and as comprising the ontology of the cosmos. This school tried hard to give classical Confucianism an ontological foundation and determined to purify the Confucianism classics by stressing attention to *li* / absolute principles [理], method of learning and intra-mundane ethics.³⁰⁵

As stated in Chapter 1's conclusion, there has been two opposing tendencies inside Confucianism. One is stressing on the cultivation of individual's virtues; The other one is stressing the importance of pragmatic action in circumstance. The disagreement between Confucians made it hard to achieve balance between these two tendencies.³⁰⁶ The later school of Neo-Confucianism that represented by Lu Jiuyuan and Wang Yangming stressed the second tendency of Confucianism and argued the identity of mind and principle, the practical unity of knowing and acting, and the attainment of an inner sense of right and wrong.³⁰⁷ The school equated the moral subjectivity with the human mind, which it saw as capable of determining

³⁰³ Metzger, *Escape from Predicament*, 52.

³⁰⁴ Metzger, *Escape from Predicament*, 57-66.

³⁰⁵ Ying-Shih Yu 余英时, *中国近世宗教伦理与商人精神* [*zhongguo jinshi zongjiao lunli yu shangren jingshen / Chinese Early Modern Religious Ethics and Merchants' Spirit*] (北京 [Beijing]: 九州出版社 [jiuzhou chuban she], 2014), 79-88.

³⁰⁶ Hoyt Cleveland Tillman, *Utilitarian Confucianism: Ch'en Liang's Challenge to Chu Hsi* (Cambridge: Harvard University Press, 1982), 2.

³⁰⁷ Metzger, *Escape From Predicament*, 111-5.

and dispersing moral norms. This approach highlighted the role of practice in morality attainment in mind.

No matter which school was favored and how much the divergence between these two schools, Neo-Confucianism in general attached much importance to mind and self-moral cultivation. It insisted that human desire should be constrained by heavenly moral principles and that the goal of individual cultivation should be the attainment of worthiness and sage hood. Hence, reinterpreted by Neo-Confucian scholars, the moral life not only reflects interpersonal life but also the relationship between people and heaven.³⁰⁸ Neo-Confucianism advocates subjectivity as the basis of morality, pursues inner self-cultivation as a lofty ‘inner sage’ personality. Its main content is the integration of self-moral awareness and the cosmos.³⁰⁹

This new interpretation embodies a transcendental meaning, and quasi-religious significance, from which we could find the deep influence, even pressure, from Buddhism’s ontological competing advance. The way of thinking had shifted from early Confucian humanistic values to a combination of humanism, cosmology and religion in virtue of ontological philosophical values. The main contribution of Neo-Confucianism was building up a metaphysical basis for Confucian morality in virtue of learning from Buddhism. It aimed at enshrining morality as the cosmos’ ultimate governing principle, which objectively formed the aftermath of pan-moralism ideology in Chinese society.³¹⁰

This pan-moralism was manifested in a heavy focusing on societal moral preaching, which takes morality as ontology, ascertains non-utilitarian absolute orders and universal legislation, and emphasizes autonomy of will.³¹¹ Some scholars believe that the utopian concepts of those Neo-Confucian philosophers at that time gradually formed a social moralization tendency among ruler and elites, and their idealized design of socio-economic, political, and cultural aspects was definitely dyed with a strong moral color.³¹² This new ideology puts “literature and government subordinate to ethics”.³¹³ The trend was towards “the supremacy of

³⁰⁸ Tillman, *Utilitarian Confucianism*, 17-20.

³⁰⁹ Ibid.,30; Tani E. Barlow, *Formations of Colonial Modernity in East Asia* (Durham: Duke university Press, 1997), 49-57.

³¹⁰ Zongsan Mu 牟宗三, *道德的理想主义 [daode de lixiang zhuyi / Morality’s Idealism]* (台北 [Taipei]: 联经出版社 [lianjing chuban she], 1985), 44-57.

³¹¹ Zehou Li 李泽厚, “宋明理学片论 [songming lixue pian lun / On the Neo-Confucianism in Song and Ming],” in *中国古代思想史论 [zhongguo gudai sixiang shi lun / On the Ancient Chinese Thoughts]* (北京 [Beijing]: 人民出版社 [renmin chuban she], 1986), 236.

³¹² Lizhou Fan 范立舟, *宋代理学与中国传统历史观念 [Song dai lixue yu zhongguo chuantong lishi guannian / Song Neo-Confucianism and Traditional Chinese History Concepts]* (西安 [Xi’An]: 陕西人民出版社 [Shaanxi renmin chubanshe], 2003), 79.

³¹³ Bide Bao 包弼德, *斯文: 唐宋思想的转型 [Siwen: tangsong sixiang de zhuanxing / Literati: The Transformation of Thoughts in Tang and Song Dynasties]* (南京 [Nanjing]: 江苏人民出版社 [jiangsu renmin chubanshe], 2001), 316.

moral value”.³¹⁴

2.3.2. *Confucian Merchants: Neo-Confucian Ethics Meshed with Business*

Beginning from the Ming and Qing dynasties, a ‘significant capitalist tendency’³¹⁵ appeared. By the end of the sixteenth century, society had witnessed the expansion of domestic and overseas trade and the monetization of the Chinese economy. In fact, starting in the Ming Dynasty (1368-1644), the Chinese economy began to take a slow but significant shift to developing commodity market.

The population had significantly increased from the beginning of the Ming Dynasty to the mid-nineteenth century. From 1400-1600, China saw a rise in its population from about 75 million to approximately 150 million people,³¹⁶ which also boosted an expanding economy. Commercial wealth opened up new ethical views and life paths for Confucian scholars.

Accompanying the economic changes and population expansion was the decline of the aristocratic social structure and culture that centered on the Jiupin Zhongzheng [九品中正制] System³¹⁷; it was replaced by a bureaucratic selection system with central autocratic leadership, which was accompanied by the rise of a new gentry-bureaucratic class. This class was mainly formed through a new educational and political institution—Keju (Imperial Examination) since mid-Tang dynasty. It stipulated the Confucian classics as the main subject of official education and the civil service examination system. This was an education and state official election institution which had cultivated Confucian scholars and administered the Keju examination system since the Sui Dynasty (587 A.D.).³¹⁸

By following orthodox Confucianism, which was a typical meritocracy, the imperial bureaucratic system of Keju tested candidates mostly on their knowledge

³¹⁴ Naitō Konan, *日本学者研究中国史论著选译* [*riben xuezhe yanjiu zhongguo shi lunzhu xuanyi / Translations Selection of the Japanese Scholars' Research on Chinese History*] (北京 [Beijing]: 中华书局 [zhonghua shuju], 1992), 33.

³¹⁵ *Ibid.*, 37.

³¹⁶ Frank A. Gunder, *ReOrient, Global Economy in the Asian Age* (California: University of California Press, 1998), 180.

³¹⁷ The *jiupin zhongzheng zhi* [九品中正制] is translated as “system of the rectification of the nine ranks”, also called *jiupin guanren fa* [九品官人法], was a method of the classification of officials into nine ranks. The nine-rank system was an advancement of the officials selection procedure used during the Han period. The latter was mainly based on moral criteria and the reputation of the families. The nine-rank system was adopted by the Jin and the Southern Dynasties (420~589), yet the criterion of competence was more and more overshadowed by that of the family background. See Guodong Dong 凍國棟, “Jiupin zhongzheng zhi 九品中正制”, in Jiahong Tang 唐嘉弘, ed. *中國古代典章制度大辭典* [*Zhongguo gudai dianzhang zhidu da cidian*] (郑州 [Zhengzhou]: 中州古籍出版社 [Zhongzhou guji chubanshe], 1998), 414.

³¹⁸ Haifeng Liu, “Rehabilitation of the imperial examination system,” *Frontier of Education in China*, no.1(2006): 300–15.

of the classical Confucian canon, regardless of their family backgrounds. The best and brightest young men allocated their time and efforts to preparing for Keju. However, since the mid Ming period, the opportunity of enrollment in the Keju, to become a 'raised man' and 'promoted scholar', was largely reduced, partly due to population expansion, partly due to overstuffed government burden. Because of restricted enrollment, Confucian scholars were forced to reconsider their balance of life ideals and livelihood.

It is very important to bear in mind that the popular culture then uncontroversial coincided with Song-Ming dynasty's secularism transformation. Yang has stated that, except for an "extremely limited" numbers of persons enjoying higher education in the academies, "establishing a family, managing it, and maintaining it became the most important matter in the lives and activities of the Chinese...there was almost no other matter of importance."³¹⁹ The familism value together with economism value / materialism is always the explicit exaltation of private economic goals, such as wealth and status which Chinese ordinary people pursue, from past to now. This conclusion is also identified by various worldwide value surveys.³²⁰

No doubt, this secular familism and economism / materialism values distinguished with Confucian in terms of the self-image as moral agent, which formed a tension. Yu Ying-shih and Metzger picked out a significant "moderate realism"³²¹ turn of Song Neo-Confucianism. Familism and economism / materialism already exists as a distinctive cultural pattern and ordinary Chinese's value orientation.³²² The historical causal relation could be found in the ancient Chinese ancestor worship as the earliest culture pattern. Hence, some Neo-Confucianism gradually qualified and remedied the radical idealism in Confucian morality since 11 century and adopted a moderate realism outlook. This trend reached its peak in 16-17 centuries.³²³

The socioeconomic transformations were objectively superimposed by Neo-Confucian moderate realistic moralism. This new ethical understanding was the prerequisite of Ming and Qing Confucians' devotion to business activities and gave rise to the phenomenon of the "abandoning the identity of Confucian while

³¹⁹ I-yüan Li and Kuo-shu Yang, ed. *中国人的性格: 一个跨学科的讨论* [*Symposium on the Character of the Chinese—An Interdisciplinary Approach*] (台北[Taipei], monograph series B. no.4 of the Institute of Ethnology, Academia Sinica, 1972), 137, 158. According to Metzger, in his *Escape From Predicament*, there was no satisfactory result of the discussion of whether cultural traits of traditional China should be causally ascribed to familism and the ethical teaching the latter involved, 240.

³²⁰ Geert Hofstede, *Culture's Consequences: International Differences in Work-related Values* (Beverly Hills, CA: Sage, 1980).

³²¹ Yu, *Chinese Early Modern Religious Ethics and Merchants' Spirits*, 71; Metzger, *Escape from Predicament*, 54-5.

³²² *Ibid.*

³²³ *Ibid.*, 55.

becoming merchants” in the 15th and 16th centuries.³²⁴

This trend was accompanied with a re-valuation of the merchant class with new social standings. Confucian scholars no longer insisted that businessmen were of the lowest social value and began to claim that the traditional distinction between *yi* / righteousness and *li* / material profit was not as sharp as ‘the distinction between cloud and mud’. *Yi* / righteousness and *li* / material profit should be compatible. As a result, successful businessmen in this period, especially those previously were Confucian scholars, were enthusiastic in creating their own spiritual realm, actively participating in cultural careers, such as academies, printing, township conventions, charity, and religious activities and displaying their social influence as Confucian merchants.³²⁵

The great success of Ming and Qing merchants was quite attractive to Confucian scholars. The idea of ‘being a merchant instead of a scholar’ became not only acceptable but also popular.³²⁶ To take U’Yuan village in An’Hui as example: in the Qing Dynasty, more than 50 scholars became merchants there.³²⁷ Because the social and economic influence of Confucian merchants was becoming powerful, the Ming government even started to encourage donations from merchants, called ‘*Juan Na* [捐纳]’³²⁸. One main purpose from state was to increase unsustainable government revenue. Another purpose was to open bureaucratic access to rich powerful merchants and to keep influence in local activities. Through donations, the rich merchants had a quick path to gain the formal honor of an official ranking, which further expanded their social influence. These kinds of merchants were called ‘gentry merchants [绅商]’. They are regarded by modern Chinese scholars as the first Confucian merchants in China.³²⁹ In some areas, like Shan’Xi and An’Hui, where there was a long history of business motivation, the social status of big merchants was even higher than that of scholars. Gentry merchants were very influential in local affairs.³³⁰

The preeminent Neo-Confucian scholar, Lu Xiangshan (1139-92), proposed a new ethical notion that all classes of people, including merchants, had different labor divisions and thus social functions to perform. All people were capable of being morally good, and people could become honorable if they had virtues, no

³²⁴ Yu, *Chinese Early Modern Religious Ethics and Merchants’ Spirits*, 101.

³²⁵ *Ibid.*, 241-57.

³²⁶ Xu Ming 明旭, 明代徽商「賈而好儒」现象研究 [*mingdai huishang jiaerhaoru xianxiang yanjiu / Research on the “Merchant yet be Fond of Confucian” in Ming An’hui Merchants*] (杭州 [Hangzhou]: 浙江大学出版社 [Zhejiang daxue chubanshe], 2014), 167-71.

³²⁷ Yu, *Chinese Early Modern Religious Ethics and Merchants’ Spirits*, 30.

³²⁸ Yue Wu 伍跃, 中国捐纳制度与社会 [*zhongguo juanna zhidu yu shehui / The Chinese Donation System and the Society*] (南京 [Nanjing]: 江苏人民出版社 [Jiangsu renmin chubanshe], 2013), 61-4.

³²⁹ Ming, *Research on the “Merchant yet be Fond of Confucian” in Ming An’hui Merchants*, 40-5.

³³⁰ *Ibid.*, 55-7.

matter what kind of labor they performed.³³¹ As economics engagement became more socially acceptable, a very important notion in the Song Dynasty – ‘making a living’/ *Zhisheng* [治生] – appeared in Confucian literature.³³² How to make a living and allow the family to prosper became an increasingly influential topic among Confucian scholars. This coincided with the familism and economism / materialism rooted in the folk culture and as I argue, should be considered as a convergent history of Chinese great tradition and little tradition.

The most dramatic example came from the writings of Wang Yangming. Wang as Neo-Confucian master and leading figure opened up a new space between Neo-Confucianism and folk culture. Wang’s ‘enlightening the public to practicing *Dao*’ no longer took ‘knowing Heavens’ reasons / [天理]’ as a privileged right or ability of only the Confucian scholars or literati. Understanding and practicing the Heavens’ *Dao* could even be realized by ordinary illiterate peasants. Fulfilling moral cultivation and becoming an exemplary person would lead to equal individual autonomy.³³³ This moral autonomy’s confirmation was realized through the interdependence between the individual and transcendental *Dao*.³³⁴

Wang argued that the “four commoners [*Simin* / 四民] pursue different professions, yet share the same commitment of the *Dao*”.³³⁵ He mentioned several times the importance of “making a living”, rather than one’s social identity, in being an honorable person. He stated that “working hard all day long as merchants is no harm to being an honorable person [虽终日做买卖，不害其为圣贤]”.³³⁶ These words were even engraved on the tombstone of Fang Ling, who had begun his career as a scholar but later followed his wife’s family to become a successful merchant.

Wang’s ideology was echoed by another famous Confucian scholar, Gui Youguang (1507-71), who wrote approvingly, “In ancient times the four types of labors had clear distinctions, but nowadays the distinctions among scholars, peasants, artisans and merchants have become blurred.”³³⁷ During the Ming Dynasty, many Confucian merchants wrote motto and articles to explain the importance of being a merchant for the family, to praise the virtues of business (*Shang dao* [商道]) and argue that merchants may also become exemplary persons / *junzi* as Confucian scholars if they follow ritual and cultivate virtues.³³⁸

During this period, due to their social and economic needs, large numbers of

³³¹ Yu, *Chinese Early Modern Religious Ethics and Merchants’ Spirits*, 37.

³³² *Ibid.*, 183-9.

³³³ *Ibid.*, 192-4.

³³⁴ Metzger, *Escape from Predicament*, 51.

³³⁵ Yu, *Chinese Early Modern Religious Ethics and Merchants’ Spirits*, 193.

³³⁶ *Ibid.*, 195.

³³⁷ *Ibid.*, 197.

³³⁸ Ming, *Research on the “Merchant yet be Fond of Confucian” in Ming An’hui Merchants*, 76-88.

business books written and published by scholar merchants emerged. The contents included various areas of knowledge, such as technologies, geography, history, literature, contracts and official documents, mathematics, accounting, etc. A shared distinct feature of these business books' content is the great amount of attention paid to moral preaching, most content of which stemmed from the three then-popular religions (Confucianism, Buddhism, and Daoism).³³⁹

It existed a morality movement within religions since the Tang and Song dynasties. Confucianism, Daoism, and Buddhism all had akin developments, that is, a common tendency of emphasizing morality in their arguments and claims, and the three schools agreed on morality as the root of society.³⁴⁰

Besides three great thinking, the little tradition of popular culture that showed up in these business books were also predominantly concerned with moral teaching.³⁴¹ For example, in the 17th century, merchants from the An' hui region actively led the 'Three Religions Movements' in their respective local areas. From 'value justice above material gains', 'justice over benevolence', 'rational / heaven rules' 'ghosts and gods', 'Karma', and 'next life' to 'good man rewarded, bad man punished', the values presented in these merchants' books all manifested a moral concern.³⁴² In turn, as socially influential figures and actual cultural business promoters, the gentry merchants popularized these thoughts and even became role models at the grassroots level, moulded the values and behaviors of all walks of life.

2.3.3. *New Confucianism in the Modern Period before 1949*

The second transformation of Confucianism began in modern time. In 1895, in the Jiawu Sino-Japanese War, China was cruelly defeated, and this defeat elicited the most radical changes in Chinese modern society, from politics and ideology to culture. The 1895 Jiawu War is a crucial turning point of contemporary Chinese society. It was first tantamount to declaring bankruptcy of the belief in the superiority of Chinese imperial institutions and its ethics.³⁴³ Before this defeat, Chinese officials still believed that the pioneering advantage of the West was

³³⁹ Xuewen Chen 陈学文, *明清时期商业书及商人书之研究* [*mingqing shiqi shangye shu ji shangren shu zhi yanjiu / The Research on the Business Book and Merchant Book in the Ming and Qing Dynasties*] (台北 [Taipei]: 洪叶文化 [hongye wenhua], 1997), 29-41.

³⁴⁰ Yaozhong Yan 严耀中, “唐宋变革中的道德至上倾向-唐宋变革笔谈 [tangsong biange zhong de daode zhishang qingxiang - tang song biange bi tan / The Pan-Moralism in the Reforms in the Tang Song Dynasties - On the Reforms in the Tang Song Dynasties],” *江汉论坛* [*Jianghan luntan*], no.3(2006): 89-106.

³⁴¹ Chen, *The Research on the Business Book and Merchant Book in the Ming and Qing Dynasties*, 45-50.

³⁴² Ibid.

³⁴³ Immanuel C.Y.Hsü, *The Rise of Modern China* (New York: Oxford University Press, 1970), 168-84.

merely on a “skill level”. The cultural and ideological roots of China were superior. After the complete defeat, Chinese cultural confidence took a destructive turn. Instead of ‘learned from the West to make boats and guns’, the all-round ‘learning from the West’ entered onto the stage of cultural thoughts development.³⁴⁴

In 1901, the Qing government issued the ‘Setting Up Education Imperial Decree’, which advocated the establishment of a new school system throughout the country. This was a very important move at the time. Along with such advocacy, the old Confucianist education system had slowly declined.³⁴⁵ In 1905, the Qing government decided to officially end *Keju*. *Keju* was a very important institution for the continuance of Confucianism as the official orthodox ideology. The abolishing of *Keju* was the first time since the west Han Dynasty that Confucianism as state ideology encountered a fundamental setback.

After the abolition of *Keju*, the nationally famous educator and public scholar Cai Yuanpei, as then Minister of Education, promulgated an act to abolish the worship of Confucius ceremony in primary and middle schools and delete the contents of Confucian classics in schoolbooks.³⁴⁶ Both were the major impetus to the obliteration of Confucianism as the official ideology.

The most influential political transition happened in 1911, the Xinhai Revolution. This revolution is also known as the Chinese Revolution or the Revolution of 1911, which overthrew China’s last imperial dynasty, the Qing dynasty, and established the Republic of China (ROC). This event indicated the end of the imperial state system that had lasted for more than 2000 years. It was an unprecedented event in Chinese history. Correspondingly, it was also a prelude to another transition of traditional ethics.

From the late stages of the Qing Dynasty to the beginning of the Republic of China, Confucianism had forcefully withdrawn from center stage in the official education system and political system, but it persisted in the field of layman ethics.³⁴⁷ Soon after the Xinhai Revolution, from 1915 to 1919, the New Culture Movement led by intellectuals and young students spread over China. This Movement promoted “criticism, reflection, and enlightenment” and criticized old Confucian ethics as “the cannibalistic ethics of feudal society”.³⁴⁸ ‘Enlightenment’ meant cultural enlightenment, introducing modern Western culture to the old and

³⁴⁴ Kailin Tang and Zeying Wang 唐凯麟,王泽应, *中国现当代伦理思潮* [zhongguo xiandai dang lunli sichao / Modern Chinese Ethics] (合肥[Hefei]:安徽文艺出版社[An Hui wenyi chubanshe], 2017), 3-11.

³⁴⁵ Hsü, *The Rise of Modern China*, 282.

³⁴⁶ Ibid.

³⁴⁷ Lai Chen, 陈来, “百年儒学的跌宕起伏 [Confucianism in the 100 years: Ups and Downs],” *文汇报* [Wenhui Newspaper], Jun., 03, 2013. <https://news.tsinghua.edu.cn/info/1011/59490.htm>. Last access:03.03.2019. Translated by the author.

³⁴⁸ Hsü, *The Rise of Modern China*, 330-5.

weak China.³⁴⁹ In this enlightenment, Confucian values and ethics, were regarded as being in critical opposition to “advanced Western culture”. For instance, from 1895 to 1915, the evolution theory was widely introduced into the school system. It gradually influenced and challenged the common understanding of traditional cosmological *Tian* and *Dao* that used to be the dominant moral view.³⁵⁰

The urgent crisis then was debilitating national shame, and national salvation. At the time, traditional Confucian ethics, loyalty to Emperor and hierarchy in particular, were regarded by new culture scholars as the main reason for China’s weakness, stagnation, and backwardness. Naturally, their slogan ‘Crackdown on Confucianism’ became the revolutionary banner of the New Culture Movement.³⁵¹ Thus, from the events of the late Qing Dynasty, through the Revolution of 1911, to the effects of the New Culture Movement, Confucianism was forced to step down as the state’s orthodox ethics in a very fierce and sweeping way.

During this period, people regarded industrial and business activities as the ‘trend of the time’ because they “meet the needs of national salvation”.³⁵² This is a period named by historians as “Chinese Modern Mercantilism”. Worthy to note here, though Confucianism had lost its orthodox status, it still defined the understanding of business activity in this period. The ultimate end of Chinese mercantilism was claimed as ‘righteousness’, especially ‘righteousness for the salvation of the nation and people’. It could not deny, that profit pursuing was one incentive for the first generation of modern entrepreneurs. However, it was not publicly announced.³⁵³

A famous Chinese reformist and entrepreneur of the time, Zheng Guanying, once explained why the state should promote business from the perspective of entrepreneur: “(for) business is the origin of a nation’s power. Therefore, business is naturally the business of the nation, not the business of self.” The legitimacy of business is laid upon “national benefits and resurgent China”.³⁵⁴ It is clear that this argument stems from *yi* over *li* / righteousness over profit ethics. Zheng’s representative ideas and writings had an extraordinary influence in China, both in his own time and in later decades. Among those who acknowledge his inspiration were Sun Yat-sen, and Mao Zedong.³⁵⁵

We could see a complicated understanding of Chinese business and business ethics here. It shoulders a more general social responsibility of national salvation

³⁴⁹ Tang and Wang, *Modern Chinese Ethics*, 122.

³⁵⁰ Chen, “Confucianism in the 100 years: Ups and Downs,” 3-4.

³⁵¹ *Ibid.*

³⁵² Hsü, *The Rise of Modern China*, 373-90.

³⁵³ Tang and Wang, *Modern Chinese Ethics*, 61-70.

³⁵⁴ Guanying Zheng 郑观应, *郑观应集 [zheng guanying ji / The Collections of Zheng Guanying’s Work]* (北京 [Beijing]: 中华书局 [zhonghua shuju], 2014), 41.

³⁵⁵ Ross Terrill, *Mao: A Biography* (New York: Harper & Row, 1980), 13; Xiaoguang Gan 甘乃光 ed. *孙中山先生文集 [sun zhong shan wenji / Sun Yet-sen Collections]* (广州 [Guangzhou]: 孙文主义研究社 [sunwen zhuyi yanjiushe], 1925), 122.

and people's hope. The features of Confucianism were actually embodied.

Even though criticisms of Confucianism were dominant in the New Culture movement, Confucianism hadn't yet run into a blind alley. On the one hand, it was advocated consistently by a group of scholars who were labelled as New Confucian scholars. On the other hand, at a grassroots level, Confucianism still existed as the deep cultural-psychological structure base in the minds of the ordinary Chinese people.³⁵⁶ Republic of China (Hereafter. ROC)'s President Chiang Kai-shek³⁵⁷'s inauguration of the New Life Movement is a good illustration. During the ROC regime (1925-1948), particularly from the 1930s till the Kuomintang Regime's retreat to Taiwan in 1949, New Life Movement gathered momentum and exemplified the complex ethics of modern Chinese revolutionary leaders and state governors.

Since late Imperial period, Western modern political and social ideologies were gradually introduced into China. Liberalism and Marxism became popular social ideologies. Each had its faithful supporters.³⁵⁸ Together with native nationalism, Liberalist thoughts were adopted by the Kuomintang (Chinese Nationalist Party)'s founder Sun Yat-sen as its guidelines — the 'Principles of Nationalism, Democracy and People's Livelihood'.³⁵⁹ The Chinese Communist Party chose Marxism as its guiding thoughts and then as the new state regime guidelines from 1949, after its victory over Kuomintang in the Chinese civil war.³⁶⁰

Chiang Kai-shek inaugurated the New Life Movement in 1934. It was a movement "for hygienic and behavioral reform to revitalize the country".³⁶¹ It consisted essentially of campaigns to mobilize the population to improve public and private hygienic and behavioral standards. Such reform was expected to lead to the moral regeneration of the Chinese people and to enhance public awareness of and concern for China's problems, making the population more responsive to the needs of the policies of the new state.³⁶²

In Chiang's first speech, he mentioned four ethics: "orderliness", "cleanliness", "simplicity", and "frugality".³⁶³ In his later speeches, these were expanded to six by the addition of "promptness" and "precision". At times, "harmoniousness" and "dignity" were also included, making a total of eight such general standards. These

³⁵⁶ Chen, "Confucianism in the 100 years: Ups and Downs," 4.

³⁵⁷ Chiang Kai-shek: served as the President of the Republic of China between 1928 and 1975, first in mainland China until 1949 and then in Taiwan until his death.

³⁵⁸ Tang and Wang, *Modern Chinese Ethics*, 18-20.

³⁵⁹ *Ibid.*, 40-63.

³⁶⁰ *Ibid.*, 2-6.

³⁶¹ Chiang, *新生活运动言论集 [New Life Movement Speeches]* (南京 [Nanjing]: 中国国民党中央执行委员会宣传委员会 [Nanjing: Publicity Committee of the Central Executive Committee of the Chinese Kuomintang], 1935), 77.

³⁶² Arif Dirlik, "The Ideological Foundations of New Life Movement: A Study in Counterrevolution," *The Journal of Asian Studies*, vol.34, no.4 (Aug., 1975): 945-80.

³⁶³ Chiang, *New Life Movement Speeches*, 69.

underlying principles were to constitute the ‘public morality’ [公德], which was taken to be utterly lacking in Chinese society. Chiang, in his Outline, described it in a more detailed way: “The New Life Movement aims at the promotion of a regular life guided by the four virtues ‘propriety, righteousness, integrity, and sense of shame’ (*li, yi, lien, ch’ih* [礼、义、廉、耻]). These virtues must be applied to ordinary matters, such as food, clothing, shelter, action. The four virtues are the essential principles for the promotion of morality. From these rules, one learns how to deal with men and matters, how to cultivate oneself, and how to adjust oneself to surroundings. Whoever violates these rules is bound to fail, and a nation which neglects them will not survive.”³⁶⁴

According to Chiang, the behavioral principles of new civilized Chinese followed from the same ethical principles that had formed the basis of Chinese morality and civilization in the past: propriety, righteousness, integrity, and sense of shame were, in fact, all Confucian virtues. Hence, to achieve the goal of new citizen meant not only becoming modern in the Western sense but also reviving “traditional native morality”.³⁶⁵

The New Life Movement stipulated that the new Chinese civilization was to be erected upon a native traditional moral foundation. The two were taken as mutually complementary: the modernization of life as per the West coincided with the revival of traditional Confucian morality. The latter, it was believed, was timeless in its validity as the basis of Chinese life and was identical to the morality underlying behavior in modernized societies of the West. If the traditional Confucian morality could be revived to provide the guiding principles of life, China would easily reach the level of contemporary civilization without abandoning her native morality.³⁶⁶ Though claimed to construct a Western style civilized lifestyle, Chiang’s New Life Movement’s ideological foundation was nothing but Confucian moralism.

2.4. Daoism

Basic Daoism Moral Thoughts

Daoism, also spelled as Taoism, is an indigenous religion / philosophical tradition that has shaped Chinese life for more than 2,000 years. Daoism stands alongside Confucianism and Buddhism as one of the three great religious / philosophical

³⁶⁴ Ibid., 70-2.

³⁶⁵ Ibid; Tiejian Chen and Daoxuan Huang 陈铁健,黄道炫, 蒋介石与中国文化 [*jiang jieshi yu zhongguo wenhua / Chiang Kai-Shek and Chinese Culture*] (香港 [Hong Kong]:中华书局 [zhonghua shuju], 1992), 152.

³⁶⁶ Dirlik, “The Ideological Foundations of New Life Movement: A Study in Counterrevolution,” 977.

systems of China.³⁶⁷ It was formed even earlier than Confucianism. Its beliefs have had a profound and lasting impact in Chinese culture.

The term ‘Daoism’ refers to both the Daoist philosophy that formed around the 4th century BC and the Daoist religion (*Dao Jiao*) that emerged around the end of the Eastern Han dynasty (25–220 BC). Daoism is an umbrella term that covers a range of similarly motivated doctrines. In this research, what I discuss as Daoism is in the following sense: the ideas and attitudes peculiar to the *Laozi* (or *Dao De Jing*; *Classic of the Way of Power*), the *Zhuangzi*, the *Liezi*, and related writings, and Daoist thought that permeates Chinese culture.

Laozi and Confucius lived in the Spring and Autumn Warrior Period, which was a time of turbulent upheavals and long interludes of wars. Against this backdrop, whereas Confucius advocated the return of Zhou ritual as exemplified social order by urging scholars to exhort active engagement in social and political life, Laozi, the acclaimed founder of Daoism, went to great length to counsel revolt from the established social order and championed a life of freedom and tranquility in nature by detaching from ritual preaching and political life. Laozi presented an important mental and moral prescription for the common people experiencing pain: *Wu wei* / noncoercive action. It was argued that “The way never acts, yet nothing is left undone”.³⁶⁸

Though literally rendered as ‘never act’, according to the received view, *wu wei* does not mean doing nothing but means taking no artificial action, non-interference, rather letting things take their own course naturally – which means following the *Dao*. Elsewhere, we are told that *Dao*’s *wu wei* leads one to: support and nourish things, allow things to transform spontaneously, produce yet not take possession of things, benefit but not compete with things, among others. Thus *wu wei* is best understood as a kind of behavior that is non-purposive, non-manipulative, and non-deliberate.³⁶⁹

Laozi did not trust the emerging political figures, the new political system and state institutions they had established, nor did he lament the Western Zhou slavery system. He emphasized, in *Dao De Jing*, that as a human, nothing is more valuable than ‘just living’ and one should only care about how to be alive.³⁷⁰ He believed that the effect of *wu wei* was to achieve the goal of preserving one’s life by desiring for nothing. As he noted in Chapter 7 of *Dao De Jing*,

Heaven and earth are enduring. The reason why heaven and earth can be enduring is that they do not give themselves life. Hence, they are able to be long-lived. Therefore, the

³⁶⁷ Zehou Li, *A History of Classical Chinese Thought* (Milton Park: Routledge Studies in Contemporary Chinese Philosophy, 2019), 6.

³⁶⁸ Laozi, *The Tao Te Ching*, chapter 37, trans. by D.C. Lau. <https://terebess.hu/english/tao/lau.html#Kap37>. Last access: 10.03.2019.

³⁶⁹ Roger T. Ames and David, L. Hall, *Dao De Jing: making this life significant: a philosophical translation* (New York: Ballantine Books, 2003), 11.

³⁷⁰ Laozi, *The Tao Te Ching*, chapter 1, trans. by D.C. Lau. <https://terebess.hu/english/tao/lau.html#Kap1>. Last access: 10.03.2019.

sage puts his person last and it comes first, treats it as extraneous to himself and it is preserved. Is it not because he is without thought of self that he is able to accomplish his private ends?³⁷¹

This argument forms a sharp contrast with Confucianism's active preoccupation with moral will and moral action. Confucius strongly believed in transforming the world by moral purpose and deliberate actions as his basic stance, whereas Laozi never believed in the will or the power of actions, because they are all predetermined to fail.

How can one practice *wu wei*? Laozi opposed the notion of setting a life goal for happiness. Fortune, fame and power are merely unnecessary even harmful desires, and they would destroy the satisfying of simple basic human needs—just be alive. Hence, he asked people to be content with basic life needs and stop having excessive desires, stating in Chapter 44 of *Dao De Jing*,

Your name or your person, which is dearer? Your person or your goods, which is worth more? Gain or loss, which is a greater bane? That is why excessive meanness is sure to lead to great expense; Too much store is sure to end in immense loss. Know contentment and you will suffer no disgrace; Know when to stop and you will meet with no danger. You can then endure.³⁷²

In Laozi's view, contentment is always a good strategy to avoid disasters and endure. The same opinion is stated in Chapter 48, which emphasizes the importance of *wu wei*:

In the pursuit of learning one knows more every day; In the pursuit of the way one does less every day. One does less and less until one does nothing at all, and when one does nothing at all there is nothing that is undone. It is always through not meddling that the empire is won. Should you meddle, then you are not equal to the task of winning the empire.³⁷³

Dao is the ultimate and center in both Confucianism and Daoism. Laozi explained *Dao* in a totally different sense than does Confucius. *Dao* in Daoism per se is inexpressible, and *Dao* is not constant: "The way that can be spoken of is not the constant way; The name that can be named is not the constant name."³⁷⁴ *Dao* is "the supreme ineffable power which lies behind all the forms and structures and orders of the ordered world, including the gods themselves".³⁷⁵ In Confucianism, *Dao* is defined as social and natural order, even cosmos, whereas it refers to a mystic reality in Daoism.³⁷⁶

³⁷¹ Laozi, *The Tao Te Ching*, chapter 7, trans. by D.C. Lau. <https://terebess.hu/english/tao/lau.html#Kap7>. Last access: 10.03.2019.

³⁷² Laozi, *The Tao Te Ching*, chapter 44, trans. by D.C. Lau. <https://terebess.hu/english/tao/lau.html#Kap44>. Last access: 10.03.2019.

³⁷³ Laozi, *The Tao Te Ching*, chapter 48, trans. by D.C. Lau. <https://terebess.hu/english/tao/lau.html#Kap48>. Last access: 10.03.2019.

³⁷⁴ Laozi, *The Tao Te Ching*, chapter 1, trans. by D.C. Lau. <https://terebess.hu/english/tao/lau.html#Kap1>. Last access: 10.03.2019.

³⁷⁵ Robert, H. Zimmer, *Philosophies of India*, ed. Joseph Campbell (New York: Pantheon Books, 1953), 79.

³⁷⁶ Schwartz, *The Reign of Virtue*, 260-7.

Basically, Daoism opposes Confucian moralism. It could be regarded as a detachment from the first order moral issues of, for instance, the Legalists and Confucians. Daoists hold a reflective, meta-ethical stance on the nature and development of *Dao*. Their meta-ethical stance favored different first-order normative theories, such as anarchism, pluralism, laissez faire government, etc.³⁷⁷ In ancient China, the social and philosophical implication of Daoism was mainly a passive opposition to authority, government, coercion, and even to normal socialization in values.

Daoist tradition served as a popular and spontaneous psychological pillar in Chinese cultural traditions. According to Lau, Laozi is fundamentally interested in advocating a certain way of life.³⁷⁸ It is a life with “emphasis on the prudential, ‘mundane’ clinging to mere living,”³⁷⁹ and should avoid political ambition, power and fortune competition; and even from the “self-conscious pursuit of moral programs of ‘uplift’, as in the case of both Confucianists and Mohists, threats arise out of the pathologies of civilization and should be avoided at all cost.”³⁸⁰ Daoist virtues are concerned with bringing humans back to their nature, to comply with *Dao* and keep a harmonious relation with nature. In order to achieve this, individuals should curb desire, keep the mind tranquil and body healthy, and focus on what is really essential to their own lives. Meditation is crucial to calm the mind as well. What humans should do is follow “the spontaneous *wu wei* force of the *Dao* to work their way”.³⁸¹

As *Dao* is not constant and change is constant, so it is with ‘thousands of things [世间万物]’. Situations are only temporary and in constant change. Whatever is here and now can turn into its opposite, in a constant flux, as Daoism’s *Yin* and *Yang* pattern indicates. Everything in nature and society is both in opposition and interdependent in all aspects. Natural and social phenomena are in constant movement and change, and the root cause of such movements and changes lies in the contradictory nature of things themselves. Laozi’s view of contradiction aims to emphasize the balance and harmony between opposites.

All phenomena in the universe are composed of opposite forms. Beauty cannot exist without ugliness and goodness cannot exist without evil, as said in chapter 2:

The whole world recognizes the beautiful as the beautiful, yet this is only the ugly; the whole world recognizes the good as the good, yet this is only the bad. Thus Something and Nothing produce each other; The difficult and the easy complement each other; The long and the short off-set each other; The high and the low incline towards each other;

³⁷⁷ Ibid., 270-2.

³⁷⁸ Lau, “The Treatment of Opposites in Lao Tzu”, *Bulletin of the Society for Oriental and African Studies*, no.1(1958): 344-60.

³⁷⁹ Schwartz, *The Reign of Virtue*, 206.

³⁸⁰ Ibid.

³⁸¹ Ibid., 202.

Note and sound harmonize with each other; Before and after follow each other.³⁸²

This belief in constant change fundamentally underpins a fundamental Chinese moral value: everything is in constant change. One's destiny or fate is no exception. Hence, fate is not fixed but changes with 'shi [势]' (Lau translated 'Shi' as 'circumstance'):

The way gives them life; Virtue rears them; Things give them shape; Circumstances bring them to maturity.

Therefore, the myriad creatures all revere the way and honor virtue. Yet the way is revered, and virtue honored not because this is decreed by any authority but because it is natural for them to be treated so.

Thus, the way gives them life and rears them; Brings them up and nurses them; Brings them to fruition and maturity; Feeds and shelters them. It gives them life yet claims no possession; It benefits them yet exacts no gratitude; It is the steward yet exercises no authority. Such is called the mysterious virtue.³⁸³

Everything in the universe is subject to change and cycles. The sole resource of life and nature is this constant change, rather than 'the Creator' or the gods. Change is not caused by anything external but by itself. This forms the basic cosmology of Daoism. Fused with the folk 'mandate of *Tian*' value and the Buddhist karma conviction, it is a belief that any chance events and one's actions, no matter how small or great, would influence the *shi*, or fate [运势], and then further change the shape and fortune of each person's destiny. Just exactly as Fan and Whitehead depicted in their Shenzhen research, "(the Chinese believe that) virtuous actions bring their own reward, but this reward, often registered in (apparently) chance events, gives shape to a person's destiny. This is how human fate is both fixed and flexible."³⁸⁴ On the one hand, Chinese crave to predict the *shi* or even influence the *shi*. The fondness for *Ba Gua* [八卦] (Eight Symbols) and *Feng shui* originates in this Daoist belief. On the other hand, recognizing the connection of *shi* and moral deeds, it prompts moral actions, thus making people more responsible as a part of the whole moral universe.

Daoism and Business Ethics

The influence of Daoism in Chinese business ethics and business psychology is fundamental. As mentioned above, it co-constructs a large part of layman's social belief and value system. It in particular helps in curbing greedy desires in business. In the Ming Dynasty popular folk education book *Cai Gen Tan* [菜根譚] (Hong,

³⁸² Laozi, *The Tao Te Ching*, chapter 2, trans. by D.C. Lau. <https://terebess.hu/english/tao/lau.html#Kap2>. Last access: 12.03.2019.

³⁸³ Laozi, *The Tao Te Ching*, chapter 51, trans. by D.C. Lau. <https://terebess.hu/english/tao/lau.html#Kap51>. Last access: 12.03.2019.

³⁸⁴ Lizhu Fan and James D. Whitehead, "Spirituality in a Modern Chinese Metropolis," in David A. Palmer, Gelnn Shive and Philip L. Wickeri ed. *Chinese Religious Life* (Oxford: Oxford University Press, 2011), 20.

c. 1590)³⁸⁵, the main theme is about Daoism doctrine ‘advance and retreat’ appliance in daily life. It taught the folk that “retreat is also an advance, and loss is also a gain”³⁸⁶. This is typical of Daoist teaching. This book mainly advised people not to be greedy for wealth because “the rich worry more, the powerful risk more”; “the greedy is also poor, the contented is rich”; “No fame, no power, is the happiest of happy”³⁸⁷. These teachings highly reflect Laozi’s philosophy: People are urged to not care too much about the material world and “let nature take its course, flow with it, with the peace in mind”³⁸⁸. The similar Daoist business ethics ideas can also be found in the Ming Dynasty’s famous primary education book, *Zengguang Xianwen* [增广贤文], for instance, “money and wealth are pure emptiness, humanity and righteousness are truly priceless. Behave in accordance with heavenly purposes, speak to comply with popular wishes”³⁸⁹.

From the above, the Daoist ethics undoubtedly persuade people that wealth is something outside of the human body and soul and should not be attached to with too much emotion or energy. Those who have made some profit should be satisfied. That is to say, one must not endlessly pursue goods or fortune, and profit pursuing behavior should be appropriate; do not fight customers and peers over small trifles; being insatiably avaricious will end up with nothing. As in the popular education books mentioned above, at least since Ming Dynasty, these ethical norms from Daoism had been deeply merged into the laymen’s education and daily enlightenment.

Nature as well occupies the highest value in Daoist business ethical doctrine. Daoism advocates that all human activities should follow the principles of naturalism. Daoism offers another perspective on life by advocating to be natural, soft, *wu wei*, contented, and humble.³⁹⁰ From ancient times till today, many Chinese business talents have greatly appreciated Daoist thought. The wisdom of

³⁸⁵ The *Caigentan* / 菜根譚 (literally: Vegetable Root Discourse) is a circa 1590 text written by the Ming Dynasty scholar and philosopher Hong Yingming. This compilation of aphorisms eclectically combines elements from the ‘Three teachings’.

³⁸⁶ Yingming Hong 洪应, *菜根譚*[*caigentan*] (北京 [Beijing]:学林出版社 [xuelin chubanshe], 2002), 71.

³⁸⁷ *Ibid.*, 80.

³⁸⁸ *Ibid.*, 3.

³⁸⁹ Anonymous 匿名, *增广贤文* [*zengguangxianwen* / *Enlarged Writings of Worthies*], <https://wenku.baidu.com/view/6e74365d4b35eefdc9d33318.html>. Last access: 03.14.2019. *Zengguang xianwen* 增广贤文: translated as “Enlarged Writings of Worthies”, is a book on primary education. The short text is an enlarged edition of an earlier version called *Xishi xianwen* 昔时贤文 [*Writings of worthies from old times*] or *Gujin xianwen* 古今贤文 [*Writings of worthies from ancient and modern times*]. When the original version and the enlarged text were compiled, and by whom, is uncertain. It includes aphorisms, proverbs, popular sayings and famous quotations, mostly focusing on daily life, social relationships, and patterns of decent behavior. This book was widely circulating during the late Qing period (1644-1911).

³⁹⁰ Schwartz, *The Reign of Virtue*, 259-65.

Daoism provides them with an effective guide for adapting to the fluctuating business world. Compared with Confucianism, Daoism's philosophical thoughts on constant change can help people better cope with complex and competitive business environments, keep the mind calm, and regulate the balance of mind, spirit, and social reality.

A Dual-Track: Confucianism and Daoism

Daoism's unique attraction to Chinese people lies in its function as a philosophical and cultural value system resource, on a dual-track with Confucianism. The book of *Lao Zi*, for example, deals primarily with values and guidance for everyday life in society, politics, and mental attitude. Very little of it is purely abstract philosophical thinking; rather, it mostly contains rich rational insights on the problems of human life and society, and offers solutions and values, from the point of view of *Dao* and heaven.³⁹¹

If we compare the basic moral thinking of Confucianism and Daoism, the ethical values of Confucianism take humanism as their basic orientation, pay attention to the cultivation and improvement of morality in personality, emphasize moral and social initiative, and encourage individuals to devote themselves to social and moral undertakings. The Daoist values regard naturalism as the basic orientation, pay attention to natural simplicity in social life, emphasize inner peace and harmony, and stand for surpassing the mundane desires and being responsible for nature.³⁹²

In the Chinese cultural pattern that was gradually formed and fixed in history, the Confucian inner world sense of social responsibility was strengthened and became more prominent, while Daoism's transcendental function was highlighted. Daoism was then mainly used to cope with life adversity and played a buffering role in facing miseries and predicaments.³⁹³

In particular, as far as personal experiences and destiny are concerned, the painful experiences and feelings of life such as frustration, misery, grief, resentment, despair, and downfall would make people reflect on and even criticize Confucian preaching. By appealing to Daoism, a mental liberation could be achieved. Daoist philosophy (especially the metaphysical theory as its core part) creates a spiritual world, where life is given new meaning and clarification and the mind is calmed. People find sustenance in this spiritual world, alleviating sorrow when faced with life's bleakness. In fact, Daoism is widely considered as an important source of meaning in life and the driving force for personality

³⁹¹ Lau, "The Treatment of Opposites in Lao Tzu," 347.

³⁹² Schwartz, *The Reign of Virtue*, 211-3.

³⁹³ Ibid.

remodeling in Chinese society.³⁹⁴

For instance, Su Shi was an active Confucian official of the 11th century, admired by the emperor. When he lost the emperor's confidence and was stripped of official titles, Daoism became his main spiritual support. Su is a typical example of Chinese Confucian scholars who regard Confucianism and Daoism as complementary in lived ethics. The Confucian spirit nourished their moral sentiments of generously engaging in worldly life as their responsibility, while the Daoist spirit provided them a sanctuary of solitary spiritual refuge from sadness over the loss of their moral and political ideals.³⁹⁵ Daoist spiritual values in combination with Confucianism constituted an important part of the ancient Chinese moral pedigree.

2.5. Chinese Buddhism

The introduction of Buddhism to China, during the Eastern Han Dynasty, imbued Chinese social thinking. It took root in China during the Wei-Jin and Southern-Northern Dynasties and became regnant in the religious domain during the Sui and Tang Dynasties.³⁹⁶ After hundreds of years of cultural integration, Buddhism has become an integral part of Chinese traditional culture, along with Confucianism and Daoism. It has also become an important cultural resource, influencing and moulding Chinese moral values, religious beliefs, spiritual world and social customs. "Buddhism interacted through the centuries with all levels of Chinese culture: with literary and philosophic traditions, with economic and political institutions, with mores and behavioral norms, with indigenous traditions in art and architecture, with the religions of all classes and of all the subcultures of China".³⁹⁷ The Buddhism discussed in this research belongs to the Chinese form of Buddhism, that has largely transformed from its Indian origin, because the Buddhism of the fifth century in China, both through new importations and continuous adaptations, is drastically different from that of the third century BC in India.³⁹⁸

According to Chinese Buddhist teachings, ethical and moral principles are governed by examining whether a certain action is likely to be harmful to one's self or to others. The immediate focus of Buddhist ethics is the problem of

³⁹⁴ Kai Zheng 郑开, *道家形而上学研究* [*daojia xingershangxue yanjiu / Research on the Metaphysics in Daosim*] (北京 [Beijing]: 中国人民大学出版社 [zhongguo renmin daxue chubanshe], 2018), 202-5.

³⁹⁵ *Ibid.*, 217.

³⁹⁶ Yijie Tang 汤一介, *佛教與中國文化* [*fojiao yu zhongguo wenhua / The Buddhism and Chinese Culture*] (北京 [Beijing]: 宗教文化出版社 [zongjiao wenhua chubanshe], 1999), 11-5.

³⁹⁷ Arthur F. Wright, "Buddhism and Chinese culture: Phases of interaction," *The Journal of Asian Studies*, vol.17, no.1 (1957): 18.

³⁹⁸ *Ibid.*, 19.

suffering; a particular conception of the self is at the heart of Buddhism. Moral conduct for Buddhists differs according to whether it applies to the laity, or to the Sangha or clergy. A lay Buddhist should cultivate good conduct by following training principles. The consequence of an action (often referred to as Karma) depends on intention more than on the action itself.³⁹⁹

Buddhism emphasizes that believers must do good deeds, and avoid greed, anger and foolishness as ‘three poisons’ (*Tan* [貪], *Chen* [瞋], *Chi* [痴]). There are some basic sins that should be avoided: greed, attachment, covetousness, anger, hostility, malice, foolishness, ignorance. Buddhism asks people to oblige, show mercy, and obtain wisdom (*Shi* [施], *Ci* [慈], *Hui* [慧]).⁴⁰⁰

Some of the basic elements of Buddhist tradition include the central teachings about impermanence, suffering (or imperfection), causality, and ultimate truth. These elements were lacking in indigenous Confucianism and Daoism. Hence, they contributed to its popularity in China and influenced Confucianism and Daoism in this regard. The major Buddhist, particularly Chan,⁴⁰¹ influence on Neo-Confucianism is the study of mind and its nature, which was quite weak in the early Confucian tradition.

In the documents of Song dynasty Chinese scholars, it is stated that “Buddhism is for cultivation of the mind, Daoism is for the cultivation of the physical body and Confucianism is for the governing of state”.⁴⁰² Before the transition of Neo-Confucianism in Song Dynasty, the common attitude among Chinese people towards ‘The Three Great Teaching’ is: Confucius concentrated on human social welfare. Daoism discussed metaphysical questions of the universe but never talked about after-life and ghosts. Buddhism told about before-life and after-life.⁴⁰³ As mentioned in section 2.3.1, the secularism attitude is very clear in Confucianism, “The Master said, working to ensure social harmony among the common people, respecting the ghosts and spirits while keeping them at a distance—this might be called ‘wisdom’”.⁴⁰⁴ However, death and the after-life, heaven and hell are as well important and attractive issues in human life. It is no wonder that the Chinese, particularly the ordinary people, widely accepted Buddhism’s teaching. As a moral teaching complementary with Chinese indigenous philosophy and religions,

³⁹⁹ Chinese Buddhist Ethics: http://www.chinabuddhismencyclopedia.com/en/index.php/Buddhist_ethics. Last access: 13.02.2020; see also: <https://plato.stanford.edu/entries/ethics-chinese/#ChiBudEth>.

⁴⁰⁰ Ibid., 13-4.

⁴⁰¹ Chan Buddhism as main body of Chinese Buddhism is developed once it was introduced to China, or as it came to be known later in Japan, Zen. The ‘Chan’ in Chan Buddhism comes from the Sanskrit ‘dhyana’ which means meditation.

⁴⁰² Xing Guang, “Buddhist Impact on Chinese Culture,” *Asian Philosophy*, no. 4 (Sep., 2013): 305–22, 307.

⁴⁰³ Ibid., 308-9.

⁴⁰⁴ Confucius, *The Analects*, Chapter Yongye, trans. by James Lagge, <https://ctext.org/analects/yong-ye/ens>. Last access: 03.03.2019.

Buddhism filled this gap in the layman's spiritual world.⁴⁰⁵

Buddhism introduced the concept of 'karma' into China and this concept progressively occupied an essential status in Chinese laymen's moral values. According to 'karma' concept, words, deeds and behaviors are either 'tainted' or 'clean', thus bringing about either evil or good results. Good intent and good deeds contribute to good karma and future happiness, while bad intent and bad deeds contribute to bad karma and future suffering.⁴⁰⁶

Karma also functioned in explaining individual fortune. Before Buddhism was introduced in China, endogenous Chinese religions, teaching or thinking had not in depth discussed the causal relationship of fortunes, sufferings and blessings in an individual's life. Fortunes were attributed to heaven's natural or random will or heaven's mandate / *tianyi* [天意] without causal explanation. "As to what lies beyond the six realms of Heaven and Earth, East and West, North and South, the Sage set aside without discussion".⁴⁰⁷ Sage here refers to Confucius.

One of the earliest important Chinese classic texts, *Yijing* [易经] (*The Book of Changes*, 1000-750BC), indicates there had been some similar moral thinking about wealth and fortune in Chinese ancient society. It states, "the families that accumulate goodness will have good fortune, the families that do bad things will have misfortune".⁴⁰⁸ According to Tang, this means that ancient Chinese people believed in some kind of retribution. If the doer does not experience the consequences of his own actions, then his offspring will.⁴⁰⁹ Of note here is that, in Buddhist teaching, karma is an individual responsibility, which has no connection with one's offspring.⁴¹⁰ Karma concept helped to explain the causal relations of fortune in this world and it sounded plausible among Chinese ordinary people.⁴¹¹

Another important moral concept is rebirth / *saṃsāra*. Buddhism filled a gap in Chinese philosophy regarding the next life by its teaching of rebirth. Confucius declined to discuss the after-life, ghosts, and gods. Daoist teaching about the next life is not clear. Both teachings have no concrete creeds regarding one's good deeds, bad deeds and corresponding results in a supernatural way. According to Tang Yijie, there is no idea of retribution between this life and next life in ancient Chinese Great Teachings.⁴¹² Rebirth in Buddhism is the concept that all life forms go through a cycle of reincarnation, which is a series of births and rebirths. The rebirths and consequent lives may be in a different realm, condition or form,

⁴⁰⁵ Guang, "Buddhist Impact on Chinese Culture," 310.

⁴⁰⁶ *Ibid.*, 310-2.

⁴⁰⁷ Zhuangzi, *齐物论* [*The Adjustment of Controversies*]: "六合之外, 圣人存而不论; 六合之内, 圣人论而不议". Trans. by James Lagge. <https://ctext.org/zhuangzi/adjustment-of-controversies/ens>. Last access: 03.03.2019.

⁴⁰⁸ Tang, *The Buddhism and Chinese Culture*, 164.

⁴⁰⁹ *Ibid.*, 164-5.

⁴¹⁰ Guang, "Buddhist Impact on Chinese Culture," 311.

⁴¹¹ *Ibid.*

⁴¹² Tang, *The Buddhism and Chinese Culture*, 164.

between the heavens, the people, the animals, the hungry ghosts, hell and Ashura. If individuals do good in their lives, they will end up well in their next life. If, in this life, individuals are evil, their afterlife will be in an inhuman form, as insects, livestock or ghosts, or even in hell. Karma and rebirth's straightforward connection with good and evil corresponded with the little tradition, the endogenous ethical beliefs in Chinese society. They helped to strengthen Chinese believers' faith in certain Buddhist ethics, and laid down a solid foundation in society.⁴¹³

Buddhism moral claims that in life cycles, Dharma (including natural law and moral norms) never leave the world. The Buddha's enlightenment is to ensure people live in a reasonable and ethical way, otherwise, immoral persons definitely would be punished. Buddhism encourages humans to have deep and concrete thoughts about pain, joy, and the desires. It is also suggested that one could abandon the secular life to become a Buddhist monk (bhikshuni), to live a clean and sacred life.⁴¹⁴ This belief encourages an upright and pure moral life. Thus, it is conducive to promoting social ethics.

The Buddhists' call for good deeds and belief in saṃsāra were attractive to the common Chinese people, especially the poor.⁴¹⁵ On the one hand, as lower classes were not educated, they were not as strongly influenced by Confucian orthodoxy as the upper-class scholars and elites were, they were eligible to a deeper influence of foreign religious teaching. On the other hand, peasants and craftsmen were the largest group of people in society at that time, and due to strict social and professional divisions, they were also the group who felt the most oppressed, exploited and suffering. In the 'Eight Orthodox' (*Ba zheng dao*) teachings, Buddha proposed 'correct life' (*zheng ming*) and 'right career' (*zheng ye*) for lay Buddhists. This means leading a life of righteousness with a proper career/profession which is also a proper, even certified, way of *Sādhanā* / *xiu xing* 修行 (means of accomplishing something). This idea had great weight in the lay people's moral thinking. People were urged to engage in the protection of life, to carry out good deeds, to be honest and to have integrity in everyday life. This would bring them good fortune and luck. This belief was no doubt alluring for lower-class, who saw no hope in a strict patriarchal hierarchy society. Along with the influence of Buddhism deepened in the society, upper class and Confucian scholars gradually joined in.

In Buddhism's early days in China, under the leadership of Monk Baizhang Huaihai (749-814), the Chinese Sangha formed a new Chinese Buddhist tradition of "emphasis on both farming and dhyana (meditation)" and "No work today, no

⁴¹³ Ibid.

⁴¹⁴ Anthony K. Warder, *Indian Buddhism* (Dehli: Motilal Banarsidass Publisher, 2000), 122-30.

⁴¹⁵ Shuzhi Peng 彭述之, "佛教的起源及其宗教哲学思想 [fojiao de qi yuan jiqi zongjiao zhexue sixiang / The origin of Buddhism and its Religious Philosophical Thoughts]," *中山文化教育馆季刊 [zhongshan wenhua jiaoyuguan jikan]*, vol.3, no.4 (1936): 6-8.

eating today”.⁴¹⁶ This ran contradictory to Buddhism’s Indian origin but adjusted quite well with the deep rooted endogenous Chinese industriousness, frugality and diligence social values. In secular life, Buddhist monks played an active role in society, especially the roles that Confucian and Daoist institutions cannot assume. Confucian temples were the political and educational institutions and were taken as places of worshipping Confucius, Heaven and other state ceremonies. Daoist temples were used as spiritual contemplation. The Buddhist temples became the main loci and organizers of social charitable events such as relieving or aiding victims of natural calamities, repairing bridges and roads, providing clothes and food, treating diseases and raising orphans. Meanwhile, it offered the function of pleading for fortune, making wishes and predicting fate, which greatly increased its popularity among ordinary people.⁴¹⁷

According to Tang, Buddhism served as a model for the establishment of Daoism / Dao Jiao in the religious sense and local popular religions in China as more organized and institutional religion, with religious canons and a spiritual community.⁴¹⁸ Many Buddhist bodhisattvas and Buddhas became popular gods in China. For instance, the most popular and famous Buddhist bodhisattva in China is Avalokiteśvara / Guanyin [观音]. Guanyin is worshiped by most Chinese people as the goddess of mercy, or goddess of children, who delivers children to childless women / *song zi Guanyin* [送子观音]. The worship of Guanyin is very popular as well among non-Buddhists.

On the basis of a large amount of historical materials, as early as the Wei-Jin, Southern-Northern Dynasties, many merchants on the Silk Road were Buddhist followers.⁴¹⁹ As mentioned earlier, Buddhism has been closely related to merchants since its early inception in the Han dynasty. The Chinese translations of the Buddhist scripture in this period have a lot of content related to merchants, which has certain appeal to merchants. For example, there are many Buddhist stories that have the theme of a merchant’s sufferings, and salvation because of his belief in Buddhism.⁴²⁰

In Chinese endogenous beliefs, there were already similar notions: cosmic recompense (*baoying* [报应]) and fateful coincidence (*yuanfen* [缘分]). These deeply embedded beliefs of Chinese culture became fused with the concept of Buddhist karma: in a universe that is thoroughly moral, there are no mere coincidences. The current events are related to past behavior. This fusion has become prevailing in moral resources among Chinese businesspeople.

⁴¹⁶ Tang, *The Buddhism and Chinese Culture*, 201.

⁴¹⁷ Ibid.

⁴¹⁸ Ibid., 210-3.

⁴¹⁹ Xiaoyu Yao 姚潇鹤, “试述魏晋南北朝时期中土商人的佛教信仰 [shishu weijin nanbeichao shiqi zhongtu shangren de fojiao xinyang / On the Buddhism Belief among the Chinese Merchants in Wei, Jin and North-South Dynasties],” *史林* [shilin], no.2 (2011): 17-26.

⁴²⁰ Ibid.

In the Ming dynasty, in the book *Wang Chushi Zhuan / 汪处士传* (*The Biography of Wang Chushi*), the writer Wang Daokun (1525-1593) not only showed us an image of a devout Buddhist merchant who spent a great deal of gold to build a temple, but also explained the reason why Wang Chushi believed in Buddha: “fortune for the rest of the life, this is the help from God.”⁴²¹ This could be regarded as the most common reason why businesspeople in ancient China worshiped Buddhism. It is further proven that the Buddhist merchants’ philanthropic activities were prompted by their Buddhist beliefs.

The above mentioned ‘Eight Orthodox’ teachings argued that to seek an even richer life is a form of suffering, whereas leading a poor life is a joy. This value greatly influenced Chinese merchants. The regulations and codes of many local Chambers of Commerce, especially the ones established by merchants from Shanxi and Shaanxi during the Ming and Qing Dynasties, fully reflected the Buddhist moral teaching, and the ideas of charity and philanthropy in particular.⁴²² These local merchants formed a long and wide-spreading tradition of ‘distribute wealth to increase morals / morality [散财积德]’ and became the main supporters and followers of the Buddhist temples’ charitable activities, in particular relieving the poor and local construction.⁴²³

2.6. Folk Secular Culture and Popular Religions

Folk secular culture and popular religions in Chinese history have no direct inheritance relation with the above-mentioned Confucianism, Daoism or Buddhism.⁴²⁴ These two systems exist in parallel in Chinese society. Their relationship is essentially as Redfield’s “Great and little tradition”.⁴²⁵ Folk secular cultures and popular religions, as little tradition, are based on the past and present life experience. Hence, they are more like a summary of social experience in the everyday world. In China, the doctrines of Confucianism, Daoism, and Buddhism interacting with folk culture and popular religions to form the basic cultural repertoire.

⁴²¹ Sanxi Zhang and Shimin Zhang 张三夕,张世敏,“明代商人的佛教信仰与义举的关系——兼论商人碑传文的真实性 [mingdai shangren de fojiao xinyang yu yiju de guanxi-jianlun shangren bei zhuanwen de zhenshixing / The Relationship of Buddhism Belief and Magnanimous Acts among Ming Merchants - The Authenticity of Biographies on the Merchants’ Tombs Stone Tablets],” *江汉论坛* [*Jianghan luntan*], no.6 (2013): 118-21.

⁴²² Siyu Fan 樊思宇,晋商会馆的伦理思想研究 [Jinshang huiguan de lunli sixiang yanjiu/ The Ethics Study of Jin Merchant Hall], *山西大学硕士论文* [*shanxi daxue shuoshi lunwen / Master Thesis of Shanxi University*], (2016): 21-5.

⁴²³ *Ibid.*, 25.

⁴²⁴ Li, *A History of Classical Chinese Thought*, 15-7.

⁴²⁵ Robert Redfield, *Peasant Society and Culture* (University of Chicago Press, 1956), 72.

Fairbank pointed out in his *The United States and China*, the “two Chinas” that have existed since ancient times: the relatively fixed societies of the thousands of rural peasant farms and villages on the one hand, and on the other hand, the more urban towns composed of higher-status landowners, Confucian scholars, big merchants and bureaucrats.⁴²⁶ Confucian ethics, as the long-standing dominant orthodox thought and official ideology, greatly influences and regulates the values and behavior patterns of the educated and more urban Chinese people and is the core layer of Chinese culture. Still, it cannot exclude the ongoing influence of folk secular culture.

The content of this folk culture and popular religion is very rich. Due to the limits of my research aim, I cannot reveal a full picture of this tremendous traditional culture. What I can do is to depict certain puzzle parts that are most applied to traditional business ethics.

2.6.1. *The Pursuit of Wealth as Human Nature, and Fate Faith—Tian Mandate*

As early as the Western Han Dynasty, Sima Qian’s historical record, *Shi Ji* (Written in 91BC)⁴²⁷ had documented the Chinese people’s commercial behaviors and strong motivation to get rich. After extensive travelling around China, while describing the landscape across the country, Sima Qian discovered one common custom in the different regions: being fond of doing business and pursuing fortune, in varying degrees and vocations. This is the economism / materialism value in popular culture that I have mentioned earlier in this chapter.

Sima Qian understood this social value placed on pursuing wealth as stemming from within: human nature prefers wealth and profits. In order to seek for profit, people make full use of their own talent and ability, engage in agriculture, collect property, and conduct business and other activities. According to folklore, Sima Qian described, being rich was even believed to be a proper way to have *ren* / benevolence.⁴²⁸ Different professions and social classes all had their own way of pursuing rich. From Sima’s description, we can see that the understanding of being rich as a normal desire was very popular during the Western Han dynasty. Sima argued that the behaviors of people doing their jobs, no matter as a noble or a prostitute, all demonstrated a basic human nature to seek wealth and benefit from wealth. Although being rich is open to interpretation, Sima argued, “rich is better

⁴²⁶ John K. Fairbank, *The United States and China* (Oxford: Cambridge University Press, 1983), Preface, xv.

⁴²⁷ *Shi Ji [Records of the Grand Historian]* is a monumental history of ancient China and the world finished around 94 BC. *Records* has been called a “foundational text in Chinese civilization” by historians.

⁴²⁸ Qian Sima, *Records of the Grand Historian*, chapter Huo zhi lie zhuan, <https://ctext.org/shiji/huo-zhi-lie-zhuan/ens>, partial online translation adapted from Herbert J. Allen trans. *Ssūma Ch'ien's Historical Records* (Royal Asiatic Society, 1894).

than poor”; “no matter what kind of means is used to seek it, owning wealth is better than poverty”.⁴²⁹

In Sima’s opinion, “When there are adequate stores, people will know what decorum is; when the people have enough food and clothing, they will know what honor is”; “Ritual can be established because of the abundance of goods for living and is abandoned due to poor living conditions. Therefore, if a person with a high status is rich, he will widely promote morality; if the common people are rich, they will follow the morality codes according to their own ability. When the water is deep, the fish naturally grows there; when the forest is deep and mountain is high, the beast naturally rushes there; when the people are rich, the *ren* and *yi* naturally appear.”⁴³⁰ Regarding business behaviors, in Sima’s view, business ethics should include: “focusing on capital accumulation to avoid end up with poverty; focusing on the quality of goods and trying to be perfect; focusing on market demands and its changes; focusing on profits, but not being greedy.”⁴³¹

Sima’s description and analysis in *Shi Ji* demonstrates that, already in very early Chinese history, pursuing fortune had been a popular value in Chinese culture. People’s pursuit of wealth was regarded as part of human nature by birth, and in Sima’s description it was believed by ordinary people that the best regulation of this profit-seeking behavior was to let it develop naturally and the government just apply a *laissez faire* policy.⁴³²

From the perspective of life goals, the general Chinese people hope that they can be promoted as officers or make a fortune in their lifetime.⁴³³ However, very few people can finally achieve their goals. Therefore, there is a common conviction: ‘man proposes, Heaven disposes [谋事在人成事在天],’ and thus fate steps in.⁴³⁴ Whether individual pursuits are successful or not is not in the hands of human beings. This is a fundamental value in Chinese society and can be coined as: fate faith and *Tian* / Cosmos’s mandate.⁴³⁵ In *The Ledgers of Merit and Demerit*, Cynthia Brokaw describes this notion as a “belief in a supernatural or cosmic retribution, a belief that has been a fundamental, at times the fundamental, belief of

⁴²⁹ Ibid., Paragraph 3.

⁴³⁰ Ibid., Paragraph 5.

⁴³¹ Ibid., Paragraph 3.

⁴³² Ibid.

⁴³³ Chongyi Wen 文崇一, “道德与富贵:中国人的价值冲突 [fugui yu daode:zhongguoren de jiazhi chongtu / Morality and Wealth: The Value Conflict of Chinese],” In *中国人的价值观 [zhongguoren de jiazhi guan / Chinese Values from the Viewpoint of Social Sciences]* ed. Kuo-shu Yang 杨国枢 (北京 [Beijing]: 中国人民大学出版社 [zhongguo renmin daxue chubanshe], 2013), 208-28.

⁴³⁴ Chongyi Wen 文崇一, “人的富贵和命运 [zhongguoren de fugui yu mingyun / The Fortune and Fate of Chinese],” In *中国人的观念和行 [zhongguoren de guannian he xianwei / Chinese Concept and Act]*, ed. 文崇一 Wen Chongyi, 萧新煌 Xiao Xinhuang (北京 [Beijing]: 中国人民大学出版社 [zhongguo renmin daxue chubanshe], 2013), 14-29.

⁴³⁵ Ibid.

Chinese religion since the beginning of recorded history.”⁴³⁶ This belief is “the faith that some force—either a supernatural force like heaven or the gods, or an automatic cosmic reaction—inevitably recompensed human behavior in a rational manner: it rewarded certain ‘good’ deeds, be they religious sacrifices, acts of good government, or upright personal conduct, and punished evil ones”.⁴³⁷

This faith in fate exerts great weight on Chinese values and behavior. When coming across difficulties or hardships, people would believe this is fate’s arrangement. The power to change this did not lie with people alone, though they would try their best to alter fate through moral behavior and good deeds. Since the Western Han dynasty, Chinese folk society has believed in this cosmology combining human life and *Tian* [天人合一]. Natural disasters and wars were regarded as *Tian*’s punishment of humans. Individuals had no weight in facing natural disasters and life failures, other than to perform good deeds and rituals, and trust in *Tian*.⁴³⁸ The Chinese popular idiom, ‘Life and death are fated, riches and honor depend on the appointment of *Tian*’ best illustrates this value.

This fate faith is related with the endogenous cosmological beliefs of *yin-yang*, the five basic elements (*Wu xing*: gold, wood, water, fire, earth [五行: 金木水火土]), the Eight Trigrams / *Bagua* [八卦] and *Fengshui* [风水]. All these inter-related beliefs are used to understand cosmos, predict fate, avoid bad luck and induce some good luck by certain rituals. The tradition of these related rituals is ubiquitous in Chinese society, from ancient time to the present.⁴³⁹ For instance – checking *fengshui* before buying a real estate property; changing the location of furniture, doors and windows, adding or reducing certain decorations to change *fengshui*; picking certain dates to hold a marriage ceremony, funeral ceremony, or to move; checking *Wu xing* before naming new born babies; asking Trigram / *Gua* [卦] before crucial decisions; checking couples’ five basic elements for good matching before deciding whether to marry – just to name only a few. It is never an exaggeration to say that fate faith and its related knowledge and rituals are extremely ubiquitous in Chinese society and daily life.

According to Wen, this fortune-pursuing value and fate faith are deeply rooted in the Chinese cultural pattern.⁴⁴⁰ Chinese folk cultural traditions emerged from ancient witch ritual traditions.⁴⁴¹ The sense of mystery associated with these rituals

⁴³⁶ Cynthia J. Brokaw, *The Ledgers of Merit and Demerit: Social Change and Moral Order in Late Imperial China* (Princeton: Princeton University Press, 1991), 28.

⁴³⁷ *Ibid.*

⁴³⁸ Wen, “The Fortune and Fate of Chinese,” 17.

⁴³⁹ Brokaw, *The Ledgers of Merit and Demerit: Social Change and Moral Order in Late Imperial China*, 30.

⁴⁴⁰ Wen, “Morality and Wealth: The Value Conflict of Chinese,” 210.

⁴⁴¹ Li, *A History of Classical Chinese Thought*, 22; Chen, *The Core Values of Chinese Civilization*, 41.

persists, till today.⁴⁴² Because of the importance attached to *Tian's* mandate, individuals could not really develop autonomy in some sense: their options in life were only to pursue self-interests and hard working. Success or not relies on the mysteries of *Tian*.⁴⁴³ Thus, Chinese folk life values appear to be very pragmatic or utilitarian in the sense of emphasizing effect of actions and following ritual forms.

Under the influence of the *Tian's* mandate value, Daoism's *Yin-Yang* constant change theory and Buddhism's Karma and rebirth theory, the fate faith becomes a glue that holds all these cosmological understandings together.⁴⁴⁴ Fate faith and its rituals help to form an extraordinarily homogeneous and stable part in the moral culture of China. This folk culture includes institutions (royal rituals, Praying to *Tian* / *Ji Tian* [祭天], Praying to Ancestors / *Ji Zu* [祭祖] and praying to Buddha), beliefs, and behaviors. All these elements reinforce each other and reiterate the same theme—a belief that is rooted in the conviction that the universe is moral. Morality is at the center of all these above-mentioned cultural clots.⁴⁴⁵ Or in other words, fateful coincidence, personal destiny, and cosmic recompense, karma as well—are closely related and have been woven deeply into the fabric of Chinese culture to form a unique part: the concept of moral universe and its ubiquitous power.

2.6.2. Ritualization of Profit: *Cha Xu Ge Ju*, *Guanxi*, *Renqing* and *Trust*

Renqing and *Bao*

Schwartz has stated that, the ancient Chinese social structure is animated by the ancestor worship and lineage structure.⁴⁴⁶ In an agricultural society, individuals work and live with family in almost all aspects of life. Their social relations are bonded through family and acquaintance, for instance, with neighbors and townsmen. Against this backdrop, social ethics are largely structured and formed by virtue of 'emotion / *qing*'. This emotion stems from biological blood relations and from relationships of personal favor, the so-called *renqing*.⁴⁴⁷

From English direct translation, *renqing* means human emotions. However, this translation cannot reveal the true meaning of *renqing* in Chinese society. Or in other words, its sociological meaning is lost in translation. In recent years, scholars have tended to use the original *renqing* instead of an English translation as 'human emotions'. *Renqing* refers not merely to human emotions. It means ritually

⁴⁴² Brokaw, *The Ledgers of Merit and Demerit: Social Change and Moral Order in Late Imperial China*, 30.

⁴⁴³ *Ibid.*

⁴⁴⁴ Li, *A History of Classical Chinese Thought*, 35.

⁴⁴⁵ Chen, *The Core Values of Chinese Civilization*, 101-5.

⁴⁴⁶ Schwartz, *The Reign of Virtue*, 29, 30, 35.

⁴⁴⁷ Li, *A History of Classical Chinese Thought*, 11.

regulated emotions in interpersonal relations.⁴⁴⁸ Based on its usage in Chinese society, its main characteristic lies in its ethical meaning. In orthodox Confucianism, human emotions are regarded as natural yet arbitrary, and without temperance. Thus, these emotions are not suitable for ideal social relations. Confucianism tries to control human emotions in accordance with *yi* / righteousness and *li* / reason by virtue of ritual as rules of human behavior.⁴⁴⁹

Renqing is not the expression of random biological natural emotions, but instead ritualized emotional obligations and ethical emotions.⁴⁵⁰ Hence, *renqing* expresses particularistic emotional relations on the basis of universal rules. Compared with law's conformity and lack of emotion, ritual can not only form and maintain order, but also takes into consideration the particularity of individual emotions.⁴⁵¹

As a society built on the basic pattern of family and lineage ethics, it has proven as a fact that the Chinese cognition pattern of relations is largely contextual and particularistic.⁴⁵² In a nutshell, context-oriented emotion has great weight in social interactions and transactions. This point is very clear when we check the classic traditional idioms and preaching dealing with interpersonal relations, for instance: be 'fair and sensible [合情合理]', be 'considerate in emotion and reason [人情入理]', and 'show good emotion and be reasonable [通情达理]'. By asking for ration, a considerate attitude towards emotion is meanwhile important.

Renqing is characterized by a combination of universalism and particularism.⁴⁵³ Confucianism's classic text, *Li Ji (Book of Rites)*, clearly illustrates the essence of *renqing*:

6. 23. In the highest antiquity they prized (simply conferring) good; in the time next to this, giving and repaying was the thing attended to. And what the rules of propriety value is that reciprocity. If I give a gift and nothing comes in return, that is contrary to propriety; if the thing comes to me, and I give nothing in return, that also is contrary to propriety. [太上贵德，其次务施报。礼尚往来：往而不来，非礼也；来而不往，亦非礼也].⁴⁵⁴

In terms of business ethics, the operational expectation of *renqing* is not the maximization of directly exchanged benefits, but the optimization of long-term reciprocity, that is, there are many non- (direct) interests and emotional considerations. The maximization of direct benefits is a goal pursued by a society that assumes a 'rational individual' and 'economic individual,' but it is not applicable to Chinese ethics. In the *renqing* mindset, exchange is not a mere

⁴⁴⁸ Kuang-kuo Huang, "Face and Favor: The Chinese Power Game," *American Journal of Sociology*, vol.92, no.4 (Jan., 1987): 944-74.

⁴⁴⁹ Li, *A History of Classical Chinese Thought*, 13-6.

⁴⁵⁰ Huang, "Face and Favor: The Chinese Power Game," 945.

⁴⁵¹ Ying-shih Yu 余英时, *士与中国文化 [shi yu zhongguo wenhua / shi and Chinese Culture]* (上海 [Shanghai]: 上海人民出版社 [shanghairenmin chubanshe], 1987), 144-7.

⁴⁵² Huang, "Face and Favor: The Chinese Power Game," 948.

⁴⁵³ *Ibid.*, 950-2.

⁴⁵⁴ Confucius, *Li Ji [Book of Rites]*. <https://www.sacred-texts.com/cfu/like/like01.htm>. Last access: 15.02.2020.

exchange or instant investment, and a definite or immediate return should not be expected. Otherwise, this is viewed as naked (impersonal) direct interest exchange, which is regarded as improper and not *li* / ritual [礼]. This violates the ethical principles of ritual.⁴⁵⁵

Thus, social interaction is much more highly elaborated and more tightly bound up with ideas of reciprocity [*bao* 报] than it is in many other cultures.⁴⁵⁶ Although there is benefit exchange in *renqing*, the gratitude emotion is more important and fundamental. A ritualized human should be grateful for another's *renqing* offer and find ways to return the favor. The return forms could be various, and the duration could even last two or three generations. Hence, reason and ration has very limited room to play in the *renqing* pattern. The most important, is that the beneficiaries fully understand the ritual meaning and emotional intentions of the actor in doing *renqing*. And it is expected that the exchange of *renqing* will not happen just once (or several times) but rather in a continuous cycle and over a long term.⁴⁵⁷

Yang Liansheng as the first scholar who studied *bao* / reciprocal [报] concept concluded that the principle of *Huan Bao* / offer reciprocity [还报] in Chinese society applies reciprocal compensation to all relationships. This principle could be regarded as universal in nature, but the exercise of this principle is in fact in favor of particularism. Because any *huan bao* in China rarely exists as a single social transaction, but usually as an extra entry in a long-standing social income and expenditure account balance between individuals or two parties who have already established a direct relationship.⁴⁵⁸

Renqing to a large extent cultivates Chinese people's moral tendency to prioritize particularism ethical values in any conflict of values and interests. Confucius, in *The Analects*, chapter Zi lu, said:

The Duke of She informed Confucius, saying, "Among us here there are those who may be styled upright in their conduct. If their father has stolen a sheep, they will bear witness to the fact." Confucius said, "Among us, in our part of the country, those who are upright are different from this. The father conceals the misconduct of the son, and the son conceals the misconduct of the father. Uprightness is to be found in this."⁴⁵⁹

Mencius made *renqing* ethics even clearer. *Mengzi*, chapter Jin xin shang, documents a dialogue between Mencius and his student:

Tao Ying asked, saying, "Shun being sovereign, and Gao Yao chief minister of justice,

⁴⁵⁵ Xuewei Zhai 翟学伟, *关系与中国社会 [guanxi yu zhongguo shehui / Guanxi and Chinese Society]* (北京 [Beijing]: 中国社会科学出版社 [zhongguo shehui kexue chubanshe], 2012), 57-61.

⁴⁵⁶ Huang, "Face and Favor: The Chinese Power Game," 946.

⁴⁵⁷ Zhai, *Guanxi and Chinese Society*, 60; Huang, "Face and Favor: The Chinese Power Game," 950; Yu, *shi and Chinese Culture*, 148-50; Fei, *From the Soil*, 33-40.

⁴⁵⁸ Liansheng Yang 杨联陞, *中国文化中的报, 保, 包之意义 [Zhongguo Wen Hua Zhong "Bao", "Bao", "Bao" Zhi Yi Yi / The Meanings of Bao, Bao, Bao in Chinese Culture]* (香港 [Hong Kong]: 中文大学出版社 [zhongwen daxue chubanshe], 1987), 9-11.

⁴⁵⁹ Confucius, *The Analects*, chapter Zi lu, trans. by James Legge, <https://ctext.org/analects/zi-lu/ens>. Last access: 08.03.2019.

if Gu Sou [Shun's father] had murdered a man, what would have been done in the case?" Mencius said, "Gao Yao would simply have apprehended him."

"But would not Shun have forbidden such a thing?"

"Indeed, how could Shun have forbidden it? Gao Yao had received the law from a proper source."

"In that case what would Shun have done?"

"Shun would have regarded abandoning the kingdom as throwing away a worn-out sandal. He would privately have taken his father on his back, and retired into concealment, living somewhere along the seacoast. There he would have been all his life, cheerful and happy, forgetting the kingdom."⁴⁶⁰

The core responsibility in interaction is only to fulfill the ethical responsibility of the son. The responsibility of the highest law enforcement officer can be abandoned when he resigns, whereas the father-son relationship is permanent in this world. It is reasonable to resolve this conflict with particularism moral ideology. The protection of specific emotions between father and son and other family relatives is the general principle. Its purpose is to protect the most basic human emotions and the divine family relationship. Only by virtue of this *renqing* ethic, the proper moral order of the world can be maintained. When values conflict, *renqing* is of the highest significance and value.⁴⁶¹ Similarly, in *The Analects*, the doctrine of 'once the teacher, forever the teacher' permeates the Chinese society from antiquity to the present. The teacher-student relationship emphasized its emotional aspect, the same as the father-son relationship that even becomes metaphor of teacher-student relationship; its ethical value is also higher than any rule of law or rational measure.

When a contract is violated, the law will regulate the cost and punishment. However, loss and failure in *renqing* cannot be regulated by law. Because emotion plays such a fundamental role in *renqing*, ethics and moral reasoning are the only mechanisms for dealing with the *renqing* relationship. This is directly related with basic assumptions of human being's nature. Traditional Chinese thinking tend not to regard human beings as rational or economical individuals, nor think a great deal of rational human.⁴⁶² In Chinese cosmology and epistemology, human beings' existence and importance lies in groups and social relations. Therefore, ritualized emotion and *renqing* is so important that it plays down the law's function in Chinese society.⁴⁶³ Even today, Chinese business law area still need to put great efforts into figuring out the relationship of emotions, ritual and law in business practice.⁴⁶⁴

⁴⁶⁰ Mencius, *Mengzi*, Chapter Jin xin shang, trans. by James Legge. <https://ctext.org/mengzi/jin-xin-i/ens>. Last access: 11.03.2019.

⁴⁶¹ Huang, "Face and Favor: The Chinese Power Game," 948.

⁴⁶² Schwartz, *The Reign of Virtue*, 66.

⁴⁶³ Ibid.

⁴⁶⁴ Lizhu Fan and James D. Whitehead, "Spirituality in a Modern Chinese Metropolis," in *Chinese Religious Life* ed. by David A. Palmer, Geln Shive and Philip L. Wickeri (Oxford:

Renqing is attached great importance in the popular value system. Its appliance can be shown as selfless interaction, which stresses harmony within a group. These kinds of relationship are usually long-term and stable. The parties involved are caring for each other, giving selflessly, regardless of their own interests, and are willing to make various sacrifices. Even the law is interpreted by virtue of *renqing*, as in the Chinese old saying, ‘the true essence of law is nothing but *renqing* (法理不外乎人情)’.

Renqing is not only a criterion for regulating social relationship and business transactions, but also a powerful production mechanism that individuals can use to secure economic power as well as resources under a stable and structured social network. *Renqing* and kinship social structure basis directly form the *guanxi* pattern in Chinese society.⁴⁶⁵

Cha Xu Ge Ju and Guanxi

Fei Xiaotong’s seminal term ‘*cha xu ge ju* / the differential mode of association’ best illustrates *guanxi* as a distinct traditional culture feature in China:

Western societies are somewhat like the way we collect rice straw to use to cook our food. After harvest, the rice straw is bound into small bundles; several bundles are bound into larger bundles; and these are then stacked together so that they can be carried on shoulder poles. Each piece of straw belongs in a small bundle, which in turn belongs in a larger bundle, which in turn makes up a stack. The separate straws, the separate bundles, and finally the separate stacks all fit together to make up the whole haystack. In this way, the separately bound bundles can be stacked in an orderly way.... In Western society, these separate units are organizations.

Our pattern is not like distinct bundles of straws. Rather, it is like the circles that appear on the surface of a lake when a rock is thrown into it. Everyone stands at the center of the circles produced by his or her own social influence. Everyone’s circles are interrelated. One touches different circles at different times and places.

In Chinese society, the most important relationship –kinship – is similar to the concentric circles formed when a stone is thrown into a lake. Kinship is a social relationship formed through marriage and reproduction. The networks woven by marriage and reproduction can be extended to embrace countless numbers of people - in the past, present, and future.⁴⁶⁶

Kinship structure as the base of social structure means the self is the center of social relationships and kinship ethical relationship is of the highest priority in social relations. Hence, social relationships in China possess a self-centered ethical quality in structural sense. Fei explained,

What is *lun*? To me, insofar as it is used to describe Chinese social relationships, the term itself signifies the ripple-like effect created from circles of relationships that spread out from the self, an effect that produces a pattern of discrete circles. In the ancient text *Shiming* (the interpretation of names), *lun* is defined as “the order existing in ripples of

Oxford University Press, 2011); Yang, *The Meaning of Bao, Bao, Bao in Chinese Culture*, 67-70.

⁴⁶⁵ Zhai, *Guanxi and Chinese Society*, 11.

⁴⁶⁶ Fei, *From the Soil*, 63.

water.” Pan Guangan once said, “Word combinations with *lun* all have similar meanings, which express proper arrangements, classifications, and orders.”⁴⁶⁷

Lun stresses differentiation. People are warm towards the people inside their relationship network, with *renqing*, but are comparatively cold towards strangers, because they have no emotion bond. This indicates that Chinese ethical relationships are clearly divided into two fields, and each has their own functioning logic: selfless and selfish. *Guanxi* determines the differentiation of interpersonal network. Besides family relations, personal *guanxi* include relatives, friends, teachers, classmates, alumni, townsman, and colleagues. All these belong to *guanxi*. When there exists *guanxi* in this interaction, people handle the relationship with selfless emotions and follow acquaintance rituals. When there is no *guanxi*, rationality and selfish interest would become the governing principles.⁴⁶⁸ It is this *Cha Xu Ge Ju* pattern of *guanxi* which determines Chinese individual moral psychology and actions, from past times till today.⁴⁶⁹

Chinese social interactions are conducted largely within the kinship relations and usually, at most, expand to group identity scale. However, their range could expand as large as national identity, or shrink as small as greenwood brotherhood. Thus, it is hard to categorize this Chinese social interaction pattern in western terms. *Guanxi* is widely used to describe this unique social ethical pattern in Chinese society. In social science research published in English, the common translations of *guanxi* are ‘personal relationships’,⁴⁷⁰ ‘interpersonal connections’,⁴⁷¹ ‘instrumental-personal ties’,⁴⁷² and ‘network of personal connections’.⁴⁷³ There is no term / word in English that completely corresponds to *guanxi*. *Guanxi* is always categorized as a core feature of Chinese society, such as in Feng Youlan’s insights on “the manner by which one deals with people”,⁴⁷⁴ Liang Shuming’s “Ethical standard”,⁴⁷⁵ and Fei Xiaotong’s “*Cha xu ge ju* / the differential mode of association.”⁴⁷⁶

Guanxi is hierarchical: the superior and inferior parties have clear distinctive status, rights and duties. The imbalance is executed and reinforced through rituals. Under this mechanism, the superior enjoys more rights than the inferior person, and therefore can execute power over the inferior. Meanwhile, the superior must be

⁴⁶⁷ Ibid., 65.

⁴⁶⁸ Zhai, *Guanxi and Chinese Society*, 41-4.

⁴⁶⁹ Fei, *From the Soil*, 71-3.

⁴⁷⁰ Yeo-chi King, “Kuan-hsi and Network Building: A Sociological Interpretation”, *Daedalus*, no. 120 (1991): 63-84.

⁴⁷¹ Kathrine R. Xin and Jone L. Pearce, “Guanxi: Good Connections as Substitutes for Institutional Support,” *Academy of Management Journal*, no.36 (1996): 1641-58.

⁴⁷² Andrew G. Walder, *Communist Neo-Traditionalism: Work and Authority in Chinese Industry* (Berkeley: University of California Press, 1986), 12.

⁴⁷³ Zhai, *Guanxi and Chinese Society*, 41.

⁴⁷⁴ Feng, *Selections of Feng Youlan’s Academic Works*, 131.

⁴⁷⁵ Liang, *Chinese Culture Essences*, 37.

⁴⁷⁶ Fei, *From the Soil*, 61.

responsible and reliable for the group's interests; the inferior has loyal obligations to the superior and is asked to be obedient in obligations. Meanwhile, the inferior could expect the superior's protection and parental caring as return.

This characteristic calls for emotion-based ritual to act as the fundamental ethical regulator, instead of any objective norms or regulations. As a contrast, law could not play a proper role in regulating role relationships. Ritual is used to regulate large parts of social interaction. Business is of course no exception.

Hence, ritual forces profit to be regulated under *renqing* and *guanxi*, or in other words, business profit is not considered merely an economic or distribution term. Rather, profit is understood as a moral term. This is the ritualization of profit, which long time ruled the Chinese business life.

In this aspect, Metzger had a very deep understanding:

As Tang makes clear, however, because the ethics of gratitude so dominated social relations, one could not directly pursue maximization of one's own gratifications without being viewed as an immoral person. Rather, the benefits one enjoyed were those conferred on one by others, and one reciprocated by conferring benefits on them, even the ultimate, yearned for tribute of "worship".

Scheming to advance his own interests in terms of an ethical code that emphasized the receiving of benefits from others rather than the direct pursuit of self-interest, a person was likely to use subtle cues and indirect methods to elicit behavior favorable to him while still appearing to conform to the ethics of interdependence.⁴⁷⁷

In this sense, *guanxi* in essence could be regarded as a ritualized social capital that an individual can use to strive for desirable resources from his social relationships, in an indirect way. As a governing pattern, besides *renqing*, *guanxi*, ritualization of profit is related with various Chinese endogenous values, such as favor and face / *mianzi* [面子], which all play distinct roles in business relationships.⁴⁷⁸ Under the veil of emotion, *renqing*, *mianzi*, and favor are in fact used as ethical means of transforming direct business exchange relationships and the pursuit of profits.

Trust

Based on the above discussion of *guanxi* and *renqing*, we could now discuss trust in the Chinese role relationship ethics, which is quite important in the understanding of Chinese traditional business ethics. Trust can be understood as 'an inherited reserve of social cohesion'. At the core of social cohesion is "the shared recognition of promises made and kept, of reliability that has been established over many transactions."⁴⁷⁹

For Fukuyama and many other scholars, China has been classified as a low trust society.⁴⁸⁰ However, China's thousands of years long history as a united nation, and its long prosperous market history, make this conclusion unpersuasive. The

⁴⁷⁷ Metzger, *Escape from Predicament*, 44.

⁴⁷⁸ Zhai, *Guanxi and Chinese Society*, 57.

⁴⁷⁹ Fan and Whitehead, "Spirituality in a Modern Chinese Metropolis," 19.

⁴⁸⁰ Francis Fukuyama, "Social Capital and the Global Economy," *Foreign Affairs*, vol. 74, no. 5 (1995): 89–103.

conclusion is easy to understand, given that, Chinese indeed show no trust to strangers and others who are outside their personal *guanxi* network. But within one's *guanxi* network, there exists a very high level of trust. This can be called a 'particularistic trust' amongst people who have *guanxi*. High levels of trust within *guanxi* and low levels of trust among strangers coexist in China. That's what I have analyzed in the last section, selfless and selfish logics.

Familial trust is the core mode of interpersonal trust in *guanxi*. Trust management here is based on identity. Blood family relationships are at the core, but this trust system is not enough to solve the trust problem beyond family members, such as business relationship. The utilization of ritual in social relationships helped the formation of pan-familial trust by virtue of the *guanxi* network.⁴⁸¹

We could refer here to the ubiquitous social phenomenon of addressing kinship titles to non-kinship persons, such as addressing colleagues and business partners as 'brothers and sisters' when the aim is to make relationship closer. Familiarization is therefore one process of building up relational trust among individuals outside the family. In business, familiarization is also a special process of trust management and cooperation, which is constructed through *guanxi* and the *renqing* mechanism.⁴⁸² *Guanxi* and the *renqing* thus generate a special kind of trust within business network. Trust here has the connotations of an emotional interpersonal value, group obedience, and dedication in the *guanxi* network.

2.6.3. Folk Religion and Ancestor Veneration

Prominent features in the last section on *renqing*, *guanxi* and trust concepts are the role relationship ethic as value origins. In this subsection, I will talk about folk religions. I connect these two sections together as parts of the whole of Chinese popular folk culture. They indeed form the main body of folk culture in regard to business ethics and their close relationship persists even today as a moral patrimony.

The reciprocity between human and deity and the reciprocity in *guanxi* and *renqing* are both guises of a role relationship that is permeated with affection (emotion) and morality. This role relationship requires role responsibility fulfillment and repayment. Great emphasis is placed on harmony in the relationship according to the role ethics. This cultural religious view constructs a universal moral orientation in the sociopolitical order, cosmological order, and spiritual worldview that is diffused throughout Chinese culture and deeply embedded in the society.

Folk religion in this research refers to a long-standing folk religious legacy and

⁴⁸¹ Zhai, *Guanxi and Chinese Society*, 58-9.

⁴⁸² *Ibid.*, 59; Yang, *The Meaning of Bao, Bao, Bao in Chinese Culture*, 13.

tradition that continues to the present day in Chinese society. Chinese religion scholars tend to refer to this folk religion as “indigenous religion” [原生性宗教].⁴⁸³ In order to clearly distinguish the different cultural sources, I use two categories: institutional religions – such Confucianism, Daoism and Buddhism, and folk religions. The latter category is similar to C. K. Yang’s notion of ‘diffused religion’⁴⁸⁴, or anthropologists’ ‘popular religion’. The folk religion discussed in this section manifests the ethical positioning and world view which is omnipresent in Chinese culture. Although this enduring moral orientation has never been organized with an institutionalized structure like that of Confucianism, Daoism, Buddhism or Christianity, it is not merely a cultural phenomenon.⁴⁸⁵ So, the folk religion in this section refers to a religious spiritual tradition (besides the ‘Three great teachings’) that constitutes another resource of morality for Chinese society.

Some of these folk religious beliefs have gradually evolved into customs that are deeply embedded in daily life. Such folk customs are more secular than religious in nature. For instance, following 24 Solar dates as daily life rituals, the grand Spring Festival celebration, the rituals in the Mid-Autumn Festival, and worshipping ancestor rituals at the Qingming Festival all belong to secularized folk religion. Some do retain religious content, and indeed continue to expand their scope of influence, such as the ubiquitous *Guan Gong* [关公] belief among businesspeople,⁴⁸⁶ ubiquitous belief in the God of Wealth, worshipping various Bodhisattvas for passing examinations or curing diseases, and certain funeral rituals. Since the Reform and Opening up, there has been a marked revival of the traditional secularized and religious practices that the earlier Maoist regime had severely curtailed, along with a resurgence of scholarly interest in them.⁴⁸⁷

From the existing research,⁴⁸⁸ it is apparent that, particularly in rural areas, folk

⁴⁸³ Adam Y. Chau, *Religion in China: Ties That Bind* (Medford, MA: Polity Press, 2019), 3-5.

⁴⁸⁴ Ching-Kun Yang 杨庆堃, *中国社会中的宗教: 宗教的现代社会功能与其历史因素之研究* [*Zhongguo shehui zhong de zongjiao: zongjiao de xiandai shehui gongneng yu qi lishi yinsu zhi yanjiu / Religion in Chinese Society: A Study of Contemporary Social Functions of Religion and Some of Their Historical Factors*], trans. by 范丽珠 Lizhu Fan (上海 [Shanghai]: 上海人民出版社 [shanghai renmin chubanshe], 2007), 91.

⁴⁸⁵ David Palmer et al., *Chinese Religious Life* (Oxford: Oxford University Press, 2011), 6.

⁴⁸⁶ Guan Gong, (Guān Yǔ) was a general serving under the warlord Liu Bei during the late Eastern Han Dynasty and Three Kingdoms era of China. He played a significant role in the civil war that led to the collapse of the Han Dynasty and the establishment of the Kingdom of Shu, of which Liu Bei was the first emperor. Guan Yu was deified as early as the Sui Dynasty and is still worshipped today, especially among businesspeople group. He is respected as the epitome of loyalty and righteousness.

⁴⁸⁷ Chau, *Religion in China*, 11-3.

⁴⁸⁸ Yongjia Liang 梁永佳, “中国农村宗教复兴与“宗教”的中国命运 [zhongguo nongcun zongjiao fuxing yu zongjiao de zhongguo mingyun / The Rejuvenate of Religion in Chinese Rural Areas and The Fate of Religion in China],” *社会* [shehui / society], vol.35, no.1 (2015):161-83; see note 302 above, 24, 34, 35; Liping Sun 孙立平, *断裂: 20世纪90年代以来的中国社会* [duanlie: 20shiji 90 niandai yilai de zhongguo shehui / Rupture: The Chinese

religions continue to prosper throughout China. The practitioners are engaged in various guises of folk religious activities: worshipping local gods, such as *Mazu*, the Earth God, the Dragon King, etc.; building temples; conducting burial rituals, marriage rituals, festival rituals, house-building rituals, business rituals, disease-treating rituals; ubiquitous fortune-telling; and *Fengshui* sight-seeing, to name only a few.

However, a core distinction here is that the practices of folk religions are already embedded in daily life, and the Chinese unconsciously don't even regard such activities as religious, but rather as customs and habits. Liang stated, "(for folk religion practitioners) there is no need to distinguish between religion and superstition and daily life, nor to clarify their religious identity or declare their sect; they do not seek the recognition of the intellectual elite or political elite. They never argue the justification between beliefs and rituals, they don't wander between science and religion, and they never worry about whether their practice requires a fixed place, fixed scriptures, fixed rituals, and so on."⁴⁸⁹ Daniel Overmyer has stated that China's folk religious traditions "are characterized by their location in the midst of everyday life and their focus on practical aid and results. Though clergy may be involved, for the most part these traditions are led, organized, and continued by the people themselves."⁴⁹⁰

Regarding this distinct characteristic, Chau argued to view Chinese folk religion from a "how Chinese people do religion" perspective, by "focusing on the socially embedded and culturally specific 'forms' that frame Chinese people's religious practices on the ground."⁴⁹¹ He categorized five models of "doing religion" in China: the scriptural / discursive, the self-cultivational, the liturgical, the immediate-practical, and the relational. If people ask the monks to do rituals, this is the third mode, "the liturgical". The gatherings and celebrations at temple fairs are an example of the fourth model, "the relational".⁴⁹² Chau's research reveals that contemporary Chinese prefer discursive and liturgical / rituals models.

On the base of summarizing the five models, Chau concluded that the notion of relationality is the key analytical and organizing anchor in folk religion study.⁴⁹³ This is not a surprising finding. There have being many eminent scholars from

Society Since 90s in the 20th Century] (北京 [Beijing]: 社会科学文献出版社 [shehui kexue wenxian chubanshe], 2003), 7; Daniel Overmyer, *Ethnography in China today: A Critical Assessment of Methods and Results* (Taipei: Yuan-Liou Publishing, 2002), 3-5.

⁴⁸⁹ Liang, "The Rejuvenate of Religion in Chinese Rural Areas and The Fate of Religion in China," 161.

⁴⁹⁰ Overmyer, *Ethnography in China today: A Critical Assessment of Methods and Results*, 4.

⁴⁹¹ Adam Y. Chau, "Modalities of Doing Religion and Ritual Polytypy: Evaluating the Religious Market Model from the Perspective of Chinese Religious History," *Religion*, no.4 (2011): 548.

⁴⁹² Chau, "Modalities of Doing Religion and Ritual Polytypy: Evaluating the Religious Market Model from the Perspective of Chinese Religious History," 25.

⁴⁹³ *Ibid.*, 2.

anthropology and sociology who have observed this unique feature in Chinese society.⁴⁹⁴ Folk religions are only one attestation.

As revealed in the above section on *guanxi* and *renqing*, it is clear that relationality is at the center of Chinese cultural life. It can be seen as governing most of the milestone academic theoretical legacies, including Francis L. K. Hsu's mutual dependence and situation-centeredness,⁴⁹⁵ Fei Xiaotong's *Che Xu Ge ju*, Yang Kuo-shu's social orientation⁴⁹⁶, and Liang Shuming's ethical-based theory⁴⁹⁷.

In Chau's *Religion in China*, he contended that,

The religious realm is one of the most crucial arenas where *guanxi* is played out...not just between people in sociopolitical life but also between people and spirits, between people and sites of worship and spiritual empowerment, among religious co-practitioners, between deities, between ritualists and their customers, between masters and disciples, and between the state and religious groups and traditions. These relationships can be long-lasting or transient.⁴⁹⁸

As Chau stated, the five models all reflect the relationality based on the traditional folk worldview, that is, a moral relationship between prayer and reward / [报与偿], between people and spirits. According to Liang's argument, this is "indeed a reciprocal and trust relationship between the religious practitioners and gods. This relationship also includes a time interval, that is, the non-immediateness between prayer and reward. The practitioners expect to generate a long-term circling relationship between themselves and the deities, even in the 'immediate-practical' model."⁴⁹⁹ Therefore, the concepts of 'credit' is implicit in this time-lapsed relationality. And the basis of this relationality is trust instead of contract or agreement, which is fundamental in Chinese business ethics.

Hence, the nature of this relationality in Chinese folk religion is a moral relationship, is about trust. For religious practitioners, this relationality constitutes an exchange process centered on expectation and trust. They expect to construct a long term mutual ethical relationship with spirits, or in Mauss' word, an "attente".⁵⁰⁰ The aim of this attente is not utilitarian or rational in the rational

⁴⁹⁴ Andrew B. Kipnis, *Producing Guanxi: Sentiment, Self, and Subculture in a North China Village* (Durham: Duke University Press, 1997), 10.

⁴⁹⁵ Francis L.K. Hsu, *Under the Ancestors' Shadow* (New York: Columbia University Press, 1948), 3-5.

⁴⁹⁶ Kuo-Shu Yang and Kwang-Kuo Huang 杨国枢, 黄光国, "个人现代化程度与社会取向强弱 [geren xiandaihua chengdu yu shehui quxiang qiangruo / The Degree of Individual Modernization and Social Orientation Intensity]," *中央研究院民族學研究所集刊 [zhongyuan yanjiuyuan minzuxue yanjiusuo jikan / Collections of Ethnology Research in Central Research Institute]*, 32(1972):245-78.

⁴⁹⁷ Liang, *Chinese Culture Essences*, 3.

⁴⁹⁸ Chau, *Religion in China*, 4.

⁴⁹⁹ Liang, "The Rejuvenate of Religion in Chinese Rural Areas and The Fate of Religion in China," 161-83.

⁵⁰⁰ Marcel Mauss, *The gift: forms and functions of exchange in archaic societies*, Internet Archive, University of California Libraries. <https://archive.org/details/giftformsfunctio00maus>. Last access: 29.03.2019.

exchange sense. Rather, it is first and for the most part moral, and aims to produce a good emotions relationship between two parties.⁵⁰¹

This determining feature in Chinese folk religions reminds me of the above mentioned Chinese interpersonal relational propensity. *Huan bao*, *guanxi*, *renqing* and *mianzi* are generated under this moral relationality pattern and permeate the society and culture. Of note, the interpersonal moral relationality and the human-spirit moral relationality share the same set of language terms in Chinese: retribution, reward, recompense, promise (wish), return the wish, prayer, and so on.

This leads us to think about the inner relationship of folk religious value and social value in Chinese society, in particular the pervasive ancestor worship as main part of folk religion in early ancient China (Neolithic). Ancestors are humans, who become gods after death. No matter whether living or dead, ancestors protect the family, the clan, the tribe and the nation at large. Ancestors connect the human and the divine, this world and the after-world as well. Through ancestor worship, ancestors maintain relation with the nature and their offspring. They still belong to the family. The dead and the living comprise a community and dwell together. Through ancestor, the humans' actions and efforts are directly connected to the gods' beneficence, benevolence, rewards and powers. This relationship is inseparable. Dead / living and human / god have no distinct boundary. Of note, a very clear relationality and interaction value dominates in both worldview and religious view.⁵⁰²

In *The Analects*, Chapter Xian jin,

Ji Lu asked about serving the spirits of the dead. The Master said, "While you are not able to serve men, how can you serve their spirits?" Ji Lu added, "I venture to ask about death?"

He was answered, "While you do not know life, how can you know about death?"⁵⁰³

From Confucius' argument, we could see here that the way the Chinese connect the living and dead ancestor together is exactly identical with the way they treat the interpersonal social relationship. From religious ritual to social ritual, this connection and interaction is the embryonic form of ritual in later times, the "the germ of the category *Li* / 礼",

Li bridges a gamut of prescriptions, ranging from religious ritual to proper social behavior and even etiquette.

As a religious orientation, ancestor worship highlights the kinship group as a paradigm of social order—that is, a network of intimately related roles. The fact that these role relationships span the divide between the world of the living and the numinous world of the dead may indeed enormously reinforce the sense of the 'ontic' reality of the role and status and the order in which they are embedded.

⁵⁰¹ Ibid., 44.

⁵⁰² Moruo Guo 郭沫若, "青铜时代:先秦天道观的发展 [qingtong shidai: xianqin tiandao guan de fazhan / The Bronze Time: The Tian Dao Concept in the Early Qin Dynasty]," 沫若文集 [Moruo wenji / Collections of Moruo], vol.16(北京 [Beijing]:人民文学出版社 [renmin wenxue chubanshe], 1962), 15, 19.

⁵⁰³ Confucius, *The Analects*, chapter Xian jin, trans. by James Legge, <https://ctext.org/analects/xian-jin/ens>. Last access: 08.03.2019.

The kinship roles are inevitable and naturally hierarchic, based as they are on ascriptive biological differences between the old and the young and the male and the female; hierarchy and role on this level are an integral aspect of the ultimate frame of things.⁵⁰⁴ Schwartz's argument reveals ancestor worship as the abiding wellspring of Chinese religious orientation and occupying a determining role in Chinese role relationship social structure formation. Through the combination of religion and politics in Chinese social institutions, ancestor worship not only maintained its strong hold on later Chinese religious development but also reinforced role relational ethics as the basic moral order in Chinese society.

Chinese ancestor worship fundamentally forms the entire "elite cultural religious view of sociopolitical order and cosmos order".⁵⁰⁵ All social members are connected in a role relation network, which is governed by ghosts, gods, ancestors, morality and rituals. This network in essence has roles and their relations as its center. It represents an immanent order based on relations of clearly defined roles and statuses and held together by a system of sacred ritual.⁵⁰⁶

Ritual as regulator of this relational network is a means of keeping morality and harmony coherent in the society. By repeating the form and content of rituals, both religious and folk custom rituals in daily social life from generation to generation, the shared moral consciousness and moral understanding are also passed on. The contemporary resources of morality rest on this cultural inheritance.

2.7. *Christianity in China*

This section is different from the previous sections. Most of the above parts are about the traditional culture resources in China. This section is about Christianity, which appears not so old or traditional in comparison with other cultural resources. Christianity first appeared in China in the 7th century, during the Tang Dynasty. In the 16th century, it slowly began to take solid root when Jesuit missionaries reintroduced it into China.⁵⁰⁷ In its history of introducing into China, its public has been limited. Although its lineage in China is not as old and influential as Chinese endogenous religions and Buddhism, Christianity also has had non-negligible impact, in particular on modern businesspeople.⁵⁰⁸

During the Cultural Revolution (1966-1976), religious life in China was totally banned and Christianity as well. In 1979, the government officially restored the 'Three-Self Church' after thirteen years of non-existence. In 1980, the China

⁵⁰⁴ Schwartz, *The Reign of Virtue*, 17, 22-3.

⁵⁰⁵ *Ibid.*, 31.

⁵⁰⁶ *Ibid.*, 31; Feng, *Selections of Feng Youlan's Academic Works*, 17-20.

⁵⁰⁷ Daniel H. Bays, *Christianity in China: From the Eighteenth Century to the Present* (Stanford, CA: Stanford University Press, 1996), 5.

⁵⁰⁸ *Ibid.*, 5-6.

Christian Council (CCC) was formed.⁵⁰⁹ The survey, *Religion in China*, conducted in the years 2006, 2008, 2010 and 2011 by the Chinese General Social Survey (CGSS) from China Renmin University, found that people self-identifying as Christians were, respectively for each year, 2.1 per cent, 2.2 per cent, 2.1 per cent and 2.6 per cent of the total population. According to the China General Social Survey 2009, the total estimated number of Christians in mainland China is 28,327,679 or 2.1 per cent of the total population.⁵¹⁰ Today, Christianity in China includes Catholics, Protestants, Evangelicals and a small number of Eastern Orthodox Christians.

The Chinese Christian Household Survey Questionnaire Report (China Religion Report 2010) states that the Christian population in China is about 23.05 million, accounting for 1.8 per cent of the total population. After the ‘Reform and Opening up’, the Christian community continued to grow and increase faster and faster. According to statistical data, 18 per cent of believers joined the church from 1982 to 1992, 42 per cent from 1993 to 2002, and 31.0 per cent from 2003 to 2009.⁵¹¹

At the initial stage of the reform and opening up, Christians were mainly concentrated in rural areas, with rural believers accounting for more than 80 per cent of the total. After this period, rural Christianity gradually shrank, and the believer group gradually moved to cities. By 2010, the proportion of rural believers was only just over 50 per cent. Some studies have pointed out that even among these 50 per cent of rural believers, a large proportion of them live in rural areas with higher levels of urbanization than normal villages.⁵¹²

So far, the eastern part of China has the largest Christian community, with the Yangtze River Delta region accounting for 43 per cent of the country’s membership. This region is the region with the fastest economic development in China. In Wenzhou, Zhejiang, there are 1,855 Christian churches, and most of them were established after the reform and opening up. The percentage of businesspeople in believers are much higher than other religions.⁵¹³

The ways in which believers come into contact with Christianity include missionary influence and family influence, among which missionary influence is

⁵⁰⁹ Official Website of The Protestants in China: <http://www.ccctspm.org/>. Last access: 10.04.2019. Translated by the author.

⁵¹⁰ Chinese National Survey Data Archive: <http://cnsda.ruc.edu.cn/index.php?r=site/article&id=126>. Last access: 10.04.2019. Translated by the author.

⁵¹¹ “The Chinese Christian Household Survey Questionnaire Report” (“China Religion Report 2010”): <http://www.ccccn.org/zhongfan/2010-09-07/8419.html>. Last access: 10.04.2019. Translated by the author.

⁵¹² Ibid.

⁵¹³ Xiaowei Guo 郭潇威, “基督教在温州——读曹南来《建设中国的耶路撒冷——基督教与城市现代性变迁》 [jidujiao zai wenzhou: du caonanlai de jianshe zhongguo de yelusaleng - jisujiao yu chengshi xiandaixing bianqian / Christianity in Wenzhou - Reflection on Cao Nanlai’s Constructing China’s Jerusalem: Christians, power, and Place in Contemporary Wenzhou],” *宗教社会学 [zongjiao shehui xue / Religion Sociology]*, no.3 (2015):303-16.

greater; and the reason for conversion to Christianity is mainly utilitarian, caused by specific changes in life, and its purpose is to pray for blessings and keep sound. In the 2011 survey mentioned above, more than two-thirds of the believers said that the reason for their conversion was that “they or their relatives and friends were sick.”⁵¹⁴

Competing with the various guises of Chinese religions and spirit beliefs, the unique appeal of Christianity seems to be that it is a foreign culture and a symbol of the West.⁵¹⁵ Compared with local religions, Christianity has become a relatively attractive choice for potential believers, in particular among educated city believers and businesspeople. For them, Christianity has a much more scientific and less superficial color.⁵¹⁶ On the other hand, Christianity in China is a more formal organized religion with clear cult, fixed location and fixed ritual. Under this well-organized structure, believers can gather to do rituals, share life experiences, and resolve negative emotions such as depression and loneliness. In addition, there are some material factors, such as free food distribution and accommodation from churches.

According to *Chinese Jerusalem in Wenzhou* research, rich entrepreneurs convert to Christianity for two reasons: firstly, get into a private business circle; secondly, to show their Western taste and spread their influence through the church network.⁵¹⁷ In Cao Nanlai’s research, Christian entrepreneurs are more willing to invest in churches, than other public affairs and social welfare, and have shown a higher moral standard in business. This behavioral feature in turn attracts more entrepreneurs to join and convert.⁵¹⁸

Hence, scholars have noticed there is a new distinctive entrepreneurial group in China, known as ‘boss Christians’.⁵¹⁹ These Christian entrepreneurs are mostly private business owners who were amongst the first to profit in the Chinese economic reform. “Like non-Christian entrepreneurs, they started their businesses from scratch, but as Christians they publicly acknowledge having been blessed by God in their business success.”⁵²⁰ Influenced by Hong Kong and Taiwanese churches, the churches of mainland China are changing the notion that the money-making people are not devout. Instead, they regard entrepreneurs as ‘locomotives’ and try to attract more entrepreneurs. The Fujian Christian Council (Three-Self Patriotic Movement Committee and the Academic Affairs Committee) wrote in

⁵¹⁴ “The Chinese Christian Household Survey Questionnaire Report,” 3-5.

⁵¹⁵ Ibid.

⁵¹⁶ Guo, “Christianity in Wenzhou,” 307.

⁵¹⁷ Ibid.

⁵¹⁸ Nanlai Cao 曹南来, *建设中国的耶路撒冷: 基督教与现代城市性变迁* [*Constructing China’s Jerusalem: Christians, power, and Place in Contemporary Wenzhou*] (香港 [Hong Kong]: 香港中文大学出版社 [xianggang zhongwen daxue chubanshe], 2013), 22-30.

⁵¹⁹ Cunfu Chen and Tianhai Huang, “The Emergence of a New Type of Christians in China Today,” *Review of Religious Research*, no. 2 (2004):183-200.

⁵²⁰ Cao, *Constructing China’s Jerusalem*, 11.

their ‘Convention’ that Christianity is of great help in eliminating entrepreneurs’ bribery, corruption and disloyalty in family.⁵²¹

In interviews with a group of Christian entrepreneurs in Beijing at *Caijing Newspaper*,⁵²² the majority of interviewees admitted that converting to Christianity is to look for a solution to their question, “Why are there always setbacks that I cannot overcome?” As they claimed, there are many kinds of setbacks that are concentrated in illegal and immoral business operations. As a response, ‘Christian Business Community Fellowships’ have appeared in places close to Hong Kong, Taiwan, Fujian, Shenzhen, etc., and later in Beijing, Wenzhou and Shenyang. Even inland provinces such Anhui, Hubei and Sichuan have also established ‘Christian Business Community Fellowships’. Through church activities, Christian entrepreneurs are taught that only legitimate businesses are ‘blessed by God’. This blessing is a sign of ‘God’s choice’. Since God calls upon business activities, and earning money glorifies God, then one should not make money illegally. Along with that, spending money is no problem, but controlling desires, keeping life simple, expanding production, and serving society should be the guiding principles.⁵²³

These Christian fellowships also place great emphasis on the loyal marriage concept, and curtailing lust. They reiterate that infidelity in marriage and family is unacceptable to Christians – many business community fellowships encourage couples to participate in a large number of marriage counsel sessions. In their belief, the wife is a sister, and the husband is a brother who must manage the family together. The leading Christian Entrepreneurs Association, ‘Cypress Leadership Institute’, which has many famous Chinese leading entrepreneurs as members, requires every member to sign a ‘contract’ with God, citing “No bribes, No swindling taxes, No false accounts, No mistresses”.⁵²⁴

Just as Chinese folk religions, Chinese Christian entrepreneurs also care not much about the orthodox Christian text and they don’t harbor doubts about whether the understanding of this religious content is genuine or not. Neither of these aspects occupy them in their Church activities. Except for the upper elite believers who defend religious orthodox traditions, most ordinary Christian entrepreneurs do not care about this issue of world view. For them, Christianity is a part of daily practice that can be taken for granted.⁵²⁵

⁵²¹ Han Mu 韩牧, “中国的基督教商人 [Chinese Christian Businesspeople],” http://www.gemag.com.cn/14/33436_1.html. Last access: 19.02.2020. Translated by the author.

⁵²² Ibid.

⁵²³ Ibid.

⁵²⁴ Han Mu 韩牧, “中国的基督教商人——倡导不行贿不偷税不包二奶 [Chinese Christian Businesspeople: Advocating never bribe, never evading taxes and never having affairs],” *财经天下周刊 [Caijing tianxia zhoukan / Caijing Journal]*, Jan 16, 2014. <http://finance.sina.com.cn/360desktop/leadership/20140116/163817978152.shtml>. Last access: 19.02.2020. Translated by the author.

⁵²⁵ Guo, “Christianity in Wenzhou,” 23.

Cao pointed out that “entrepreneurs believe that their business success is a good testimony of Christianity in the field of material and spiritual civilization. Christianity, as a symbol of modern lifestyles, is also an important way for these newly wealthy believers from rural areas to pursue social and cultural capital. Business Christian leaders in turn utilize business logic in running the church. This infiltration of the sacred realm into everyday business life reflects a religious innovation and active adaptation in urban modernity.”⁵²⁶

Based on Cao and Guo’s research, these Christian entrepreneurs are depicted as a modern Chinese businessman group that looking for an answer to their moral puzzles in social life, in particular the relationship between wealth and life. A sample survey of 734 believers in four Protestant churches in the Pingyang area showed that all respondents did not object to the Christian business behavior, or to the idea that business was ‘irrelevant to religion’ and some people thought “It doesn’t matter,” or “I don’t care”. When asked what they thought of being a boss, only one objected, and all other people believed that “as long as they don’t break the law, it’s God’s glory and can benefits others.”⁵²⁷ It is this specific understanding of wealth and the local economic development atmosphere that has spawned the group ideology of the ‘boss Christians’ in this area. In other words, these ‘boss Christians’ are using the doctrines and knowledge of Christianity to re-interpret the meaning of business life.

2.8. Conclusion

China is a society with a diverse spiritual life, and values often come from multiple philosophies, traditions, or religions. For instance, regarding religions, there has been no period of certain single religious dictatorship in traditional Chinese society. Different religions and different thoughts have blended with Chinese folk cultural concepts. For example, the three Great Teachings of Confucianism, Buddhism, Daoism have coexisted since the Song Dynasty, while Islam and Christianity have also coexisted peacefully now in many areas. The ethical norms of daily life are not only influenced by the religious and philosophical teachings but also mixed with customs, and folk religions, such as folk beliefs, rural regulations and covenants, and kinship disciplines.⁵²⁸

The Chinese cultural repertoire is neither dominated by unified dogma, nor is

⁵²⁶ Cao, *Constructing China’s Jerusalem*, 100.

⁵²⁷ Xiaofeng Tang 唐晓峰, “以三个基督徒群体特征看当今中国教会 [Yi sange jidutu quanti tezheng kan dangjin zhongguo jiaohui / The Modern Chinese Cults: from the Three Christian Group Characteristics],” *基督教思想评论 [jidujiao sixiang pinglun / Christian Thought Discussion]*, vol.12, (2011): 17.

⁵²⁸ Liang, “The Rejuvenate of Religion in Chinese Rural Areas and The Fate of Religion in China,” 173-5.

there universal consistency and unity, and sources are extremely diverse. This diversity of cultural repertoire in daily life, especially the diversity of their origins, is not only a phenomenon of traditional Chinese society, but also has become more prominent since the drastic changes of modern Chinese society. It even has become the distinct spiritual phenomenon in Chinese society today.

This chapter also reveals “what does being good mean?” and “what is fundamental in being?” in Chinese society in its long history. The answer seems to be to cultivate virtues, to live one’s life in a relational moral way, or if I could name it, to pursue relationality-based morality. Basically, no matter influenced by which creeds or teaching, there exists a universe whose essence is moral. Moral universe is embedded to a ritual network of ancestors, ghost, gods, personal, heaven, consciousness, the past, the present. Ethics are self-centered particularistic and hierarchy. Because of the dominant existence of rituals are embedded in every layer of social life, people could expect every knot, like heaven, ancestor ghosts, gods, and humans in this ritual net, to act in accordance with their ethical roles. This is a predictable, stable and regulated network. In this ethics framework, harmony in the wholeness is the ultimate ethical pursue and depends on the conscious moral mind of the members. This is a holistic, all-inclusive concept of order.

Chapter 3 Moral Background Study: A New Theoretical Perspective on Business Ethics Study

The foregoing Chapter 2 reveals a rough structure of Chinese cultural repertoire, embodied by Confucianism, Buddhism, Daoism and other social moral codes, together with modern western ideologies and religions. At the societal level, Chinese traditional society is never a solid enclosed system. Historical communications of foreign ideas have been persistently intertwined with local knowledge. Buddhism in the Sui and Tang dynasties, Neo-Confucianism in the Ming and early Qing dynasties, Western Christian, Modern Marxism, Liberalism, Capitalism ideas, as well as influential ideas of modern science and their effects on Chinese society and values have actually become essential and nondetachable parts of modern Chinese knowledge. Maoist ideology played an indelible role in modern Chinese politics. Chinese economic reform is meanwhile an indisputable history of learning from the Western capitalist market economy. Modern Chinese business ethics exists, influenced, builds on, develops, and combines ideas, concepts, institutions, networks that already exist.

A current social fact in China is the massive expanding market and economic development. It signals a historic shift at the societal level. How can existing ethics be flexible so that they can incorporate such shifts in the economy and society? Or, does the Chinese new market economy create its own ethics and in which direction? These are crucial questions in the broader social and cultural context. As market agents be active, there have been debates about their ethics.

Business is by nature an ethical endeavor, but people fear businesspeople are not being ethical enough. The public has begun to reappraise the existing ethical thoughts and start business ethics discussions in reform era: about what is the relationship of morality and market economy; what kind of ethics should businesspeople follow; who are the moral people in the market regime in China; what kind of ideologies are eligible in current market economy; what is the influence of market on morality; whether, for instance, private moneymaking can be regarded as a legitimate end in Socialism society; whether private business is moral in comparison with state owned business; and what kind of ethical obligations do business people and firms have , etc.⁵²⁹

According to Fan Hao's field work in 2006 and 2007, the current ethical norms

⁵²⁹ Hao Fan et al. 樊浩等, *中国伦理道德报告* [zhongguo lunli daode baogao / China Ethics and Morality Report] (北京 [Beijing]: 中国社会科学出版社 [zhongguo shehui kexue chubanshe], 2012), 316.

sound familiar and seem to repeat exactly those through Chinese history,⁵³⁰ as I show in the preceding chapter 2. Likewise, large amounts of business scandals reflect the same nature and practice as historical ones: loss of integrity and cheating.⁵³¹ The overall picture is one of continuity, similarity, and consensus in terms of norms and behaviors.

There is still something dissimilar and new in the social moral picture. For instance, a giant red slogan, ‘To get rich is glorious [致富光荣]’, was displayed on the main streets of Chinese villages and towns, large and small, in the 1990s. Recently, the popular slogans have been ‘China, my family; Chinese dream, my dream [中国, 我的家; 中国梦, 我的梦]’ and ‘My Chinese dream, my fortune dream [我的中国梦, 我的财富梦]’, just name a few. This would have been impossible and sure to be viewed as immoral, even a crime, during the Maoist regime.

Hence, the questions come: How have these utterances come about? Why were they being proposed? Why were they regarded as proper and right? Who have uttered them and what was her / his purpose?

Historically, all these slogans are publicly regarded as expressions of what is morally good and morally desirable in different historical periods. They clearly express what a good member of society is expected to do, believe, and feel. These modern examples are partly dissimilar and partly similar, in both lexical meaning and moral essence, from what would have been the case prior to 1978 (Market reform) and prior to 1949 (P.R.C. foundation). What has greatly changed in China? And what has remained the same? These morality facts are not individual behaviors, nor ethical norms, even nor moral themselves, but belong to the cultural and social superstructure.

How to reveal and interpret this changing picture of morality facts in Chinese business ethics development? It seems that the efforts to probe into the stable picture of business ethics norms and behaviors could not help. This is much related with how and from what perspective morality in business should be empirically studied in societal level. The general view is to regard morality in business as a matter of personal, and the socially most prevalent, motives, beliefs and practices having to do with business exchange.⁵³² However, ‘socially most prevalent’ here does not necessarily mean it’s social, but rather representative of an aggregation of individuals. Where I observe the most radical changes of morality in business in China is at the societal and cultural level, not the individual level nor the

⁵³⁰ Ibid., 456-93.

⁵³¹ Qinqin Zheng and Zhiqiang Li 郑琴琴, 李志强, *中国企业伦理管理与社会责任感研究 [zhongguo qiye lunli guanli yu shehui zeren yanjiu / Chinese Cooperates’s Ethics Management and Social Responsibility Research]* (上海 [Shanghai]: 复旦大学出版社 [fudan daxue chubanshe], 2018), 68.

⁵³² Stanford Encyclopedia of Philosophy: <https://plato.stanford.edu/entries/ethics-business/>. Last access: 10.03.2019.

aggregation of individuals' level, is in the public sphere.

I argue that it is important for business ethics research, in the accelerating and transitioning conditions of China, to pursue a systematic and societal explication of the dynamics of business ethics, culture and society. This kind of broader perspective is needed because we cannot safely hold up simple assumptions as 'unchanging Chinese ethics' or 'Western influenced Chinese ethical thinking'.

Hence, my enterprise has to deviate from the canon of traditional business ethics research that focuses on individual moral norms, beliefs and behaviors. Abend Gabriel's moral background concept carves out a new path for the study of ethics and morality and persuasively shows how the concept can augment current understandings of morality at the societal level. I would like to employ this moral background concept as my theoretical framework in the research of Chinese business ethics development.

3.1. *How Does Moral Background Concept Come into Being?*

3.1.1. *Market Revolution in U.S.*

With *The Moral Background: An Inquiry into the History of Business Ethics*, Gabriel Abend offers a clear genealogical research of the history of business ethics in the U.S. from 1850 to 1930. In this book, Abend explores the root of 'business ethics' – which emerged in the early capitalist U.S. much earlier than commonly thought – and proposes a new interpretation of its history. In order to write such a history, Abend develops the conceptual tool of 'moral background'.

The historical research part, or the empirical, part of this book is quite straightforward. Instead of exploring business ethics history from the perspective of business ethics practices and beliefs, Abend avoids the old controversies of business ethics study by considering business ethics as a social fact in a public moral sphere. In order to construct business ethics history in a broader context, Abend writes a book about "business ethicists, their practical work, and the cultural and institutional contexts in which they carry it out. More precisely, it is a book about the history of this work".⁵³³

This historical exploration reveals that a history of business ethics development in the U.S. first really took off in the early twentieth century, a time of great socioeconomic transition in U.S. history. As Abend describes, "it starts in the 1850s, that is, after the period Charles Sellers referred to as 'the market revolution,' and after the period Daniel Howe described as 'the transformation of America'".⁵³⁴

⁵³³ Abend, *The Moral Background*, 9.

⁵³⁴ *Ibid.*, 10.

Modern capitalism ideology had permeated the American social production organizations and market as well, “all of which took place under novel political conditions, including Progressive politics, civil service reform, a stronger socialist party, a stronger labor movement, the Great War, among others.”⁵³⁵ This transition brought business ethics to the fore and influenced people’s basic understanding of morality in business.

In the early twentieth century the field of business ethics in U.S. changed qualitatively and quantitatively. It changed qualitatively, because new social actors started to get involved, such as big business associations, new established business schools, and the group of writers collectively known as the muckrakers. Some Progressive businesspeople got involved, too. And Progressive politicians and policy makers as well. Later on, regulatory and legal machinery of the state stepped in. Protestant ministers, churches, and organizations also showed robust presence. Predictably, new actors brought with them new tools and ideas, new worldviews, perspectives, and understandings of what business ethics was all about, “... business ethicists of the early twentieth century addressed new social, economic, and political realities. For one, the business ethicists of the twentieth century had to address a new social actor: the large corporation or “big business..... [t]he ethics of business became a more common public issue. From this fact about frequency it may be inferred that it became a more important public issue, a more worrisome one, worth attending to.”⁵³⁶

A discourse of business ethics and corporate social responsibility (CSR) emerged in USA when the legitimacy of big business and corporate managers was challenged. Companies began to be regarded as having a moral responsibility towards their workforce and society. Business schools were established in universities. They started to offer business ethics professorships, teach business ethics and offer public lecture series on business ethics. Business associations began to actively participate in the business ethics discourse and disseminated their own ideas on business ethics. Businesspeople and various political figures started to speak on business ethics, and seek to legitimize their role in the market economy. Abend’s analysis reveals that, during this time, business ethics was made into a distinct field of discourse and study for the first time in US history.⁵³⁷

Although the business ethical claims and arguments in this period were historically familiar – such as ‘businessmen should act ethically’, ‘businessmen should not cheat’, and ‘apply the golden rule’ etc – Abend convincingly proves, by developing the conceptual tool of the ‘moral background’, that the ethical and social value system also experienced a transition and was divergent among different groups. Therefore, if the research of business ethics only habitually focuses on moral behaviors or norms, or which exact moral values and beliefs were

⁵³⁵ Ibid., 96.

⁵³⁶ Ibid.

⁵³⁷ Ibid.

held at a particular time, it merely explores the surface but totally neglects this historical transition of business ethics understanding as a social fact at the societal level.

3.1.2. What is the Moral Background Concept?

Abend constructs a new concept—the ‘moral background’ – in the aim of bringing about the analysis of business ethics as a social fact. Moral background helps people explore business ethics at the cultural and ideological levels. Moral background analysis offers a new interpretation of the history of business ethics, which produces a decisive transformation in the image of morality which most morality studies now possess. It can suggest to the up-and-coming science of morality that there is more to morality than its ordinary objects of inquiry – behaviors, beliefs, judgments, – and deepens and enlarges the current understandings of morality. Methodologically, the moral background concept functions as a new empirical tool of business ethics research.

In the theorization of moral background concept, Abend firstly defines ‘social normative structure’ concept, the source of public moral normativity. He argues that “one characteristic or property of any given society is a particular public moral normativity...That is, in any society’s public sphere there are some statements, concepts, and institutions that are morally okay or well-regarded, whereas there are some others that are not.”⁵³⁸ The definition distinguishes moral and non-moral normativity, and private, or less public, elements from public ones. It describes a public moral sphere, with its own logic.

By using public moral normativity concept, Abend shifts the level of analysis from the individual to the societal: a culture, social group, community. Just as a thought community in science.⁵³⁹ Abend argues that people also belong to a certain moral thought community. The moral elements and their social, cultural and ideological resources are shared within a moral thought community. Then Abend invents the ‘moral background’ concept to configure and distinguish these ‘background’ elements that exist in a certain group.

Hence, the moral background is composed of a set of theories, concepts, habits, ideas and tools that people or organizations share and employ to ascertain goodness in the realm of morality. It is ontological and epistemological collections of understanding, ideas and concepts that allow us to make moral judgments, moral claims, and establish norms for ethical behavior. When people make a moral judgment, claim a moral understanding, or offer a moral response, the moral

⁵³⁸ Ibid., 30.

⁵³⁹ Thomas S. Kuhn, *The Structure of Scientific Revolutions* (University of Chicago Press: Chicago, 1962), 2-3; Ludwik Fleck, *The Genesis and Development of a Scientific Fact: An Introduction to the Theory of Thought Style and Thought Collective* (Chicago: University of Chicago Press, [1935] 1981), 46.

background is their shared understanding of this certain moral problem, and their choice of methods and ideas, their cultural and social repertoires.

In different societies and different moral thought communities within a certain society, the moral background could be very different. Different societies and communities have different assumptions of morality, as well as their reasons, assumptions and methods for defending their understanding and stance. This characteristic determines the moral background as a social and cultural thing could preferably be understood and explained through public ethical discussions, claims, arguments and debates.

By looking at these public accounts that business ethics social actors give of their actions, such as solving practical problems, bolstering legitimacy and creating public parameters for business practices, and by asking what are these people trying to accomplish when they promote, defend, or create new approaches to business ethics, argues Abend, people can learn about these meta-assumptions, overarching principles, and often tacit beliefs that define the proper domain to which ethical understandings apply, and that therefore constitute the background that makes moral beliefs and actions possible.

3.1.3. Moral Framework, Thought Community and Moral Background

Moral ontology and epistemology assumptions and concepts create a framework for us when we need something to refer to and inquire in moral life. “When we conclude that some form of life does have true value, or some method stipulates our moral responsibility, we find ourselves expressing ourselves by virtue of this framework.”⁵⁴⁰ It is the horizon within which people are capable of taking a stand on what is good or valuable, what ought to be done, what they endorse or oppose. This framework provides people with a context in which their ethical responses and actions gain meaning. The frameworks in which people live are not arbitrary. On the contrary, they provide the direction that is essential to people’s moral identity.⁵⁴¹

A wide range of social practices—religion, politics, economics, family, and art—effect changes in moral understanding which gather and reinforce each other. These social practices help to form a common understanding framework for our current ideas about morality.⁵⁴² Therefore, this moral framework is independent of us and predetermined. We share this moral framework or this moral context within our moral community, just like the thought community in science. That is how ‘moral background’ matters.

Abend absorbed and developed his theory of moral background from Searle’s

⁵⁴⁰ Charles Taylor, *Sources of the Self: The Making of the Modern Identity* (Cambridge: Harvard University Press, 1989), 33-4.

⁵⁴¹ Ibid.

⁵⁴² Ibid., 60-4.

‘background’ concept and ‘social construction of reality’ theory;⁵⁴³ Taylor’s ‘moral framework’ with two levels of distinction between ‘underlying philosophical justification’ and the broader ‘underlying picture of human life’;⁵⁴⁴ and Heidegger’s argument of intelligibility as a function of the social context and A’s-showing-up-as-B as a function of local practices and understandings.⁵⁴⁵ Based on these sociological and philosophical theories, Abend distinguished two different orders of morality. The first order is morality beliefs, behaviors and norms, and the second order is ontological and epistemological morality. First-order morality is composed of two levels: behavior and practices (level 1) and moral judgments, beliefs and norms (level 2). The second-order morality is the so-called moral background (level 3). As level 3, moral background motivates and enables first-order morality—moral claims, norms, actions, practices, and institutions.⁵⁴⁶

The moral background can be expressed as an instinct (in the human world) and a prerequisite for a moral system and culture in society. It is the framework that makes or allows us to create / have ‘these’ rather than ‘the other’ ethical concepts, understandings, standards, rules, values, and actions as individuals in a certain society. It is composed with a set of thinking and principles that people and organizations employ to ascertain goodness in the realm of morality. Its function is to make certain understandings, norms, rules, values, and actions ‘moral’ or ‘non-moral’. Therefore, moral background itself is not about specific ethical codes, norms, actions or behaviors. It is about the hidden backstage historical, ideological, and cultural elements that support or constrain certain ethical codes, norms, actions and behaviors.⁵⁴⁷

The first-order of moral prescriptions, norms, values, institutions, or actions is underlain by the second-order understanding about the ontological and epistemological nature of morality. The moral background provides the motivation and setting stage for moral claims, norms, actions and practices. It includes theories, logic and tools that people and organizations use to determine and ascertain goodness and justice in the field of ethics.⁵⁴⁸

The moral background serves as a broader moral and metaphysical ‘reference point’ and ‘framework’⁵⁴⁹. Individuals cannot decide or choose a moral background.⁵⁵⁰ Even where there are individual differences within a society or group, an individual can only go so far within limitations. Similarly, diachronic

⁵⁴³ John R.Searle, *The Construction of Social Reality* (Oxford: Oxford University Press, 2010), 56, 58-60.

⁵⁴⁴ Taylor, *Sources of the Self*, 56, 58, 60-4, 66, 305.

⁵⁴⁵ Martin Heidegger, *Being and Time*, trans. by Joan Stambaugh (Albany: State University of New York Press [1927] 2010), 54, 55, 56,58, 64–6, 69, 162.

⁵⁴⁶ Abend, *The Moral Background*, 17–20, 30-3, 53–4.

⁵⁴⁷ *Ibid.*, 28-9.

⁵⁴⁸ *Ibid.*, 45-8.

⁵⁴⁹ Taylor, *Sources of the Self*, 136.

⁵⁵⁰ *Ibid.*

changes are not due to individuals' crusades but deeper social trends. In brief, the background is essentially a social object. Diachronic changes in moral background are also social products.⁵⁵¹

In theory, moral background is a brand-new attempt to study morality and ethics. It no longer relies solely on behavior / practice or moral judgment or moral standards. This framework focuses on the much larger philosophical, social, historical context in which the morality has being and is produced and reproduced in a certain historical period. Empirically, the history of business ethicists' work is the best field for moral background research. Methodologically, Abend takes the practical problems that people attempt to solve through ethics as a stepping-stone for analysis. On the one hand, Abend emphasizes the role of historical research methods in the moral background framework; on the other hand, instead of trying to tell the truth from hypocrisy, which in larger sense is in vain, Abend constantly asks what these public figures want to achieve when they are uttering ethical claims and how they are using business ethics arguments as a means.

3.1.4. Six Dimensions of Moral Background Framework: An Empirical Tool

Since the moral background is not directly observable, operationalizing this concept requires a different approach from that adopted by analyses of ethical behavioral or norms in the previous morality research. Abend skillfully calls for a historical sociology and genealogy of business ethics.

In the moral background analytic framework, the central analysis object is the practical problems that businesspeople and business ethicists want to solve by virtue of ethical claims. In the simplest terms, studying the moral background means asking a certain group of people what their opinion is of what makes things moral and why. These are the fundamental questions that Abend empirically uses to investigate the history of business ethicists and business ethics. He empirically searches through publications and archival evidence from the late 19th century to the contemporary period to show the different types of moral backgrounds and their historical evolution.

In this framework, Abend distinguishes six dimensions in the moral background: grounding, conceptual repertoire, object of evaluation, method and argument, metaethical objectivity, and metaphysics.⁵⁵² Each dimension has its own empirical methods. Abend argues that these dimensions are key for systematically interpreting the empirical evidence. Aided by the six dimensions' analysis, certain moral background patterns would emerge and become observable and measurable.

The first dimension – grounding – is about the nature of morality.⁵⁵³ The nature of morality is always controversial or inferential, rather than instinctual. Grounding

⁵⁵¹ Abend, *The Moral Background*, 66.

⁵⁵² *Ibid.*, 33.

⁵⁵³ *Ibid.*, 33-6.

contains those reasons and foundations that can be used to argue about the nature of morality. It provides justification reasons for first-order normative views. In this dimension, there are two specific questions:

1. What is the distinction between morality / immorality, fairness / unfairness, despicable / not despicable? For example, what do all the wrong behaviors have in common? Is it because they harm the interests of the group or society, or do they cause pain more than happiness, or are they contrary to tradition?
2. Why do you want to act morally? What is the reason for the moral or unethical behavior? For example, why do people say that these behaviors are better, more worthwhile, more correct, and those behaviors are bad or not worth doing? Is it worthwhile to believe moral thoughts or actions are better than immoral?

Empirically, business ethicists' moral arguments rely, explicitly or implicitly, on accounts about these above two basic questions. Analysis of the reasons and arguments produced by business ethicists could display the underlying justifications.

The second dimension of the moral background is conceptual repertoires.⁵⁵⁴ They are “the set of concepts that are available to any given group or society, in a given time and place”.⁵⁵⁵ For example, in Europe people have the concept of ‘knight spirit’, while the Chinese have the concept of ‘*Junzi*’ [moral exemplar person]. Societies may not share the same repertoires of concepts. This repertoire enables and constrains thought and speech, laws and institutions, and the actions people may undertake in a certain society.

Empirically, this dimension examines what people are conceptually able to undertake. They are options not up to any individual, but rather society. And it is about the boundary between the moral and the non-moral. The empirical study of the conceptual menu comprises the history of moral concepts, and “it raises three empirical questions for the science of morality: what concepts are on the menu; which ones are ordered most often, when, and by whom; and how the conceptual menu got historically constituted.”⁵⁵⁶

For example, all moral actions depend on what you can do at that time, that is, what is your moral concept understanding. The concepts or standard of ethics in the repertoire also determine whether your actions are moral or immoral. People are shaped and guided by these concepts in social life. Most importantly, concepts are not immutable: concepts form, then change over time, and some of them in the end disappear while new ones come out.

Object of evaluation is the third dimension of the moral background.⁵⁵⁷ It means what can be and should be morally evaluated in a certain society. It comprises two

⁵⁵⁴ Ibid.,36-9.

⁵⁵⁵ Ibid., 36.

⁵⁵⁶ Ibid., 37-8.

⁵⁵⁷ Ibid., 40-3.

distinct empirical questions:

1. What objects are capable of or proper to being morally evaluated.
2. Among the objects that are capable of being morally evaluated, which ones are evaluated more often, when, where, by whom, and for what purpose.

For instance, some societies focus on asking what a person should do or choose in a particular situation, “what shall I do in this circumstance?”; some societies focus on asking what purposes she should have, what kind of person she should be, or what kind of virtue she should have. “How should I live?” or “What should my life lead to?” are the ultimate ethical questions in these societies. It is about character or personality; even when answering the question “What should I do?”, the answer could be “be an upright person”, for instance, to be *junzi* in China.

The fourth dimension is method and argument.⁵⁵⁸ It indicates that a certain moral background group or pattern has its own method and evidence in moral reasoning. It could be analogical or deductive, scientific or spiritual, empirical or historical. Different societies have their own historical or habitual way of moral reasoning. For instance, what kind of moral argument is plausible or more popular? What evidence could be regarded as moral evidence whereas other not? Especially in the process of an institutional innovation debate, certain types of argument and evidence could be given much weight, whereas other types could be regarded as nonsense.

In Abend’s analysis of U.S. business ethics history, for example, the evidence used by the Christian merchant type was always the bible and theological arguments, while the other group, which Abend names as the ‘standards of practice type’, tended to use scientific method and empirical data as evidence. By comparing the arguments of these two types, we would find out that the Christian merchant type mostly gave metaphysical arguments while the standards of practice type offered scientism, positivist and inductive arguments. And the standards of practice type preferred to use the case method and ‘choice’ in their arguments.

The fifth dimension of the moral background is metaethical objectivity.⁵⁵⁹ The empirical question in this dimension is whether morality “is taken to be as a matter of objective fact or a matter of subjective opinion, preference, or taste; or something else”.⁵⁶⁰ This dimension is closely related with meta-ethics study in moral philosophy. Meta-ethics study analyzes the nature of morality and moral language. Generally speaking, there are three approaches: realism, skepticism, and relativism.⁵⁶¹ These indicate how a certain group thinks about the objectivity of morality and their standpoints. Usually, these standpoints are incompatible. For example, moral realists argue that moral questions have correct and mistaken answers, while moral skeptics believe the answers to moral questions cannot be

⁵⁵⁸ Ibid., 43-6.

⁵⁵⁹ Ibid., 46-0.

⁵⁶⁰ Ibid., 47.

⁵⁶¹ Ibid.

correct at all. For moral relativists, moral questions can be correct or mistaken, true or false for one particular group, community, society, culture, and even individual, yet not true for others.

Abend turns these philosophical disputes and theories schools into an empirical tool. He observes who, where, when and how meta-ethical arguments are made. In particular, the empirical data of this dimension is from the records of moral debates and controversies. These controversies can reveal what competitors think they are doing, especially if they think someone must be wrong, or rather everyone may be to some extent correct. For example, what we observe empirically could be a dispute about the whale hunting business. Then the empirical question in this dimension is not about whether the arguments are right or wrong, true or false; the moral background empirical question here should be: who are the different parties in this dispute? What are the meta-ethical objectivity hypotheses they are relying on?

The sixth dimension is metaphysics.⁵⁶² Here Abend defines it not in the philosophical sense but in a moral metaphysics sense. It means “the metaphysical pictures or assumptions that ordinary people and social practices, institutions, and understandings manifest.... Each of these systems of practices, institutions, and understandings is underlain by metaphysical elements”.⁵⁶³ For example, theism, communism, capitalism, Buddhism, Confucianism, naturalism, etc. These metaphysical elements are what a certain group share as a whole, such as the assumptions “about human beings, what they are like, what they are capable of, what they are for, and what is their essence. Differently put, they might have common anthropological’ assumptions: something exists while something else does not exist in a certain society, such as soul, God, ghost, predestination, fate, karma, *Shi* [勢 circumstance], *Tian Li* [heaven’s principles 天理], *Wu xing* [five basic elements 五行], etc.

Abend’s comparison of the Christian merchant type and the standards of practice type in this dimension is very illustrative. The Christian merchant type’s metaphysical stance is God and God’s ownership of creation and omniscience as well. The standards of practice type have a totally different stance, so-called ‘scientific naturalism’. This metaphysical approach and social trend first appeared in the 1850s in the U.S. It gradually became a belief paradigm in the society.

Empirical research about the moral background in this dimension explores these metaphysical pictures and assumptions among different groups of people—about human existence, for instance, and the metaphysics of universe, nature, human, science, justice, goodness, socialism, capitalism, money, societies, and so on. It empirically investigates what they are.

In this research, I follow this 6 dimensions’ structure in the empirical research of Chinese business schools and private business associations. I depict the moral

⁵⁶² Ibid., 50-2.

⁵⁶³ Ibid., 50.

background elements in Chinese business ethicists' work and the cultural and institutional contexts in which they carry it out. Empirical examination of the six dimensions of the moral background account for the emergence and establishment of the moral normative expectations, standards, and characteristic styles of thought of particular communities of business ethicists. Their representative expressions reveal certain moral backgrounds and account for a better understanding of the evolution of morality in business. By building such an analytic and descriptive framework, I depict the social production of business-related moral normativity in reform era China. I identify the roots and continuations of modern Chinese business ethics and proposes a new interpretation of the history of business ethics.

3.1.5. Empirical Study Field of Moral Background Study: The Business Ethicists'

Works

In a nutshell, studying the moral background means asking, “what makes things moral” and “what things are moral” in the public normative sphere. “What is ethical” and “what makes it ethical” in a given society or a group are two key questions in moral normative structure. Where is the main moral background empirical study field? Abend's research ably demonstrates that the moral background of business ethics can be empirically explored through the works of business ethicists.

Like scientists in different science communities, business ethicists also comprise different communities. They are the ones who are providing the causal accounts of business ethics; “they are in the cultural business of designing, articulating, circulating, validating, and legitimating public understandings and accounts about social reality”.⁵⁶⁴ Investigating the arguments and claims of business ethicists can reveal the institutional and cultural mechanisms that underlie the different epistemological assumptions behind those claims.

As communities of social scientists, (business) ethicists differ in something fundamental: the criteria through which they discriminate between true and false claims, their definition of what constitutes moral knowledge, their understanding of what an acceptable theory and what an acceptable causal account should look like—that is, their epistemological and ontological assumptions. These moral understandings and knowledge are respectively related to the history of these cultures and social developments.

Epistemological presuppositions not only vary across ethicists' communities, but they are also not randomly distributed. Steinmetz's 'social-epochal or macro-

⁵⁶⁴ Ibid.

sociological' approach⁵⁶⁵ is very plausible in this aspect, which focuses on “the impact of large-scale social structural processes and cultural discourses on sociologists' sense of the plausibility of different ways of thinking about the social”.⁵⁶⁶ According to Abend, an individual's, as well as his moral community's, morality foundation is socially predetermined and constructed and this moral background could be depicted through empirical research.⁵⁶⁷ He ably demonstrates that moral backgrounds in late 19th U.S. were introduced and evolved through the work of business ethicists.

A theory of epistemological variation must consider which actors count as relevant in a particular context, as well as their positions, dispositions, views, and interests. These actors belong to a community of enquirers. Derek L. Phillips has advanced the argument that claims about truth and knowledge (no less than statements about what ought to be) rest on consensus among a community of enquirers.⁵⁶⁸ Epistemological stances can be accounted for by the social production of the discourses they underlie. Empirical study of those discourses can deepen our understanding of the social conditioning of morality.

The meaning and vision of morality is articulated by these ethicists through certain mechanisms which then become useful and applicable to people in a given culture in a certain historical period, for example, the Bible and priests as well as missionaries, the *Book of Rites* and Confucian scholars as well as Chinese imperial institutions and *Keju* examination, Quotations from Chairman Mao Zedong's works and Red Guards youth as well as revolutionary movements and class struggles. The history of business ethicists' works is a good empirical setting to bring out the current moral background. Their works include what they publicly did, said, and wrote, especially when done from high-status stages and pulpits.

China's modern market reform is the historical period that Chinese business ethicists and their works are brought into the limelight. In this period, business ethicists give “descriptive information and analytical statements”,⁵⁶⁹ which reveal, represent and constitute representative moral knowledge, understanding, theories and ideas that prevail in certain thought communities at specific times.⁵⁷⁰ Such an empirical approach does not call for an attempt to identify factors or independent

⁵⁶⁵ George Steinmetz, “Positivism and its Others in the Social Sciences,” In *The Politics of Method in the Human Sciences: Positivism and its Epistemological Others*, ed. George Steinmetz, 1-56 (Durham, NC; London, UK: Duke University Press, 2005c), 36.

⁵⁶⁶ George Steinmetz, “The Epistemological Unconscious of U.S. Sociology and the Transition to Post-Fordism: The Case of Historical Sociology.” In *Remaking Modernity: Politics, History and Sociology*, ed. Julia Adams, Elisabeth S. Clemens, and Ann Shola Orloff, 109-57 (Durham, NC: Duke University Press, 2005a), 109.

⁵⁶⁷ Abend, *The Moral Background*, 70, 71, 73,74.

⁵⁶⁸ Phillips L. Derek, *Toward a Just Social Order* (Princeton: Princeton University Press, 1986), 23.

⁵⁶⁹ Charles Camic, Gross Neil and Michèle Lamont, “Looking back at Social knowledge in the making,” *Sociologica*, no.8 (2014). <https://doi.org/10.2383/78825>. Last access:03.03.2019.

⁵⁷⁰ *Ibid.*

variables that causally determine understandings. This epistemological task offers descriptive components, including what is sometimes called, following Mannheim and Fleck, a ‘style’ of thought and argument.⁵⁷¹

The moral background is a property of a particular community or paradigm that ordinarily remains implicit.⁵⁷² Hence, there is an evidentiary obstacle: we can seldom observe such assumptions and machinery directly. Therefore, I can only infer them from business ethicists’ substantive moral claims and empirical ethical activities. For example, I explore material such as which questions ethicists raise, which questions they objector do not find worth raising, the form of their moral arguments, and the presuppositions of their moral prescriptions. As Abend argued, “my data and arguments are about society’s normative structure, or what I want to call ‘public moral normativity.’ These are public facts. They can be best observed in socially prominent and prestigious loci, which is where normative standards are set.”⁵⁷³

My research is about specific configurations of moral background elements in business ethics in China—which eventually should be integrated to assess if any general patterns emerge. This theoretical paradigm is, however, not about which particular ethics do, or do not, have impacts on (affect) business and society. My interest does not lie with the causes, behaviors or facts of business ethics or business scandals. These have already been given many causal explanations. They are not my research aim.

This research is designed as about the claim, the thinking, the ideas, the actions and reactions of the Chinese ethicists in the face of social transformation and the new market economy. Business ethicists are the people who directly engage in public discourses and deal with business morality in Chinese society. This is an empirical research on the essential process of production and reproduction of Chinese society’s moral value system regarding business, in order to better explain the social reality and dynamics of that system.

Moral background as an analytical and descriptive framework is not only innovative but also productive, as it casts new light upon business ethics development as a social and cultural product, which has been neglected in Chinese business ethics research. Business ethics development is a social fact and cultural product as well.⁵⁷⁴ Through the moral background framework, I can understand this dynamic from a broader social and cultural perspective.

By analyzing the works of business ethicists in the public ethical discourses, I can uncover the meta-hypotheses, all-encompassing assumptions, and moral

⁵⁷¹ Ian Hacking, *Rewriting the Soul: Multiple Personality and the Sciences of Memory* (Princeton: Princeton University Press, 1995), 39; Fleck, *The Genesis and Development of a Scientific Fact*, 57.

⁵⁷² Michael Polanyi, *Personal Knowledge: Towards a Post-Critical Philosophy* (Chicago: University of Chicago Press, 1958), 28; Kuhn, *The Structure of Scientific Revolutions*, 1-2.

⁵⁷³ Abend, *The Moral Background*, 21.

⁵⁷⁴ *Ibid.*, 66.

understandings applied in the field of business ethics, thus building the moral background of the dynamics of how certain moral principles and claims become reality and gain legitimacy. By virtue of the moral background concept, this approach excels over the previous business ethics approaches in terms of revealing institutional, conceptual, and cultural aspects of business ethics development.

3.2. *Business Ethicists in Modern China*

Transforming societies are often plagued by mixed moral norms and ethical understandings. Today in China, suddenly faced with a new market economy transformation and frequent business scandals followed, there is an eagerness to recalibrate the coordinates of morality at both the societal and individual level. Hence, in the public discourses, morality issues, especially business ethics, appear and are already seen as necessary to the healthy development of the Chinese economy, institutions and society. This is what I view as a growing public moral domain related with business ethics. It can be regarded as a direct manifestation of current moral concerns in social transition. It is symbolic of a turn in China towards craving social moral groundings.

3.2.1. *State's Moral Effort as Institutional Environment*

In The Third Plenary Session of the Eleventh Central Committee meeting in 1978, the CCP determined to end the Cultural Revolution's ideological mistake and announced the launch of economic reform. By virtue of this rectification, the ideological atmosphere in China became more liberal. However, there has been a consistent concern on the ethical characteristic of commodity economy and market among party leaders: when the commodity and market economy leave room for the private economy, will it harm the goodness of public? Will the now-legitimated interest pursue mentality harm the Socialist spirit?

There has been a common understanding of nature of economy among CCP leaders: the dominant ownership determines the nature of the whole economy system. All the main paperwork of CCP's economic directions from 1978-1983 had insisted that the Chinese economy is a planned economy with the supplementary assistance of commodity means.⁵⁷⁵ In fact, poorly defined ownership had severely hindered the normal development of economy. Meanwhile,

⁵⁷⁵ 中国改革信息库 [zhongguo gaige xinxi ku / China Reform Database]: “卓炯是社会主义商品经济理论的开拓者 [Zhuo Jiong shi shehuizhuyi shangpinjingji linli de kaituozhe / Zhuo Jiong is the pioneer and path-breaker of Socialist Market Economy Theory],” *南方经济* [nanfang jingji / Southern Economy], 12.27.1985. <http://www.reformdata.org/1985/1227/13686.shtml>. Last access:02.04.2019. Translated by the author.

the worry of losing the socialist nature of economy still persisted. It was the academia first broke the ice. Vice Dean of Guangdong Academy of Social Science Zhuo Jiong demanded to set up ‘market economy with planning’ as early as 1962. This suggestion was criticized as “harmful capitalist poisonous weeds”.⁵⁷⁶ Zhuo didn’t give up and wrote his famous paper, “Abandon Product Economy and Develop Commodity Economy”, in the spring of 1979. This paper created a discussion among economic scholars.⁵⁷⁷ A year later, Deng Liqun, then vice president of the National Academy of Social Sciences, published an article in the *Finance and Trade Front* journal, which advocated that the socialist economy at this stage is a market economy.⁵⁷⁸ These insights won support from Deng Xiaoping (then member of the Political Bureau) and Hu Yaobang (then CPC central Committee General Secretary), but didn’t achieve in consensus among top leaders.⁵⁷⁹ In May 1980, the former State Council System Reform Office (the predecessor of the National System Reform Commission) was established. Economists in this office were eager to make some efforts on the issue of promoting market commodity economy by making related speeches in academic seminars.⁵⁸⁰

In 1983, Deng Xiaoping asked economists to make a detailed draft of market economy reform. In September 1984, the draft got permission and issued as ‘The CPC Central Committee’s decision on economic restructuring’, which finally legitimated the market economy in China. It defined for the first time the nature of China’s socialist economy as “a market economy based on central planning and public ownership”.⁵⁸¹ The decision provided guidance on a number of essential issues, such as how to boost business dynamism, how to develop a socialist market economy, how to respect the fundamental laws of economics and use them to our advantage, how to separate government and business functions, and how to expand economic and technological exchange. It set in motion a process of full-scale economic restructuring.⁵⁸²

Along with the market construction, the CCP had done great efforts in moralizing this new market economy. This questioning and criticism of the commodity economy and market at the initial stage of reform was against the

⁵⁷⁶ Ibid.

⁵⁷⁷ Ibid.

⁵⁷⁸ 中国改革信息库 [zhongguo gaige xinxi ku / China Reform Database]: “有计划的商品经济 [youjihua de shangpin jingji / Commodity economy with planning].” <http://www.reformdata.org/2008/1113/13900.shtml>. Last access:02.04.2019. Translated by the author.

⁵⁷⁹ Ibid.

⁵⁸⁰ Ibid.

⁵⁸¹ Ibid.

⁵⁸² “中共中央关于经济改革的决定 [zhonggong zhongyang guanyu jingji gaige de jue ding / The CPC Central Committee’s decision on economic restructuring.” http://keywords.china.org.cn/2018-10/30/content_69081475.htm. Last access: 02.04.2019.

backdrop of the ‘Battle against spiritual pollution’ campaign. ‘Spiritual pollution’ refers to a persistent concern with the appearance of ‘new unhealthy tendencies’ arising in the wake of economic reforms.⁵⁸³ In The Second Plenary Session of the Twelfth Central Committee meeting, spiritual pollution was defined, “the substance of spiritual pollution as disseminating all varieties of corrupt and decadent ideologies of the bourgeoisie and other exploiting classes and disseminating sentiments of distrust towards the socialist and communist cause and to the Communist Party leadership.”⁵⁸⁴ This became the official definition of ‘Spiritual pollution’.

Deng Xiaoping delivered a speech at this meeting. He proposed the basic principles to guard against spiritual pollution: First, the Politburo should carry out a special discussion about the party’s task on ideology. Second, all party organizations should take effective measure to eliminate the spiritual pollution, which would corrode the soul of Chinese people. Third, all party organs should make the utmost effort to construct two civilizations - material civilization and spiritual civilization.⁵⁸⁵ According to this speech, Deng wanted to carry out the anti-pollution campaign in the ideological field. In June 1984, a new notion – ‘new unhealthy tendencies’ - first appeared in a major policy statement in the Circular No. 9 issued by the CCP central commission for guiding party rectification. It was identified as the third of four utmost tasks aimed at the correcting of the “unhealthy tendency of taking advantage of one’s position and power to seek personal gain”.⁵⁸⁶

The fear of ‘bourgeois liberal ideology’ was permeating through the CCP leaders. Xu Deheng, chairman of the Jiu San Society Party (one Chinese political party), listed examples of spiritual pollution:

The influence of decadent bourgeois ideology and its corrosion have become more serious, and certain books, magazines, audio tapes and videotapes which spread pornographic, absurd and reactionary materials have become important causes of juvenile delinquency, and liberalization concepts of the bourgeoisie and all kinds of corrupt ideologies have invaded our society’s ideological, theoretical, literary and art spheres.⁵⁸⁷

⁵⁸³ “Zhuo Jiong is the pioneer and path-breaker of Socialist Market Economy Theory,” <http://www.reformdata.org/1985/1227/13686.shtml>. Last access:02.04.2019. Translated by the author.

⁵⁸⁴ Xiaoping Deng, *邓小平文选 [Deng Xiaoping wenxuan / Selected Works of Deng Xiaoping]*, vol.3 (北京 [Beijing]:人民出版社 [renmin chubanshe]), 1982-1992), 39.

⁵⁸⁵ “Deng Reaffirms System of Public Ownership,” *Far Eastern Economic Review*, no. 211(Oct., 31, 1983), K2, *Far Eastern Economic Review*, no. 211(Oct., 31, 1983), K2, cited in James T. Myers, “China: Modernization and ‘Unhealthy Tendencies’,” *Comparative Politics*, vol.21, no.2 (Jan., 1989): 193-213. See also in Chapter 1, section 1.2.3.

⁵⁸⁶ *Ibid.*

⁵⁸⁷ “刹歪风作表率 [sha wai feng zuo biao shuai / Be a Model in Checking Unhealthy Trends]” *人民日报 [Renmin Ribao / People’s Daily]*, 北京 [Beijing], March 27, 1985, Re-achieved on 01.07.2019.

In particular, the year 1986 likewise witnessed scores of reports of economic corruption and a number of highly publicized cases of corruption involving officials, party cadre, and the relatives of high-ranking Communist Party officials. This had strengthened CCP leftists' distrust of economic reform and opening up to the West. Some of the alleged causes of these unhealthy tendencies were "trying to make a profit by hook or by crook" and "putting money above all else".⁵⁸⁸ Hence, the market was regarded as one of the main spiritual pollution sources. CCP Central Committee Secretary Hu Qili wrote, in the article "Snuffing Out 'Evil Winds' Said Aiding Open Policy," in *China Daily* on March 16, 1986: "An evil wind is blowing through the country, creating tremendous problems, mostly connected with money."⁵⁸⁹ The spiritual pollution campaign in the economic field was unlike earlier campaigns and anti-spiritual pollution campaigns in the arts and literature. It aimed to attack a wide range of economic behavior associated with moral and spiritual decay, in particular with personal immoral profits.

The 'Two Civilizations' construction argument was as a consequence asked to be the dominant guideline in this campaign against economic moral decay. It aimed to achieve 'balanced development': with continued economic growth as 'material civilization', and regular morality drives promoting 'socialist spiritual civilization'.⁵⁹⁰ The CCP "ostensibly attempted to instill within the Chinese citizenry a modern socialist morality robust enough to handle the new challenges of the socialist market economy".⁵⁹¹ Hence, the 'spiritual pollution campaign' in the economic field could be also regarded as an endeavor to resurrect moral values. It mirrors that CCP leaders had an inner uneasiness that morality had lost its force or appeal in this economic reform. For instance, Deng Xiaoping strictly called for reliance on "lofty ideals and a sense of discipline" among CCP members in this campaign.⁵⁹²

The Spiritual Pollution campaign epitomized the oscillations in ideologies after the announcement of economic reform and opening up. Concurrently, while defining economic construction as the main task, the CCP's general guideline also stressed the core status of Socialist spiritual civilization in the moral sphere. Deng Xiaoping's slogan "to grasp two hands, to reinforce two hands [两手抓，两手都要硬]" (two hands means material civilization and spiritual civilization) was

⁵⁸⁸ "Deng Reaffirms System of Public Ownership," in Myers, "China: Modernization and 'Unhealthy Tendencies', 193-213.

⁵⁸⁹ Xinhua News Agency Domestic Service: "Rectification Commission Issues Circular No. 9," in *Foreign Broadcast Information Service-China* (March 16, 1986). Translated by the author.

⁵⁹⁰ "Deng Reaffirms System of Public Ownership," in Myers, "China: Modernization and 'Unhealthy Tendencies', 193-213.

⁵⁹¹ Nicholas Dynon, " 'Four Civilizations' and the Evolution of Post-Mao Chinese Socialist Ideology," *The China Journal*, no.60 (2008): 84.

⁵⁹² "Deng Reaffirms System of Public Ownership," in Myers, "China: Modernization and 'Unhealthy Tendencies', 193-213.

written into Party reports, newspaper and school books.⁵⁹³ It signifies that the CCP was keeping its focus on moral and ideological advancement along with cautious step by step market economic reform.

In 1981, the state officially advocated new public ethics nationwide, the so-called ‘Five Stresses, Four Beauties and Three Loves’: Five Stresses - emphases on decorum, manners, hygiene, discipline, and morality; Four Beauties - beauty of the mind, beauty of the language, beauty of the behavior, and beauty of the environment; Three loves - love of the motherland, love of socialism, and love of the Chinese Communist Party.

During 1990s and 2000s, spiritual civilization promotion, with slogans of ‘promoting public morality, patriotic spirit, collectivism spirit and the “Four ‘haves’ new people [四有新人]’⁵⁹⁴, was undertaken through a range of propagating and educating activities involving all schools, work units, corporations, and state organs. For instance, through local communities and public schools, the government held a series of ethics lectures, including professional ethics, business ethics, educator ethics and medical ethics, for the public. Since 2007, ‘National Moral Model Selection’ has conducted national wide. It aims at “guide the right moral values and offer energetic moral support for the realization of ‘Chinese Dream’”.⁵⁹⁵ The criteria of the selection include: be pleasant in helping others [助人为乐]; acting heroically in a just cause [见义勇为]; honest and trustworthy [诚实守信]; professional dedication and devotion [敬业奉献]; filial piety and love family [孝老爱亲].⁵⁹⁶

In October 2019, new CCP leadership released new national moral guidelines - The ‘Outline for the Implementation of the Moral Construction of Citizens in the New Era’.⁵⁹⁷ It is the first national set of moral guidelines since 2001. It calls on Chinese citizens to be honest and polite, to be “civilized” in life behaviors and lifestyles, to carry out “good social customs” while traveling and in public places, and “defend China’s honor” while abroad.

Citizens are expected to adhere to these guidelines for the sake of “comprehensive social progress and overall development of people,” according to the government.⁵⁹⁸ The guidelines focus heavily on promoting public moral values,

⁵⁹³Dynon, “ ‘Four Civilizations’ and the Evolution of Post-Mao Chinese Socialist Ideology,” 85.

⁵⁹⁴The “Four ‘Haves’ New Youth” are: Youth with ideals [lixiang], morality [daode], culture [wenhua] and discipline [jilue].

⁵⁹⁵共产党员网 [gongchandangyuan wang / Official Web page of Communists Party Members]: <http://www.12371.cn/special/qgddmf/1st/>. Last access: 04.05.2019. Translated by the author.

⁵⁹⁶ Ibid.

⁵⁹⁷Central Government Official Web page: 《新时代公民道德建设实施纲要》 [xinshidai gongmin daode jianshe shishi gangyao / Outline for the Implementation of the Moral Construction of Citizens in the New Era]. http://www.gov.cn/zhengce/2019-10/27/content_5445556.htm. Last access: 04.04.2019. Translated by the author.

⁵⁹⁸ Ibid.

patriotism, and the formulation of ‘national etiquette’, for instance, following specific etiquette when singing the national anthem, and raising the national flag. It also called for citizens to help others and be kind. The government states that this new set of morality guidelines is driven by ‘Marxist, socialist and communist morality’ and instructs citizens on how to behave properly in all aspects of life.⁵⁹⁹

Carl Minzner, scholar and professor of law at Fordham Law School in New York, commented on the new morality guidelines in Chinese rural life, “The general goal of these guidelines is to define ‘good’ behavior, and that includes everything from the ethical lessons you might want your children to internalize, from reading Peppa Pig stories to more political concepts of civic virtue – such as how citizens should think of their relationship with respect to their leaders.”⁶⁰⁰

From the anti-spiritual pollution campaign, to stressing Socialist Spiritual Civilization construction, to successive 14 years of ‘National Moral Models Selection’, to 2019’s new morality guidelines, the CCP’s morality construction effort is apparently persistent. It has lasted alongside the economic reform from the start. In fact, the moral concern and ethics search of the CCP had already appeared during Mao’s regime, as I reveal in Chapter 1. If comparing with ROC’s ruling party Kuomintang (Chinese Nationalist Party)’s guidelines— the ‘Principles of Nationalism, Democracy and People’s Livelihood’ and Chiang Kai-Shek’ New Life Movement⁶⁰¹, these modern Chinese rulers shared one point: stressing on the morality construction in state ruling. Or in other words, fear of losing moral power in state ruling. These more recent developments illustrate the CCP’s consistent effort in the hope of a balanced relationship between China’s economic development and social moral development.

3.2.2. *Business Ethicists in Academia*

Business ethics academic research and teaching as a new phenomenon has become the pioneer in Chinese modern public moral sphere. In 2014, the chairman of the *China Association for Ethics Studies*, Wan Junren, commented on the trend of the last 30 years of Chinese ethics studies: “the hottest, hardest, and most important part in modern Chinese ethics studies is composed of business ethics studies. It is also the most promising and energetic field.”⁶⁰² In 2007, the vice chairman of the China Association For Ethics Studies, Xia Weidong, argued in his preface to the

⁵⁹⁹ Ibid.

⁶⁰⁰ Carl Minzner, “‘Defend China’s honour’: Beijing releases new morality guidelines for citizens” <https://www.theguardian.com/world/2019/oct/29/defend-chinas-honour-Beijing-releases-new-morality-guidelines-for-citizens>. Last access: 15.06.2020.

⁶⁰¹ See Chapter 2, section 2.3.3.

⁶⁰² Junren Wan 万俊人, “当代伦理学前沿检视 [dangdai lunlixue qianyan jianshi / The Inspect of Cutting-Edge of Modern Ethics Study],” *哲学动态* [zhexue dongtai / *Philosophy Trends*], no.2(2014): 5-17.

book *Freedom and Responsibility in the Development of Chinese Economy: Government, Corporate and Civil Society*, “there is a very strange phenomenon in modern Chinese ethics study field, that is, the most excellent ethicists press forward to pour all their efforts into the business ethics study. Why this? Because, the 30 years of economy development has become the biggest wellspring for Chinese ethicists’ inspirations.”⁶⁰³ Compared with other ethics research fields, business ethics research has flourished in the 40 years. No other social ethics branch has drawn such momentous attention since market reform. Business ethics related publishing and teaching have been successively brought to the fore.⁶⁰⁴

Business Ethics Research

It indeed was the scholars in universities who brought the term ‘business ethics’ from the West to China and became pioneers of advancing the business ethics development in research and teaching. In 1979, the National Ministry of Education had decided to resume ethics as a discipline and required universities to open ethics courses.⁶⁰⁵ In 1980, the National Society for Ethics Study (NSES) was founded. Until today, NSES is the main governing body of ethics research.

Although there was still no concrete concept of ‘business ethics’ in 1970s, CCP’s consistent emphasis on the morality in Chinese market economy has strongly pushed the development of business ethics research as a strong incentive from the state ideology. In other words, Chinese business ethics discourses in academia is determined to be more powerful than others.⁶⁰⁶

In 1984, Hebei People’s Publishing House published *Business Ethics*, written by Wang Shaozhe. This was the first book, since the founding of the P.R.C., systematically discussing the concept and practice of ‘business ethics’. In 1987, Wang Fulin opened a ‘Business Ethics’ course at the master degree level at Zhongnan University of Economy and Law, which was the first one in Chinese universities. In 1991, Ji Kefei published ‘Thoughts of Business Ethics’, which was the first research paper that began to use the term ‘business ethics’.⁶⁰⁷ This paper introduced the new development of principles of Western economics and economy ethics, in particular the research of German business ethics scholar Peter

⁶⁰³ Xiaohe Lu 陆晓禾, *中国经济发展中的自由与责任: 政府, 企业和公民社会 [zhongguo jingji fazhan zhong de ziyou yu zeren / Freedom and Responsibility in the Development of Chinese Economy: Government, Corporate and Civil Society]* (上海 [shanghai]: 上海社会科学院出版社 [shanghai shehui kexueyuan chubanshe], 2007), xv.

⁶⁰⁴ Ibid.

⁶⁰⁵ Xiaohe Lu, “A Chinese Perspective: Business Ethics in China Now and in the Future,” *Journal of Business Ethics*, vol. 86, no.4 (2003): 451-61.

⁶⁰⁶ Ibid; Zeying Wang 王泽应, *道莫盛于趋时——新中国伦理学研究 50 年的回溯与前瞻 [xin zhongguo lunlixue yanjiu 50 nian de huisu yu qianzhan / The Retrospective and Prospective of Ethics Study in New China in 50 years]* (北京 [Beijing]: 光明日报出版社 [guangming ribao chubanshe], 2003), 294.

⁶⁰⁷ Ibid., 456.

Koslowski. The wide accepted term ‘Jingji lunli xue [经济伦理学]’ was oriented from Ji’s translation from the German word ‘Wirtschaftsethik’.⁶⁰⁸

Around 1994, first 10 scholarly papers on business ethics were published. The same year, the first master program of business ethics was permitted by the Chinese Ministry of Education.⁶⁰⁹ Many prominent business researchers who were Marxist economic experts turned to devote themselves to business ethics study in this period.⁶¹⁰ Academic works on ethics and translations of foreign works on ethics were published continuously from then on.⁶¹¹

New Business Schools and Business Ethics Education

From 1984 on, there has been a trend of founding schools of Management and Business in universities. Most of these business schools were expanded from former Soviet style engineering and economics departments.⁶¹² This is the first generation of modern business school in China. It is noteworthy to understand an institutional setting that differentiate business schools in China, which is decisive in their educational goal and teaching settings differences. This also influences their choice and direction in business ethics teaching.

Top Chinese universities could have 2 or even 3 business schools. For instance, Peking University has 2 business schools: one is the School of Economics, the other is the Guanghua Management School. The difference lies in that the School of Economics focuses on the academic research of economic disciplines, whereas the Guanghua School of Management focuses on the research of management in practice and MBA education. The Guanghua School of Management once belonged to the School of Economics, and later became autonomous and enrolls MBA / EMBA students. The MBA student group is mostly composed of entrepreneurs and management personnel. While School of Economics is 100 per cent regulated by the university, Guanghua Management School as stand-alone business school within university has more autonomy in organization.⁶¹³ This is

⁶⁰⁸ Xirong He 何锡蓉, *哲学理论前沿 [zhexue lilun qianyan/ The Frontier of Philosophical Research]* (上海 [Shanghai]: 上海社会科学院出版社 [shanghai shehui kexueyuan chubanshe], 2016), 140.

⁶⁰⁹ Chunchen Sun 孙春晨, “经济伦理学研究的主要问题 [jingji lunlixue yanji de zhuyao wenti / The Main Questions in Business Ethics Study],” in 刘迎秋 Yingqiu Liu ed. *社科大讲堂 [sheke dajiangtang / Social Science Lectures]* (北京 [Beijing]: 经济管理出版社 [jingji guanli chubanshe], vol. 2, 2010), 121.

⁶¹⁰ Xinyong Yao 姚新勇, “‘不道德’经济学的误区 [budaode jingjixue de wuqu / The Erroneous Zone of ‘Immoral’ Economics Study],” *探索与争鸣 [tansuo yu zhengming / Exploration and Free Views]*, no.11(1998): 24-5.

⁶¹¹ Zhidan Zhang 张志丹, “The 40 years of Chinese Business Ethics: Course, Innovation and Prospect,” 112-24.

⁶¹² Qian Chen 陈茜, “改革开放 40 年, 演进中的商学院教育 [gaige kaifang 40nian, yanjin zhong de shangxueyuan jiaoyu / 40 years of Reform and Opening up, the evolving Business School],” *商学院 [shangxueyuan / Business Schools]*, no.10(2018): 101-07.

⁶¹³ Ibid.

also reflected in their different ethics teaching orientation. From the start, Guanghai wholly introduced the U.S. model of business ethics education into their own schools. The main focus in business ethics teaching was on U.S. style ‘case studies’, ‘decision making’ and ‘management science’.⁶¹⁴

The second model or type of business school is the product of international cooperation since Reform and Opening up. Chinese high-status universities started to co-found business schools with foreign institutions and organizations. For instance, Shanghai Jiao Tong University co-founded Antai Economics and Management School with U.S. Aetna Group in 1996. Tsinghua University co-founded Schwartzman College with U.S. Schwartzman Group in 2015. The business ethics teaching and curriculum setting in this type of business schools comply with the international standards of co-operated business schools in order to get the global business schools’ ‘Triple accreditation’, awarded by the three largest and most influential business school accreditation organizations. According to the accreditation, business ethics course must meet certain qualifications.⁶¹⁵ The ramification is the western influence in business ethics teaching.

The second model includes a subgroup: international independent business schools. These schools have no co-founding relation with Chinese universities. They are privately founded by foreign foundations or organizations. Cheung Kong Graduate School of Business (Hereafter. CKGSB) and China Europe International Business School (Hereafter. CEIBS) are the most famous two in this subgroup. According to my empirical research, comparing with other types, CKGSB and CEIBS enjoy more freedom in teaching setting. Hence, their business ethics teaching is more student centered with its own characteristic. The details will be shown in chapter 4.⁶¹⁶

In compliance with the state’s Socialist Spiritual Civilization construction aims, in 1998 the National Ministry of Education clearly stipulated that all MBA programs in business schools, no matter domestic, international co-operational or international independent, must offer business ethics courses to all MBA students. This state policy then has pushed a high wave of business ethics teaching, publications and business ethics practice programs.⁶¹⁷

Though largely based on the Western business ethics paradigm, a seminal change manifested itself as Chinese business academia began to think about the

⁶¹⁴ Qi, Anbang and Hui Jiang 戚安邦, 姜卉, “我国 MBA 商业伦理教育普及性分析及对策研究 [wo guo MBA shangye lunli jiaoyu pujixing fenxi ji duice yanjiu / Chinese MBA Business ethics Education Popularity Analysis and Strategy Research],” *学位与研究生教育 [xuewei yu yanjiusheng jiaoyu / Degree and Postgraduate Education]*, no.10 (Oct, 2007): 8-12.

⁶¹⁵ Ibid.

⁶¹⁶ See chapter 4, section 4.2.5.

⁶¹⁷ George Enderle and Xiaohe Lu, *Developing business ethics in China* (Shanghai: Shanghai Academy of Social Sciences Press, 2003), 45-8.

relationship of modern business ethics and traditional Chinese ethics.⁶¹⁸ According to my research, since 2000, almost all leading business schools began to offer Chinese cultural and philosophical courses to MBA students.⁶¹⁹ In this process, the goal is to explore a distinct path for an independent and systematic Chinese modern business ethics study and teaching.

High status universities also devote themselves to business ethics promotion at the institutional and societal level. Tsinghua University, Peking University and Fudan University each founded ‘Corporate Responsibility and Social Development Center’. Tsinghua’s Corporate Responsibility and Social Development Center held the first national ‘Social Responsibility and Integrity Construction Forum’ in 2011. Dozens of key universities have staged seven ‘National MBA Business Ethics Debates’. Since 2009, Guanghua School of Management has held a ‘National CSR Research and Teaching Seminar’ each year. Together with Guanghua, the World Ethics Center of Peking University has organized 8 ‘Business Ethics Forums’ and ‘Xinyi [信义 / Righteousness and Credibility] Business Ethics Lectures’, which are open to world scholars.⁶²⁰

3.2.3. Active Business Associations

During 40 years of economic reform, besides business academia, business associations as new social organizations have also stepped in and intend to have a word in this domain and an ethics impact on business practices with respect to their own ethics. The state’s moral aim and mandate exert great influence on private businesspeople and business associations. As private agents in a socialist market economy, they concern themselves with what ought to be done to justify themselves as moral agents. They spell out what morally good businesspeople are supposed to do, be, and believe from the perspective of business group.⁶²¹

If we differentiate business associations by their relationship with the government, there are official business association and private association. As the first and only national official business association, the All-China Federation of Industry and Commerce (Hereafter. ACFIC, founded in 1953)⁶²² has done its own

⁶¹⁸ Junren Wan 万俊人, *道德之维-现代经济伦理导论 [daode zhi wei—xiandai jingji lunli dao lun / The Guide to the Modern Business Ethics]* (广州 [Guangzhou]: 广东人民出版社 [guangdong renmin chubanshe], 2000), 33-5;

⁶¹⁹ See chapter 4, section 4.1.2.1.

⁶²⁰ Sun, *The Main Questions in Business Ethics Study*, 122.

⁶²¹ Fan, *China Ethics and Morality Report*, 301-3; Zhaoming Gao 高兆明, *道德失范研究: 基于制度正义视角 [daode shifan yanjiu: jiyu zhidu zhengyi shijiao / Research on Moral Anomie: Based on the Perspective of Institutional Justice]* (北京 [Beijing]: 商务印书馆 [shangwu yinshuguan], 2016), 71-5; Lu, “Research of Business Ethics,” 135.

⁶²² ACFIC: now has nearly 2.4 million members, including more than 960,000 corporate members. In its early days, ACFIC members were mainly private small or medium-sized enterprises. In the course of the market economy development, a considerable number of them

contribution to the development of business ethics among business associations.

In 2009, the ACFIC held the first ‘Sino-US Business Association Cooperation and Development Forum’ with the American Chamber of Commerce. This forum targeted the theme ‘fulfilling social responsibility and promoting social harmony’ and “working on a basic framework for guiding and promoting enterprises to fulfill their social responsibilities... (we will) soon launch an evaluation standard system. The training and promotion of social responsibility can be greatly achieved through promoting this evaluation standard.”⁶²³ In 2014, the ACFIC compiled and published its first ‘Chinese Private Corporate Social Responsibility Report’.⁶²⁴ In this report, it summarizes what kind of social responsibilities the private enterprises should comply with and the general ethical situation of private business in the last decade.⁶²⁵

In 2018 ACFIC’s ‘Blue Book of Private Corporate Social Responsibility’, the Vice Chairman Xie Jingrong offered the standards of ‘ethical companies’:

[They] all have distinct Chinese characteristics—in the practice of fulfilling responsibilities, most are collective actions. Private business tries their best to be close to our people. First of all, it focuses on following the Party as the center and offering service for the interests of the whole. Chinese private entrepreneurs have a glorious tradition of listening to the Party and following the Party. The private enterprises have actively responded to activities that the Party is appealing to, like ‘Go global’ strategy of the Party and the country, assisting the development of the Western region, the construction of the ‘One Belt and One Road’, military-civilian integration, and rural poverty reduction project. Private business actively makes positive contributions; secondly, private enterprises with the sense of social responsibility have the characteristics of collective action. These prominent activities, such as ‘Glorious Journey / Guang cai xing [光彩行]’ and ‘10000 companies help 10000 villages / Wan qi bang wan cun [万企帮万村]’, are carried out collectively by private enterprises under the leadership of the ACFIC and China Glorious Business Promotion Association; They are glorious career; finally, the entrepreneurial spirit and national patriotic emotions have prompted private enterprises to create a rich, diverse, flexible mechanism of public welfare projects, such as the ‘Timely Rain [Ji Shiyu]’ project of Geely Moto Group, and the ‘Red Bean Qixi Festival’ charity project of Red Bean Clothing Group.⁶²⁶

have grown into larger enterprises. The ACFIC is normally considered a quasi administrative entity that deals with Chinese private business.

⁶²³ Xiaoxi Huang 黄小希, “中美商会合作发展论坛在京举行 [The Sino-US Chamber of Commerce Development Forum held in Peking].” <http://news.sohu.com/20091207/n268754363.shtml>. Last access: 15.06.2020. Translated by the author.

⁶²⁴ Qunhui Huang et al. 黄群慧等, 2014 中国民营企业社会责任报告蓝皮书 [2014 Chinese Private Corporate Social Responsibility Blue Book]. <http://www.sino-manager.com/113112.html>. Last access: 15.06.2020. Translated by the author.

⁶²⁵ Ibid.

⁶²⁶ Yunlong Gao et al. 高云龙等, 2018 中国民营企业社会责任报告蓝皮书 [2018 Chinese Private Corporate Social Responsibility Blue Book]. https://www.pishu.com.cn/skwx_ps/bookdetail?SiteID=14&ID=10448003. Last access: 01.04.2019. Translated by the author.

In this utterance, private business' social responsibility mainly embodies the ethical concept of 'serve the people, serve the country'. It should be common wealth oriented, in the care of the common good and following the instruction of the state. These ethical norms comply with CCP's moral construction values mentioned above. It is no wonder, as a quasi-government branch, the AIFIC's moral concern adheres closely to the moral guidelines of the CCP.

Private business associations are another main form of Chinese business association. They were prosperous and influential before the foundation of the socialist regime in 1949. Nonetheless, they were forced to disintegrate and vanish during the socialist planned economy period. When the market system was placed on track, private business associations gradually re-founded and have grown rapidly. Many private business associations have emerged since 1988.⁶²⁷ Unlike the official ACFIC, which is an administrative branch of government, private associations are voluntarily founded by local entrepreneurs themselves.

They exist mostly in the areas where private business is more developed, for instance, Zhejiang Province, Guangdong Province and Jiangsu Province. Wenzhou area in Zhejiang Province is famous in the Chinese business map for its prosperous small and medium private businesses. Wenzhou is also famous for its powerful self-regulating business associations. As early as 1988, Wenzhou local chambers of commerce, including the Wenzhou Joint Venture of Enterprises Association, the Food Industry Business Association, and the Department Store Industry Association were founded. From the first days of their foundation, these Wenzhou business associations have asked their members to observe 'self-discipline', 'self-regulation' and follow business ethics, 'for the sake of good reputation in business', because "being moral helps everyone in business".⁶²⁸

As a representative of the interests of the private entrepreneur class, Chinese private associations' role is actually a bit similar to that of the interest groups in European corporatism. They have a dual function of serving enterprises and serving the government.⁶²⁹ Most business associations have played the role of policy executor to some extent. A large number of Chinese private business associations take this role very actively. They conduct self-inspections occasionally and report to government, for instance, the tax office when they detect

⁶²⁷ Jiming Yi et al. "行业协会市场化改革发展研究 [hangye xiehui shichanghua gaige fazhan yanjiu / Research on the Industrial Association Marketization Development]," *法学家 [faxuejia / Jurist]*, no.4(2014):33-48; Wenchang Pu 蒲文昌, "民间商会十年嬗变 [minjian shanghui shinian shanbian / Ten-Year Transformation of Private Business Association]," *中国民商 [zhongguo minshang / Chinese Private Businesspeople]*, <http://www.msweekly.com/show.html?id=13769>. Last access: 01.04.2019. Translated by the author.

⁶²⁸ Zhang, *Public-Private Joint Management Research*, 33-41.

⁶²⁹ Yi, "Research on the Industrial Association Marketization Development," 35-6 .

some immoral problems.⁶³⁰

In 2005, the Ministry of Commerce issued ‘Chambers and Industrial Associations’ Credit System Construction Guidance’. It required all the chambers and industrial associations to conduct credit system construction.⁶³¹ Since then, large part of business associations claim that they tried their best to this credit system.⁶³² Some associations claim that one of their important tasks is to offer publicity and education to member companies in order to urge them to consciously abide by business ethics and law.⁶³³ Some business associations hold seminars on credit and ethics, print pamphlets that include business ethics suggestions to its members according to the government’s requirement.⁶³⁴

Besides cooperating with government, in my empirical research, business associations cooperate very actively and closely with high status universities. For example, the Shenzhen Chamber of Commerce co-held a seminar called ‘Vanke Public Forum · Asian Business Ethics’ with the Shenzhen leading real estate company Vanke Group in 2014. They invited business ethics professor Arthur Kleinman from Harvard University to give business ethics lectures to Shenzhen Chamber of Commerce’s members. The chairman of Vanke group and vice chairman of the Shenzhen Chamber of Commerce, Wang Shi, said, at the inauguration ceremony of this seminar, “I think an initiative should be put forward in Shenzhen: that we calm down, treat our traditional culture seriously with a scientific attitude, and rebuild China’s business ethics on the basis of it.”⁶³⁵ Wang

⁶³⁰ Shengyong Chen and Bin Ma 陈胜勇,马斌,“温州民间商会:民主的价值与民主发展的困境 [Wenzhou minjian shanghui: minzhu de jiazhi yu minzhu fazhan de kunjing / Wenzhou Folk Business Association: Democracy’s Value and Democracy’s Predicament],” *开放时代* [kai fang shi dai / Opening up Era], no.1(2004):13.

⁶³¹ The Ministry of Commerce 商务部:“商会协会行业信用建设工作指导意见 [shanghui xiehui hangye xinyong jianshe gongzuo zhidao yijian / Chambers and Industrial Associations’ Credit System Construction Guidance],” Ministry of Commerce official web page: <http://www.mofcom.gov.cn/article/fgsjk/200511/20051102655725.shtml>. Last access: 31.07.2020. Translated by the author.

⁶³² Junjie Bi et al. 毕俊杰等,“行业协会商会信用体系建设研究 [hangye xiehui shanghui xinyong tixi jianshe yanjiu / Research on the Industrial Association and Business Association Credit System Construction],” *宏观经济管理* [hongguan jingji guanli / Macroeconomic Management], no.4 (2018): 83.

⁶³³ Mengyu Liu 刘梦雨,“黑名单”制度加速诚信陕西建设 [Blacklist accelerates the construction of Credit Shaanxi Province],” https://www.creditchina.gov.cn/xinyongkanwu/2017_8_1/201711/P020171218670911787734.pdf. Last access: 15.06.2020. Translated by the author.

⁶³⁴ Official Web page of “Credit China”. <https://www.creditchina.gov.cn/chengxinwenhua/qiyechengxinwenhua/>. Last access: 01.08.2020. Translated by the author.

⁶³⁵ Shi Wang 王石, 在“万科公开讲坛-亚洲商业伦理“的发言[Speech at the “Vanke Forum - Asian Business Ethics”] <http://www.vankeweekly.com/?p=77722#more-77722>. Translated by the author; Arthur Kleinman. Speech at “Vanke Forum - Asian Business Ethics”. <http://www.vankeweekly.com/?p=77722#more-77722>. Last access: 15.06.2020.

Shi himself took business ethics as his research topic when he studied at Harvard University. And he stressed the importance of business ethics in many public speeches as the vice chairman of the Shenzhen Chamber of Commerce. In this cooperation, they use their economic power, together with the universities' scientific research power, to promote the business ethics development. Another superlative example is the famous Bo'ao Confucian Entrepreneurs Forum, which is co-organized by the Confucian Entrepreneurs Association with Sun Yet-sen University and several other Chinese universities.⁶³⁶

In general, the advancement of moral and social objectives, including setting up industrial codes of ethics, and decreasing the incidence of unethical business practices among association members, are frequently presented as the private business associations' very point. 'Moral self-discipline' in fact became one of the objectives that justified private business associations' right to existence in a dominantly public economy system.

Private business associations publicly claim the associations are essentially needed because they can play an essential role in instilling ethics into business, making their members aware of their moral obligations, self-regulation and conduct credit system construction. The business associations' moral objective meets the needs of government in the regulation of private business, which also helps these private business associations, and their members win trust from the government and realize their legitimization in economy. All the subjective and objective efforts enrich and empower the current business ethics development.

3.3. Methodological Framework of Moral Background Research on Chinese Business Ethics

3.3.1. Historical Method in Moral Background Research

To uncover different moral background patterns, Abend historically analyzes in great detail a significant corpus of documentary sources. Moreover, this historical approach usefully puts the ongoing claims of 'newness' of contemporary business ethics and CSR into perspective, which in turn crafts a solid contribution to the understanding of the social production of morality in general, and the development of business ethics in particular.

A historical analysis of business ethicists' claims in public discourse will reveal variation across time and place. Whatever these assumptions are in any particular social science community, its members are socialized into them early on. This

⁶³⁶ Bo'ao Forum Official Web page: <http://www.boaoforum.org/zh/index.html>. Last access: 02.04.2019. Translated by the author.

historical approach can produce a decisive transformation in the image of morality by which we are now possessed. I will follow the historical approach in this research.

Historical method is a multivariate and interpretive approach that best serves the purposes of research on moral background as latent knowledge research. Historical method is proper in the study of moral phenomena, along with cognate efforts within sociology to study both morality and similar 'collective objects' in other domains such as meaning, knowledge and concept.⁶³⁷

Historical method mainly pays attention to process, especially the consideration of past or previous multiple enabling causes which constrain current choices and paths; it also pays attention to historical genealogy, which has the ability to more easily expose current institutional changes by identifying their historical origins without taking them as socially and culturally granted.⁶³⁸ Stinchcombe makes a strong case for historical research as one of "the four main methods of addressing causal questions in social science"⁶³⁹ - the other three being quantitative, ethnographic, and experimental. In particular, Stinchcombe sees historical method as the most appropriate way "to study sequences of conditions, actions, and effects that have happened in natural settings, in sufficient detail to get signs of sequences that are causally connected".⁶⁴⁰

The new ideas, concepts, institutions build on, and develop ideas, concepts, institutions, and networks that already exist. Something like business ethics is essentially a social thing, which has social origins, or a social history. Some ethics are discarded from the public moral sphere and become non-moral things; Some things apparently unrelated to morality enter the public moral sphere and become moral things. This process is a totally historical process.⁶⁴¹ Historical method allows me to investigate this process: whether, how, where, and when the trends appear, coexist or depart, and the practical and ideological conflicts they lead to.

My data are written texts, mostly diffused through publishing and the internet. The most important part in moral background research is the historical analysis of the conceptual, institutional and cultural structure of which these texts were part. This means all these data should be historical and public. Sources from business ethicists are not only solitary texts or documents, but constructors of social facts. As claimed by Abend, "they are social things, with particular causal histories and social functions, and whose particular modes of operation, modes of existence, and materiality must be analyzed as well. They are not propositions but

⁶³⁷ Clifford Geertz, *The Interpretation of Cultures* (New York: Basic Books, 1973); Taylor, *Sources of the Self*, 57-60.

⁶³⁸ Roy Suddaby and Royston, "Methodological issues in researching institutional change," in *The Sage Handbook of Organizational Research Methods* (Los Angeles: SAGE, 2009), 183-7.

⁶³⁹ Arthur L. Stinchcombe, *The Logic of Social Research* (Chicago: Chicago University Press, 2005), 1.

⁶⁴⁰ *Ibid.*, 5.

⁶⁴¹ Abend, *The Moral Background*, 7-10.

instruments”.⁶⁴² And understanding social facts requires situating them as part of their institutional, communicative or social category.⁶⁴³

Samples

In virtue of the nature of ‘public moral normativity’, my sampling criterion is not what is statistically representative. Rather, my samples are drawn from the social sphere, like social organizations, publications, situations and events of the highest status, prestige and visibility (i.e., the high-end tail of the distribution), which is where what ought to be the case is most likely to show up. Due to heavy hierarchy in Chinese social systems, the key national state universities are the most influential and got the most attention. The same is true for business associations. The ability and importance of the two systems to influence is directly proportional to their social ranking. For instance, heavy weight is given to Tsinghua University, Peking University (top two in China), to the Zhejiang Entrepreneurs Association (the biggest private business association in China) and to the famous Wenzhou Entrepreneurs Association (forerunner of private business associations in China). By contrast, what was going on at the University of Jinan (in my hometown), or a local trade association in a western city could not be included in my samples, as they are not comparable in the sense of social influence.

In this research, I looked for the historical data in newspapers, journal databases, school documents, books, magazines, publishing and yearbooks of business associations, and in a larger sense, the internet. I collect and select samples accordingly by first widely screening news reports, publications, articles, interviews, and aggregated data on Chinese business ethics; then I identified the main actors and events in the development of business ethics as a category from 1978 to 2018. Through these data, it is easy to get information that represents the current business ethics arguments. In virtue of the nature of public moral normativity, I collected and selected my empirical data according to the following principles: fame, visibility and prestige at social level.

Since I am targeting the most prestigious social organizations as sources for public normative framework, business schools and business associations – the two main engines of business ethics in the public normativity sphere – are selected as my research fields. I firstly searched ‘Business Ethics Education + university’, ‘Business Ethics Course + university’, ‘Business Ethics Education Experts + university’ and ‘Business Ethics Professor + university’ in National MBA Education Committee reports (2007-2018), National Higher education entrance exam enrolling notes (2007-2018), graduates valuations reports, *Forbes* China Business School Ranking Reports (2007-2018) and *Financial Times* Business School Ranking Reports (2007-2018), *MBA China*’s ‘2019 Best 50 Chinese MBA

⁶⁴² Ibid., 11.

⁶⁴³ Wanda Orlikowski and JoAnne Yates, “Genre repertoire: The structuring of communicative practices in organizations,” *Administrative Science Quarterly*, no.4 (1994): 541–74.

Business Schools’ and ‘2020 Best 50 Chinese MBA Business Schools’ – to sort out 5 universities and business schools which typically devoted more attention to, and are the most influential in, business ethics research and teaching.

This sample selection in business schools is a little bit tricky. ‘Social ranking’ logic is largely used in my data collection of business schools. I put heavy weight on social influence, because prestigious situations are much more likely to elicit that which is well-known and well-regarded in a society: that which one ought, or is expected, to say, be, or do. The high-status, visible, and prestigious situations, locations, and people have more normative force, too. For instance, selecting criteria for business schools are based on the synthesized analysis of the above-mentioned long term annual rankings, which includes brand influence, business discipline teaching influence, faculty qualifications, enrollment quantity and quality, syllabus creativity and influence, and students’ evaluation.

Table 1. Top Business Schools in the aspect of Business Ethics Teaching and Academic Influence

University	School
Tsinghua University	School of Economics and Management
Peking University	Guanghua Management School
No	Cheung Kong Graduate School of Business (CKGSB)
Shanghai Jiao Tong University	Antai School of Economics and Management
No	China Europe International Business School (CEIBS)
Fudan University	School of Management

In order to avoid biased data, I initially tried to collect from all these 6 institutions. However, I got no direct access to detailed business ethics education information for Antai School, School of Management at Fudan University, and CEIBS, only very short introductions (max. 100 words) on their school home pages. I cannot use them as my primary data. In the process of the empirical data searching, I discovered the World Ethics Institute Beijing (WEIB) in Peking University actually is very influential in the Chinese business ethics development, though it is not a business education institution. Hence, it must be included in the empirical research scheme.

Finally, I choose 4 institutions as my primary data targets, which not only have the highest social influence but also are pragmatically the most accessible.

Table 2. Samples of Business Schools

University	School
Tsinghua University	School of Economics and Management

Peking University	Guanghua Management School
Peking University	World Ethics Institute Beijing
No	Cheung Kong Graduate School of Business

They are the top schools and most influential in the business ethics education field, which means they are at “the high end of the status distribution.....the best place to study public morality normativity: what is taken to be morally good in a society, what morally admirable individuals and organizations do, and hence what we all ought to do”.⁶⁴⁴ For instance, Tsinghua University and Peking University have been the top two Chinese universities since the beginning of the 20th century. They have been the most important public thoughts birthplace and cradle of top Chinese intellectuals and leaders. In addition, they have always been the originators of fundamental and influential Chinese education reforms, social movements and political events.

In the business associations section, I use the CNKI’s (China National Knowledge Infrastructure) Resources Database of newspapers and journals, and the internet, to attempt to locate and examine every single document on the ‘business ethics’, ‘business morality’ and ‘code of ethics’ reports and documents of Chinese business associations. In terms of sampling in this section, luckily for me, Chinese business associations are quite fond of competition and they hold ranking competitions, for instance, an annual ‘Chinese top 10 Business Associations’ selection is a popular event. Thus, by virtue of these social ranking system and events, I was able to sort out, categorize and group different sorts of business associations and target those most influential business associations and their leaders. Then I located and examined every single document on business ethics in these selected samples.

Table 3. Samples of Business Associations

Business Association	Location	Leader	Social Influence
General Association of Zhejiang Entrepreneurs	Zhejiang Province	Jack Ma	Top Chinese private chamber of commerce
Hunan Entrepreneurs Association in Chongqing	Chongqing City	Wu Jiyan	First extraterritorial Hunan chamber of commerce
Wenzhou Chamber of Commerce	Wenzhou City	Nan Cunhui	First group of local private chamber of commerce
National Confucian Entrepreneurs Association	National	Mao Zhongqun	Biggest cultural business association

Data Collection

⁶⁴⁴ Abend, *The Moral Background*, 210.

For data collection, I used Google scholar, CNKI, and The (Chinese) National Center for Philosophy and Social Sciences Documentation Database to check the samples, using the keywords, ‘business morality’, ‘business ethics’ and ‘Corporate Social Responsibility’. Data collection and selection is of special importance in my research of the public normative structure. For instance, certain scholars in certain universities are indeed key influential early movers in promoting business ethics research and education in China since 1978. Hence, the data of them should be as complete as possible. I identified 3 leading professors and then without bias collected all their work on business ethics, for instance, teaching materials, syllabi, news reports, publications, speeches, articles, and interviews as the primary data.

The data collection criteria are biased to the extent that certain leading figures are excluded because they do not belong to business schools or business associations as social organizations. For instance, Lu Xiaohe, a leading figure in Chinese business ethics education, is from Shanghai Social Science Institute, which belongs to state organ. I don’t mean that state organ is not important in business ethics development. On the contrary, they are essentially important, as I have briefly introduced in the last subsection. However, they deserve a full-length research, which is beyond this focus of this research. Hence, these figures cannot be included in this research. However, I use Lu’s papers and publishing as secondary data in contextual analysis. In reality, this situation is impossible to avoid. I would like to stress here, my research purpose is not to trace every single famous business ethicist, which is meaningless and not pragmatic for my specific research purpose. All in all, my data collection task is concentrated on figuring out whether there are certain genealogy patterns in business ethics in business schools and business associations and what these patterns are exactly.

The research of moral background includes an essential premise: the author of these public performances has tried to actively shape the information that is being conveyed on a moral event or certain moral issue. Hence, the core of my arguments is about public moral normativity, and hence mostly based on public performances. I follow the principle of selecting sources that were publicly uttered by certain business ethicists and their publicized texts. In general, unpublished and personal interviews (though I did some of these) are much less important than public ones for my study.

My research focus on moral background must be on the ethicists’ works and words. Their true intentions are of less interest. Elements of the moral background are reflected in the choices made in what is conveyed, and how it is conveyed, and what is left out in their efforts to construct public moral norms. These nuanced biases are what reveal differences and patterns in the moral background.

In order to be verifiable in the research, I describe a particular source in detail by direct quotation, providing information on the document itself and where it is located, which can link my claims to evidence in specific sources and documents.

Data collection involves looking at different sources, e.g., a public / open interview compared with communication internal to an institution speech in an

internal communication speech at an external communication; different arguments from one business ethicist in different periods; different business ethicists with different perspectives on one business ethics issue or topic. My final data are all textual and written public sources. The written public sources are in the form of published reports and files, records and documents from various social institutions, papers, contemporary newspapers and journals, meeting papers, published tracts, books and pamphlets produced by selected business ethicists. The transcripts include business ethicists' oral speeches, video lectures, statements, and interviews.

As well, I conducted 14 semi-structured interviews with prominent business ethicists (all from business educational institutions and business associations) as an aid in understanding the primary data in contextual analysis. They help me in various ways. For instance, my interviews with the deans in business schools reveal the discussions and understanding about why to establish a business school, why teach a business ethics class and the result of business ethics education, which I believe helped me better understand their public performances. The interviews also help me attain something else: an understanding of people's worldviews and thinking and what is taken to be good, bad, beautiful, or persuasive in the current context. Unequivocally, they redound to understand the people and the institutions that I am about to write about.

3.3.2. *Hermeneutic Method of Data Interpretation*

Hermeneutics is a philosophical tradition that deals with the interpretation of the meaning of texts. It is a theory of textual interpretation that posits that the meaning of language and texts arises through their relationship to the contexts in which they are interpreted.⁶⁴⁵ This interpretation method helps me to interpret business ethicists' texts within their own social and cultural settings. Most importantly, the hermeneutic interpretation approach can show how ethicists sought to create and disseminate certain ethical norms that are supported and preferred by certain patterns of moral background.

My hermeneutic analysis of text includes textual and contextual analyses. All of this takes place in a circular, on-going process in which the different types of analyses feed back into one another. Some sociologists argue that hermeneutic theory and methods of interpretation are associated most closely with the approaches of discourse analysis.⁶⁴⁶ There are some fundamental differences. Due to the nature of business ethicists' work and my historical method in moral background theoretical framework, most of my sources are fragments or traces of immediate texts, most of which are fragmented documents and publications from the past rather than a set of systematic observations. My sources are not direct

⁶⁴⁵ Jean Grondin, *Introduction to Philosophical Hermeneutics* (New Haven: Yale University Press, 1994), 5-7.

⁶⁴⁶ Nelson Phillips and Oswick Cliff, "Organizational discourse: Domains, debates, and directions," *The Academy of Management Annals*, no.1 (2012): 435-81.

observations of action, and thus cannot offer controlled evidence on the subject. This research focuses on sources produced by authors. These sources' value for my research relies on social, cultural and institutional perspectives that may not be readily apparent. And they are typically incomplete accounts, which cannot be analyzed through the canon of discourse analysis's systematic method. Furthermore, my orientation in the interpretation of text is very different from that of classical discourse analysis which focuses on the power relations between action and discourse. My orientation of examining the moral background is far away from an analysis of knowledge production and circulation, which is the original Foucauldian analyzing discourses as 'practices of power/knowledge'. It is also not about micro-orientated analysis of language in use, nor relying on pragmatic linguistics and conversation analysis. This research examines about the social production of business-related moral normativity. In terms of examining and interpreting business ethicists' work in a certain cultural and social context, this research in fact follows the hermeneutic tradition of data analysis.

Hermeneutic method stresses a two-way interpretation. The meaning of texts can be attained only by understanding the broader historical and cultural context of which they are a part, while cultural context in turn can only be revealed by understanding specific texts. It thus emphasizes the importance of 'intertextual analysis', which develops interpretations "not only within but importantly, across texts arising from the hermeneutic concern of searching for emergent patterns through continual movement between part and whole".⁶⁴⁷

In practice, I interpret the primary sources in relationship to secondary sources that establish the social and cultural context for their interpretation, and by using this context I try to understand the author's meaning and point of view in producing the source as a social and cultural instrument.

My primary sources are defined as the selected business ethicists' works and articulations in textual forms. My secondary sources are basically the texts that about the social, cultural and institutional histories of business ethics, social forces and elements in shaping the transition of Chinese society at the time the primary sources texts were produced, and semi-structured interviews. I have described the primary sources in the above section. The secondary sources are mainly composed of the literature on the social transition of modern China since the Late Imperial period at the end of the 19th century until the first 30 years of the Reform era, the literature on the market reform of China in that first 30 years period, the literature on Chinese history of ethics and morality, the development of business ethics as a discipline and field of research since 1979, Chinese contemporary philosophy and

⁶⁴⁷ Loizos Heracleous and Micheal Barrett, "Organizational Change as Discourse: Communicative Actions and Deep Structures in the Context of Information Technology Implementation," *The Academy of Management Journal*, no.4 (Aug., 2001): 761, citing David Barry and Micheal Elmes, "Strategy retold: Toward a narrative view of strategic discourse," *Academy of Management Review*, no. 2 (Jan., 1997). <https://doi.org/10.5465/amr.1997.9707154065>.

cultural study over the course of the 20th century, Chinese ideology research and Chinese philosophy history.

Secondary sources in my research play an important role in identifying the historical and cultural contexts within which to interpret my primary sources and understand the business ethicists' texts. This intertextual analysis is established and conducted by moving inward and outward from the primary data to a set of progressively broader contexts to which these sources refer. By placing business ethicists' works within these broader contexts, I am able to show from the primary sources the various guises of business ethicists' systematic understandings of morality and ethics, and their nuance during the socioeconomic transition in the late half of the 20th century.

Analysis centers on asking the following questions in relation to the primary and secondary data: what moral concepts exist in this society / group / organization / institution, what moral methods are used by them, what reasons are given by them, and what objects do they morally evaluate, what do they want to achieve by virtue of ethics. These questions are core of the 6 dimensions framework. By asking these questions, I try to describe and analyze the background underlying the behavioral and normative levels; I intend to depict the moral background that supports, facilitates, and enables the behavioral and normative levels.

In summary, the hermeneutic approach enables me to explore different levels of analysis: claims, texts, context and moral background, as well as their linkages. Through the hermeneutic investigation into the historical dynamics of discursive interconnections, a certain moral background pattern that enables agents' understandings, interpretations and actions would emerge.

Chapter 4 Business Ethicists and their Work in Chinese Business Schools

As stated in Chapter 3, understanding, defining and framing the current business ethics development in China requires a moral background study of business ethics in the public normative framework and in a historical perspective. Hence, I turn to the public moral sphere in China, where a group of public figures develop, advance and have an influence or effect on business ethics development with respect to their own ideas and understanding. Their efforts include those expressed by the codes of ethics, business ethics publishing, business ethics education and academic research, business ethics awards, meetings, public lectures, etc.

By taking wider account of social, cultural and historical factors in the lived moral thoughts, I probe into public moral normativity and help to clarify the social normative structure of morality in business. Business schools and business associations are the most important and main engines in this field. I will examine these two subjects respectively in chapter 4 and chapter 5.

In this chapter, business schools are the focus. The main field emerged in business ethics research field, in several very high-status universities, against the backdrop of the establishment of market economy in Chinese economic reform. Using public primary sources, I bring to light some important developments and their promoters: Yang Bin and business ethics courses at the School of Economics and Management at Tsinghua University; Ethics education reform at Tsinghua University; Li Yining and ‘Sense of Social Responsibility Education’ at Guanghua Management School at Peking University; Tu Weiming and Humanistic curriculum reform at the CKGSB; and business ethics lectures and forums offered at the World Ethics Institute Beijing at Peking University.

For in-depth analysis and discussion, I have selected the samples that most illuminating and instructive—and about which I have good, reliable knowledge and a reasonably large amount of data. I pay special attention to what business school deans and business ethics professors uttered in public situations and their public work as well as their claims and interviews reported, in newspapers and the internet. Another essential part of my data consists of business ethicists’ institutional actions and the related arguments around the actions. In addition, I have explored the expectations and opinions of the public about the emerging business ethics education as secondary data.

Most of the current business ethics research in China focuses on the basic

normative theories in business;⁶⁴⁸ metaethics theories;⁶⁴⁹ macro-economic institutions and ethics;⁶⁵⁰ meso- and micro-economics institutions and ethics;⁶⁵¹ traditional and modern sources of business ethics;⁶⁵² Marxism and Chinese socialist business ethics;⁶⁵³ and the history of business ethics research development in China⁶⁵⁴. There is only one PhD dissertation on business moral education history, which sought to find a solution to better teach business moral education within a Chinese MBA curriculum.⁶⁵⁵ This chapter presented here is the first systematic historical account of business ethicists and their work in Chinese high status universities.

This chapter shows that, when the market economy reform began in the late 1970s, business ethics scandals was already widely viewed as an important public problem.⁶⁵⁶ Socially prestigious and influential actors in academia had begun to worry and determined to do something about it, and a considerable number of discussions about it began to appear in print along with educational and

⁶⁴⁸ Wan, “The Guide to the Modern Business Ethics”; Wang, *The Retrospective and Prospective of Ethics Study in New China in 50 year*; Xiaoxi Wang 王小锡, “新世纪以来中国经济伦理学:研究的热点、问题及走向 [xinshiji yilai zhongguo jingjilunlixue: yanjiu de redian wenti ji zouxiang / Business Ethics Research in China since new century: Hot topics, Questions and Tendency]” in *道德资本与经济伦理 [daode zeben yu jingji lunli / Moral Capital and Business Ethics]*, Xiaoxi Wang 王小锡 (北京 [Beijing]: 人民出版社 [renmin chubanshe], 2009), 40-7.

⁶⁴⁹ He, *Social Ethics in a Changing China: Moral Decay or Ethical Awakening?*; Wei Sen 韦森, *经济学与伦理学 [jingjixue yu lunlixue / Economics and Ethics]* (北京 [Beijing]: 商务印书馆 [shangwu yinshuguan], 2015).

⁶⁵⁰ Gao, *Research on Moral Anomie: Based on the Perspective of Institutional Justice*.

⁶⁵¹ Zucheng Zhou 周祖成, *管理与伦理 [guanli yu lunli / Management and Ethics]* (北京 [Beijing]: 清华大学出版社 [qinghua daxue chubanshe], 2000); Runping Ouyang 欧阳润平, *义利共生论: 中国企业伦理研究 [yili gongsheng lun: zhongguo qiye lunli yanjiu / Yi and Li Mutual Benefit: Chinese Business Ethics Research]* (长沙 [Changsha]: 湖南教育出版社 [hunan jiaoyu chubanshe], 2000).

⁶⁵² Tang and Chen, *History of Chinese Ancient Business Ethics Thoughts*; Jie Wang 汪洁, *中国传统经济伦理思想研究 [zhongguo chuantong jingji lunli sixiang yanjiu / Chinese Traditional Business Ethics Thought Research]* (南京 [Nanjing]: 江苏人民出版社 [jiangsu renmin chubanshe], 2005).

⁶⁵³ Dahuai Yu 余达淮, *马克思经济伦理思想研究 [makesi jingji lunli sixiang yanjiu / Marxist Business Ethics Thought Research]* (南京 [Nanjing]: 江苏人民出版社 [jiangsu renmin chubanshe], 2006); Haishan Zhang 章海山, *经济伦理论 [jingji lunli lun / Argument of Business Ethics]* (广州 [Guangzhou]: 中山大学出版社 [zhongshan daxue chubanshe], 2001).

⁶⁵⁴ Lu, “The Cutting-Edge Theoretical Research in Business Ethics in China in Recent 5 Years,” 3-4.

⁶⁵⁵ Chongwu Su 苏崇武, “On Business Moral Education as the Soul of MBA Curriculum: A 30-Year Comparison of USA and China Practice(1974-2006),” PhD Thesis, East China Normal University, 2006.

⁶⁵⁶ He, *Social Ethics in a Changing China: Moral Decay or Ethical Awakening?*, 10-3.

institutional changes in universities and other educational institutions.⁶⁵⁷ Concern for morality in a new market economy is taken as the justification and purpose for the establishment of business ethics research, new business ethics courses, business ethics lecture series, and ethical education reform over the last few decades.

The advancement of moral and social objectives in education and the hope of decreasing unethical business practices was frequently presented as business ethicists' very point. By virtue of analyzing their claims and projects, and taking into account local practices and traditions, I argue that their main objective is to justify and legitimize ethics education's central role in the more and more rational centered business education and economic centered Chinese society. I believe this particular moral background research on Chinese business ethics education history has value in considering the problem of the relationship between 'Chineseness' and 'Western influence' over the last few hundreds of years. It is an effort to hold up to scrutiny certain assumptions about the history of Chinese thought. While that history may suggest a nuanced development affected to some extent by Western influence, this empirical research on Chinese business ethicists in education field discloses a more a self-contained development of Chinese moral thought.

4.1. *Business Ethics Education as a New Effort in Academia*

I have given a general introduction of business ethicists' history in China in chapter 3, section 3.2, which manifested itself in political, educational and industrial dynamics. The first topic in this subsection is a historical description of the start of business education and business schools, and why I regard it as the product of social moral concern among educators. Among many reasons of developing business education, the incentive to promote ethics and social responsibility in the education for the Reform is distinctive and measurable.

4.1.1. *The Start of Business Schools and Business education: Product of Social and Moral Concern*

In this subsection I succinctly recount the basic facts about the foundation of business departments and schools, and the development of MBA education since Reform. In the next subsection I discuss how business ethics started to receive attention in the high-status business schools. The samples of first-class universities and business schools will be taken up in the next section of this chapter. In this new academic field of business ethics, these schools put measurable time and effort into the teaching and promotion of ethics in business and moulding morality in teaching. Those public efforts were a major advance in terms of the legitimacy of

⁶⁵⁷ Xiaohe Lu, "A Chinese Perspective: Business Ethics in China Now and in the Future," *Journal of Business Ethics*, no.4 (2003): 451-2.

the very claim that business ought to be conducted ethically as part of the social pursuit of values and ethical education should be the center of university education.

As sociologists have extensively shown, organizations need culturally satisfactory arguments, reasons, and justifications in order to implement change.⁶⁵⁸ Chinese universities did not have their own business schools or independent business education until the economic reform began. The old educational system had been based upon the Soviet Union model. In other words, the state saw no need of ‘business education’ in a highly planned economy.

In 1977, the former National Economics Committee director and later Chancellor of China Renmin University, Yuan Baohua, claimed that “the poor management ability and shabby business knowledge of state-owned enterprise leaders, most of whom are previous revolutionary cadres, would largely hinder the coming economics reform.”⁶⁵⁹

Yuan’s point is specifically about how business education can be justified: that business has a function of the national economy development. The justification is precisely to promote sound economic reform and the establishment market economy. Or in other words, business education is for the nation’s economic revival. Yuan justifies the setting up of business education by claiming it as a duty of an economically stronger China.⁶⁶⁰

Yuan was not the only leading politician and concurrently university educator who then worried about the extreme lack of qualified business managers and adequate business knowledge. Yuan himself once worked as chief manager in the state-owned Daqing Gas and Oil Company. During his 8 years’ experience as chief manager, he experimentally organized a basic business education course for managers. This experiment is commonly considered to be the first sprout of China’s modern business education.⁶⁶¹

The economic reform and opening up provided the opportunity for the start of modern business education. Nonetheless, as newcomers to market economy, the Chinese had no idea what modern business education was. The Soviet model had already proven to be a failure. Learning from the West was the only alternative. In this historical period, China reopened its doors to the world and many Western countries began to rebuild connections with China. The first breakthrough happened during Deng Xiaoping’s first visit to the U.S. in 1980. The leaders of the

⁶⁵⁸ Abend, *The Moral Background*, 140.

⁶⁵⁹ Baohua Yuan 袁宝华, “中国的 MBA 教育到了需要进行总结的阶段 [zhongguo de MBA jiaoyu dao le xuyao zongjie de jieduan / Chinese MBA Education needs to be summarized]”, *Finance*, Oct 22, 2006. <http://finance.sina.com.cn/leadership/mbaemba/20061022/13503007888.shtml>. Last access: 07.06. 2019. Translated by the author.

⁶⁶⁰ Ibid.

⁶⁶¹ Baohua Yuan 袁宝华, *袁宝华文集 [Yuan Baohua wenji / Collected Works of Yuan Baohua]*, vol.3 (北京 [Beijing]: 中国人民大学出版社 [zhongguo renmin daxue chubanshe], 2015), 17.

two central governments signed the ‘Agreement on Dalian Training Center for Industrial Technology Management’. This agreement is under the ‘Science and Technology Cooperation Agreement of the U.S. and P.R.C.’. The Dalian Training Center was operated in China according to the American MBA teaching methods and used American business cases.⁶⁶²

The new market economy was a strong catalyst for the birth of business education. The lack of qualified managers became more crucial in this period and the most direct driving force for the setting up of Chinese business education in universities. In 1984, led by Yuan, the first MBA program was co-organized by the Dalian Training Center and the Buffalo School of Management at State University of New York. In this project, the master degree is authorized to be awarded by the State University of New York.⁶⁶³ In the same year, the “China-Europe Management Project” co-organized by the European Community and the Chinese central government inaugurated in Beijing.⁶⁶⁴ In 1985, supported by the Canadian International Cooperation Agency, 16 universities in Canada and 8 universities in China conducted cooperative MBA education.

According to Yuan, “this cooperation in business education was to use Western experience as input in the development of China’s own body of management theory and practice.”⁶⁶⁵ When Yuan was Chancellor of Renmin University, he was nominated as the first director of the National MBA Education Supervisory Committee. While in office, he created the guidelines for China’s MBA education at its initial stage: “Domestic knowledge orientation; Learn from others; Integrate and refine; Make our own path to success.”⁶⁶⁶ It is clear that, though admitting the need of learning international knowledge and experience, Yuan clarified the core of Chinese MBA education is insisting on self-development.

Meanwhile, a few high-status universities began their own explorations in business education. As I have stated in chapter 3, section 3.2.2. Their model was different from the foregoing international cooperation model. These universities transformed and expanded their own engineering departments to include business courses and then later open separate business schools. The first group includes, Tsinghua University (1984), Peking University (1985), Fudan University (1985) and Renmin University (1988) founded their business schools in this period.

In the winter of 1988, business school deans and professors from 6 universities

⁶⁶² Ibid., 17-20.

⁶⁶³ Dalian University of Technology Official Web page. <https://mba.dlut.edu.cn/>. Last access: 02.05.2019. Translated by the author.

⁶⁶⁴ “CEIBS on the Way”. CEIBS 20th Anniversary Exhibition. <https://www.ceibs.edu/pdf/20anniversaryexhibition.pdf>. Last access: 01.08.2020.

⁶⁶⁵ Yuan, *Collected Works of Yuan Baohua*, 23.

⁶⁶⁶ Chunjun Zhao 赵纯均, “中国 MBA 教育成就回顾 [zhongguo MBA jiaoyu chengjiu huigu / Retrospection of Chinese MBA Education Achievement]” <http://edu.sina.com.cn/bschool/2011-05-21/2144296516.shtml>. Last access: 15.06.2019. Translated by the author.

including Tsinghua University, Renmin University, Nankai University, Tianjin University, Xi'an Jiaotong University, and Shanghai Finance and Economy Institution held a two-day meeting to discuss “the necessity, feasibility and related policies of MBA Education in China”. This was the first national meeting initiated by the universities themselves to discuss about MBA education. Zhao Chunjun, the second dean of SEM later summarized the key claims of this meeting as follows:

The Party has proposed the construction of a socialist market economy, and the objective need is obvious: it was urgent to train a large number of economic management personnel. China's MBA education is the product of reform and opening up, and it is to be adapted to the strong demand for management talents in China's reform and opening up. It has developed on the basis of learning the North American practical business management training model and absorbing the successful experience of China's own cadre of graduate education.⁶⁶⁷

The founders of the business schools in prominent universities had played emphatic role in advocating business education. Most of their principles are served as guidelines in the later development. For instance, Tsinghua University is the pioneer in this business education wave. The first dean of Tsinghua University's Economy and Management school (hereafter: SEM) was Chinese Premier Zhu Rongji. Premier Zhu held the position as dean for 17 years (1984-2001). At the inauguration of Tsinghua Management School in 1984, Zhu framed business education in this way:

The construction of socialism with Chinese characteristics requires a large number of economic management personnel who both master the general laws of the market economy and are familiar with their operating rules, but also understand the actual situation of Chinese enterprises.

When you come to Tsinghua University, you must learn how to learn and the most important is, learn how to be a person. Learning is for being a complete person. Learning to be a person first means to be rigorous, be disciplined, to be conscientious, be accurate, be an upright person, be honest, be just, be righteous.

This management school is for social well-being, social progress and people's welfare.⁶⁶⁸

In this typical public moral normativity situation, Zhu stressed that business education must aim at something “broader” and “social”, something that relates to “being a complete person”, “being upright, being righteous”. “Learning for being a complete person” is his hope for Tsinghua SEM students. These claims are not primarily intellectual at all, but social, or more exactly, moral.

Zhu initiated and promoted the establishment of National Accounting Institute in 1998. He proposed “Taking honesty as the starting point, attaching importance to integrity, upholding standards, never prepare false accounts” as the Institute's

⁶⁶⁷ Zhao, “Retrospection of Chinese MBA Education Achievement”, 2.

⁶⁶⁸ Rongji Zhu 朱镕基, “清华的精神是追求完美 [Qinghua de jingshen shi zhuiqiu wanmei. Zhaizi zhong rong ji jianghua shilu / Tsinghua's Spirit is pursuing Perfect],” in 朱镕基讲话实录 [Document of Zhong Rongji Speeches] (北京 [Beijing]: 人民出版社 [renmin chubanshe], 2011), 77.

motto.⁶⁶⁹ Zhu, as eminent Premier of China, exerted great influence on the later burgeoning of moral education in Chinese universities.

Since business education is esteemed as a ‘national economic need’ and ‘national concern’, high-status universities decided to carry out great efforts. It was a problem worthy of the universities’ attention, interest, and resources input. For instance, as Yuan has indicated the reality of lacking educated manager in enterprises, the Academic Degrees Committee of the State Council approved a trial of MBA education in China in 1990. In 1991, the first batch of 9 colleges officially began to enroll MBA students.⁶⁷⁰

Meeting the national economic reform need is the justification of Chinese business education from the start. ‘National’ means that it cannot be a single effort or regional development. A distinctive milestone in the development of Chinese business schools was the National program ‘China West MBA education’. In December 2007, on behalf of the National MBA Education Supervisory Committee, Zhao Chunjun co-signed the program’s donation document with the Temasek Foundation. This started a national wide 6-year, two-phase MBA education promotion project, the so-called ‘Western China MBA teacher development and business school capacity building plan’. This project intellectually and financially sustains 20 to 30 universities (no official exact number when I was writing this work), with the aim of cultivating business teachers, administrative staff, and students in the less-developed regions of China West.⁶⁷¹

As a non-profit assistance program, Zhao claims this project exists “to promote the common development, by a reciprocal process, of all management colleges and schools in the western region, and to cultivate higher quality and greater numbers of management talents for the economic development and corporate management of western China.”⁶⁷² This plan aims at helping teachers in the western provinces of China to build up a higher level of business education capacity by following the initial cooperation model between MIT Sloan School of Management and Tsinghua SEM in 1990s. The steps include teacher training, dean training, project management training, and staff exchange with the help of high-status business

⁶⁶⁹ National Accounting Institute official web page. <http://www.nai.edu.cn/en/index.php?m=content&c=index&a=lists&catid=299>. Last access: 02.05.2019.

⁶⁷⁰ Ibid.

⁶⁷¹ Chunjun Zhao 赵纯均, “中国 MBA 教育的成就回顾 [zhongguo MBA jiaoyu de chengjiu huigu / The Retrospection of Chinese MBA Education Achievement],” *清华大学 MBA 教育二十周年纪念 [qinghua daxue MBA jiaoyu ershi zhounian jinian / 20th Anniversary of Tsinghua University MBA Education]*, Tsinghua University Official Web page, https://mba.sem.tsinghua.edu.cn/news/TZ_44122.html. Last access: 15.06. 2019. Translated by the author.

⁶⁷² Wenxue Chen, “赵纯均: 管理的艺术 [Chunjun Zhao: guanli de yishu / Chunjun Zhao: The Art of Management],” *Guangming Daily*, Nov. 11, 2019 achieved. Translated by the author.

schools. SEM of Tsinghua is the leader and main training base. Zhao claimed, the western business schools can utilize the resources of advanced schools, like Tsinghua University, the ultimate goal of this is “for the economic development and the improvement of enterprise management in western China”.⁶⁷³

Clearly, business education is viewed as a social and moral endeavor and means. “National economic development need”, “Equal development”, “common, mutual and just development” and “reciprocal process” are not usual terminologies in business education incentive. In its development, the start of business education is justified as a move that serves for national wide business talents promotion, and a fair and balanced economic development. It is esteemed as a matter of the high commune value. The grounding and development of business schools and education are mostly publicly acclaimed as a social well-being issue.

4.1.2. *General Development of Business Ethics Education in High-Status*

Business Schools

The first purpose of this subsection is to understand the general situation of the current business ethics curricula of the top-rated business education, especially MBA education programs in China. They can optimally represent the characteristics of business education.

Chinese universities are classified in a clear status system. At the top are national high-status universities, which are under the direct administration of the Ministry of Education. The secondary universities are provincial and local universities, which are under the administration of provinces or cities.

The national high-status universities enjoy very high status as well as reputation and receive large social and educational resources. They offer representatives, leaders and exemplars in the public sphere, socially and educationally. In the document issued in 2018 by the Ministry of Education, certain educational institutions are titled as ‘Model universities’.⁶⁷⁴ They are social organizations with high visibility and are more likely to attract the attention of multiple external actors, including the media and the public. Their performance and behaviors have a guiding function for whole educational organizations.

Likewise, well-known business schools in these famous universities represent the highest level of business education. They have been experienced a boom since Reform. According to *Financial Time* publishing history, no Asian school was in FT first published list of top business schools in 1999, made the cut. In 2020, nine Chinese business schools were listed. According to *The Economist*, AACSB

⁶⁷³ Ibid.

⁶⁷⁴ Ministry of Education: “Guidance on The Accelerating the Construction of ‘Double First Class Universities’”. Aug 20, 2018. http://www.moe.gov.cn/srcsite/A22/moe_843/201808/t20180823_345987.html. Last access: 01.02.2020. Translated by the author.

International, accredited 13 Chinese schools in 2012. In 2020, it certifies 39 schools in total, including 31 on the mainland of China.⁶⁷⁵

MBA programs are chosen as a focus of research. Comparing with normal business education, MBA education is more closely and directly related to business ethics development in China, with regard to its education attributes. In general, Chinese universities offer two types of degrees. One type is ‘scientific bachelor / master / PhD degrees. This system enrolls students by virtue of national examinations at different levels. The mandatory courses are in a large content nationally standardized through regulations of Ministry of Education. Another type is ‘professional degrees’, for instance, MBA, EMBA. These degrees’ studies are usually not full-time education and students are not necessarily selected from national examinations. This means MBA and EMBA programs have higher autonomy in the enrollment and organization.

Among business education programs, MBA education’s leverage in both education and business field is unequivocally impeccable. In comparison with all other education programs, MBA is the most promoted program, which is attested by its unparalleled expansion and popularity in the last 40 years. From scratch, there are around 300 economic and business schools in China, of which 245 offer MBA education.⁶⁷⁶

First of all, MBA should be the most representative business education form in Chinese business schools. It is also the most popular business education form that has been developed in China, as I have indicated above. Hence, MBA programs’ evolvement can epitomize the whole of business education development.

Second, comparing with other business education programs, most of MBA programs must meet both international standards and national requirements. This gives me a best chance to observe and examine these social loci, where exist more possibilities of collides, debates, consolidation, assimilation or anything else.

Third, the students who attend MBA programs have certain distinctive traits. Business schools are very expensive, MBA programs in particular. Most of its students are local managers and entrepreneurs. According to a February 15, 2020 report titled “MBAs with Chinese characteristics” in *The Economist*, at CEIBS, some students are destined for high-level management positions in big companies at home or abroad; others are Chinese young heirs taking charge of family firms. Another big group are active entrepreneurs who missed out on a business degree in their youth (for instance, due to the Cultural Revolution). In this report, it is said that CEIBS “has 700 of these enrolled at its MBA for active executives, compared with around 170 students for its regular MBA course...inverting the proportions typical at Western schools.”⁶⁷⁷ Hence, business ethics in MBA programs means

⁶⁷⁵ “MBAs with Chinese characteristics” in *The Economist*, achieved February 15, 2020.

⁶⁷⁶ MBA China Official Web page. <https://www.mbachina.com/html/xw/202003/216986.html>. Last access: 15.06. 2019. Translated by the author.

⁶⁷⁷ “MBAs with Chinese characteristics” in *The Economist*, achieved February 15, 2020.

direct contact with the most influential Chinese entrepreneurs and managers. According to my interview with Dean of Tsinghua University Schwartzman School, he admitted that some of business ethics teachers in Tsinghua University believe it is much more meaningful to teach ethics to MBA students than other students in regular economic disciplines.

In order to make clear the general situation of business ethics curricula in high-status business schools' MBA programs, I examine the courses offered at 14 out of the '50 best Chinese Business Schools' nominated by *MBA China* (the National MBA Education Data Platform) in its annual rankings from 2010-2018. Among the 50 nominated business schools, most have websites with introductory information. However, only 14 give access to business ethics course descriptions (see Appendix 1). Of note, these 14 are meanwhile also ranked the highest. In these 14 institutions, I examined business ethics teaching in MBA programs.

The following is the result. Thirteen out of the 14 selected business schools offer business ethics in the MBA programs (the exception is Peking University's BiMBA Program). Six schools offer business ethics courses in the Bachelor of economics curriculum; 3 schools offer the Master of Economics curriculum. One school offers business ethics as a PhD field of study. Of particular note, 13 business schools offer courses on "Chinese Culture and Philosophy" as part of their business ethics curricula.

It would seem, at any rate, that most of the high-status business schools in China offer business ethics education in MBA programs on a broader basis. Which shapes a sharp contrast is, until 2020, business ethics course is not mandated by the Ministry of Education as national curriculum for regular Bachelor and Master level degrees in Economics.

I compare this result with Qi Anbang's "The establishment of business ethics courses in the MBA education programs of top business schools in China".⁶⁷⁸ In his research, he selected 14 top full-time MBA education programs in China evaluated by *Forbes* magazine in 2007 (97 per cent coincided with my samples), only four made business ethics-related courses mandatory, accounting for 28.6 per cent of the total number of samples. There were 3 MBA programs that set business ethics-related courses as comprehensive elective courses (open to all majors), accounting for 21.4 per cent of the total sample; 4 MBA programs had business ethics-related courses as professional elective courses (open to economic majors), which accounts for 28.6 per cent of the total sample.

According to Yuxiao Li, he conducted research on 238 MBA education institutions. By the end of 2014, 83.7 per cent have opened business ethics related courses, indicating that most business education institutions have consciously

⁶⁷⁸ Anbang Qi and Hui Jiang 戚安邦, 姜卉, "我国 MBA 商业伦理教育普及性分析及对策研究 [wo guo MBA shangye lunli jiaoyu pujixing fenxi ji duice yanjiu / Chinese MBA Business ethics Education Popularity Analysis and Strategy Research]," *学位与研究生教育 [xuewei yu yanjiusheng jiaoyu / Degree and Postgraduate Education]*, no.10 (Oct., 2007): 8-12.

carried out MBA business ethics education. They offer a total of 172 business ethics-related courses. Among them, 15 programs have offered 2 or more business ethics related courses. Among the courses related to business ethics, 85 are mandatory courses and 87 are elective courses.⁶⁷⁹

Obviously, the advancement of business ethics education in top business schools is indisputable. China's political and institutional environment as well as public expectation with respect to moral values in the market have brought both pressure and opportunity to business schools to participate in the business ethics development, especially over the past decade, which has largely prompted them to increase the weight of business ethics courses in their curricula.

On the one hand, the state's effort in this regard is unmistakable. In 2006, the National MBA Education Supervisory Committee (the national MBA education guidance and administrative organ whose work is subject to the leadership and supervision of the State Council Degree Committee and the Ministry of Education) issued the 'China MBA Education West Lake Declaration', advocating the integration of social responsibility education into the education and training of corporate senior managers. In 2009, it asked all MBA programs to list business ethics and corporate social responsibility as one of MBA 15 main courses. At the same time, it issued 'Chinese University MBA Teaching Qualification Evaluation Program (2009 Edition)', which requires that the MBA program, curriculum and education process to contain business ethics and social responsibility content.⁶⁸⁰

On the other hand, what the Chinese public seeks to achieve is clear from extensive media reports over the last decade: more and more emphasis on morality in the unfettered market and strong plea for a leadership function for business schools in the business ethics sphere.⁶⁸¹ Establishing an image of caring about business ethics and social responsibility has become a critical part of business schools' branding, and of their utmost aim to expand their social influence in the current environment. This is why I argue that business ethics education also justifies the very existence of new business schools in the phase of reform when business scandals has been becoming rampant. This is also clearly reflected by the sharp increase in publishing about business ethics, which I examine in the next subsection.

⁶⁷⁹ Yuxiao Li 李欲晓, "我国 MBA 培养院校商业伦理课程教育现状、问题 and 对策 [woguo MBA peiyang yuanxiao shangye lunli kecheng jiaoyu xianzhuang, wenti he duice / Business Ethics Education Situation, Problem and Suggestions of MBA Education Institutions in China]," *国家教育行政学院学报* [*guojia jiaoyu xingzheng xueyuan xuebao / The Journal of National Education Administration Institute*], no.6 (2015): 17-22.

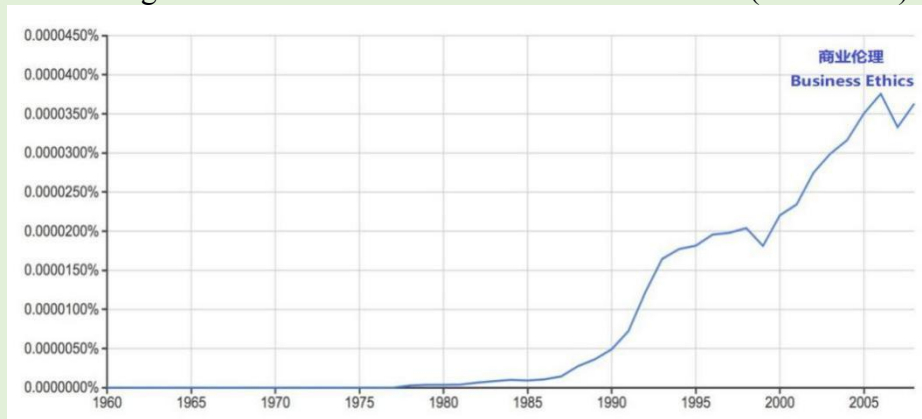
⁶⁸⁰ Zucheng Zhou, Ping Ou, George Ebderle, "Business Ethics Education for MBA Students in China: Current Status and Future Prospects," *Journal of Business Ethics Education*, vol.6 (2009): 103-18.

⁶⁸¹ Ai Ling Ji et al., "Infant formula Concerns and Consequences in China," *World journal of pediatrics*, vol.10, no.1 (2014):7-9.

4.1.3. Business Ethics Publishing

The business ethics has become a more public topic than ever before. It can be shown in the quantitative frequency that it is inferred in academia. The following two charts clearly tell us. Figure 1 is a Google Books Ngram Viewer chart. I checked the ‘Simplified Chinese’ corpus of books published from 1960 to 2012 that have ‘business ethics’, ‘shangye lunli [商业伦理](business ethics)’ and ‘jingji lunli [经济伦理](economic ethics)’ as the main themes. It is clear that business ethics publishing demarcated its own field from the mid and late 1970s, which is exactly identical with the start of economic reform in 1978.

Figure 1. Books and Articles on Business Ethics(1978-2012)



(Source: Google Books Ngram Viewer Corpus: Chinese Simplified (2012); <http://books.google.com/ngrams>; 商业伦理=Business Ethics)

Figure 2. Books and Articles on Corporate Social Responsibility(1978-2012)



(Source: Google Books Ngram Viewer Corpus: Chinese Simplified (2012); <http://books.google.com/ngrams>; 企业社会责任 = Corporate Social Responsibility)

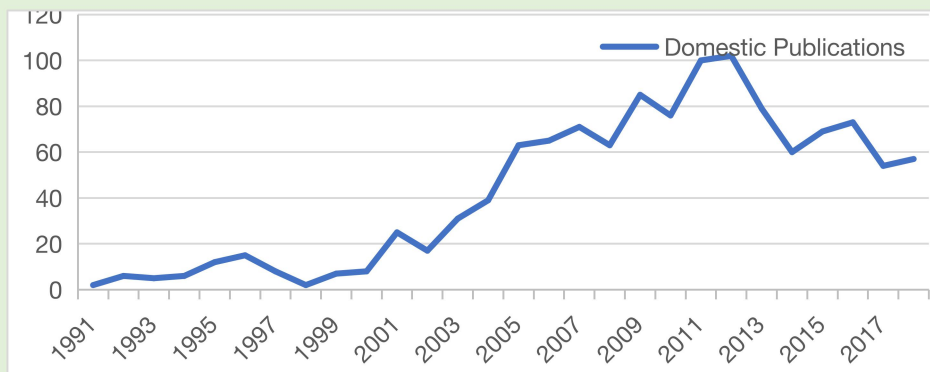
Figure 2 is a Google Books Ngram Viewer chart that checked the ‘Simplified Chinese’ corpus of books published from 1980 to 2012 that have ‘corporate social

responsibility [企业社会责任]’ as the main theme. The sprout of ‘corporate social responsibility’ publishing is much later than the advent of ‘business ethics’ publishing.

A clear sharp increasing tendency in both charts corresponds to the reform transition period. This indicates that the notion of business ethics and social responsibility is relatively new in Chinese academia discourses and then undergoes a climbing period, thereafter, reaching a boom around 2008-2012. Obviously, this subject of publishing was certainly a new academic phenomenon in late 1970s and experienced major advances in terms of the visibility of business ethics as a distinct field and subject matter. It took some time to start up, grow, and develop. The peak was at just the period when the business scandals proliferated.

The following chart also identifies the same development path. To obtain a picture of the domestic evolution of business ethics research, I collected data on the publishing (journals and books) on business ethics from 1991 to 2018 (figure 3) and from 2002 to 2017 (figure 4) through a keyword search of the published journal articles contained in the China Academic Journals Full-text Database of the China National Knowledge Infrastructure.⁶⁸² This database is the largest academia publishing database in China, which includes journals, periodicals, dissertations, degree theses, proceedings, newspapers, yearbooks, eBooks, and so on. CNKI is the largest and most used academic online library in China and collects data from 1991 onwards.

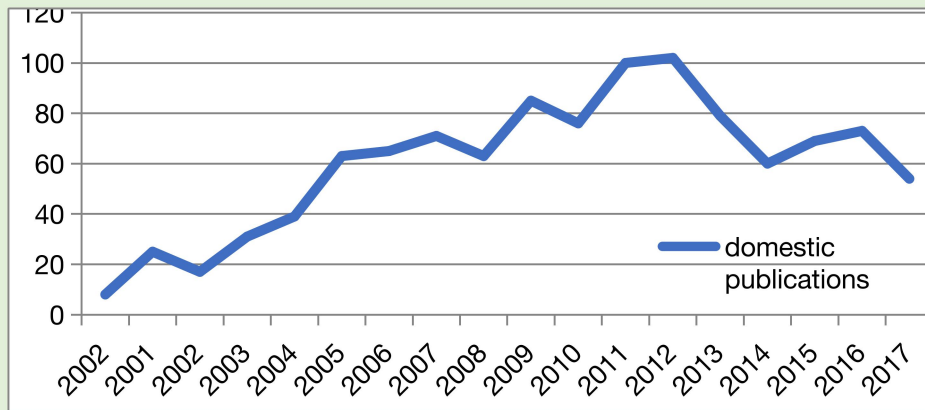
Figure 3. General Publishing (Journals and Books) on business ethics in CNKI (1991-2018)



(Source: CNKI.net 1991-2018)

Figure 4. Domestic Academic Journal Publications on Business Ethics(1991-2018)

⁶⁸² CNKI Database: <http://www.cnki.net>. Last access: 02.02.2019.



(Source: CNKI.net 2002-2017. General database started from 2002)

It is important to note that this method produces a very rough and conservative estimate of attention to and interest in business ethics publishing. What I want to illustrate is just a tendency and historical progress. These estimates are only based on academic publishing searches, which is a large but of course not exhaustive archive of newspapers and magazines. Of course, other expressions besides ‘business ethics’ and ‘corporate social responsibility’ were often used to express the same concept or idea, such as ‘business morality,’ ‘morals of commerce,’ ‘business integrity in business,’ ‘trust and integrity in market’ and so on. However, I can conclude that the incidence of the expression ‘business ethics’ has greatly increased over the last 30 years.

4.2. *Business Ethics Inculcation in High-Status Universities*

As stated above and in Chapter 3 as well, high-status universities and business schools are one of the best places to study public moral normativity and its dissemination, because they are famous, and they inculcate ethics directly.⁶⁸³

Furthermore, one special characteristic of Chinese society is the intimate relationship between members of the government officials and highly placed scholars. For thousands of years, Chinese Confucian scholars constituted the general official class. This tradition has persisted even into current socialist China. For instance, Tsinghua University and Peking University are called the ‘cradles of Chinese Red technocrats’. After the Mao period, large numbers of Chinese bureaucratic leaders were graduates from top universities. In the political sphere, Chinese universities’ presidents and deans have bureaucratic status, equal to that of government officials. Herrmann-Pillath has a very sublime analysis of this ‘CCP Nomenklatura system’ which integrates all important career patterns across most

⁶⁸³ Abend, *The Moral Background*, 207-8.

political, economic and social domains in China.⁶⁸⁴ Two positions in two different domains are exactly comparable in terms of relative positions and status. Presidents and deans can equally switch their position between universities and government.

As mentioned in Chapter 3, Chinese Premier Zhu Rongji was meanwhile the dean of Tsinghua's SEM for 17 years. Yuan Baohua was the director of the National Economics Committee and Chancellor of Renmin University concurrently. As I have stated in Chapter 2, the Chinese social pattern is a relationality network. Allied with this nomenclatura system, top universities' deans and leading professors are always very close to the political power center. MacIver called this a "community-wide synthesis of doctrines and institutions".⁶⁸⁵ These scholars reinterpret values, give pleasing and persuasive form to statements of values to the public as high-status educators, and try to integrate those values and institutions as officials. Hence, the study of business ethicists of high-status universities is quite necessary.

4.2.1. Tsinghua University and its Ethics Education Reform

Tsinghua University is top one Chinese university. Since its establishment in 1911, it has graduated numerous Chinese leaders in science, politics, business, academia, and culture. It was recognized as the 14th best university in the 2017 Times Higher Education World Reputation Rankings.

As a leading university, how does Tsinghua University define itself? Here is the introduction on its website:

With the motto of 'self-discipline and social commitment' and the spirit of 'actions speak louder than words', Tsinghua University is dedicated to the well-being of Chinese society and to world development. As one of China's most prestigious and influential universities, Tsinghua is committed to cultivating global citizens who will thrive in today's world and become tomorrow's leaders. Through the pursuit of education and research at the highest level of excellence, Tsinghua is developing innovative solutions that will help solve pressing problems in China and the world.⁶⁸⁶

It is not hard to see that the "self-discipline", "social commitment", and "well-being of society" is attached great importance in Tsinghua's motto. The notions of social duty and moral thinking are justified in this motto as a general educational approach. In the following subsection, I will reveal Tsinghua's ethics education: from a new ethics course to 2014 ethics education reform, guided by vice Chancellor Yang Bin.

⁶⁸⁴ Herrmann-Pillath, *China's Economic Culture*, 228.

⁶⁸⁵ Robert M. MacIver, "Society and 'the Individual'", *The Sociological Review*, no. 1 (Jan., 1914): 58–64. doi:10.1111/j.1467-954X.1914.tb02362.x.

⁶⁸⁶ Tsinghua University's Official Web page. <https://www.tsinghua.edu.cn/xxgk.htm>. Last access: 15.06.2019. Translated by the author.

4.2.1.1. *Yang and His ‘Critical Thinking and Moral Reasoning’ Course*

Yang was initially a Professor of Business Administration at SEM and later vice Chancellor of Tsinghua University from 2014. Concurrently, he is the General Secretary of the National MBA Education Supervisory Committee. As early as 2003, Yang set up a total new course for students majoring in economic and management in SEM, called ‘Critical thinking and Moral Reasoning’. It was then an elective course. In 2011, it became a mandatory course for all Tsinghua undergraduates. It gained popularity among a large number of students. According to my research, this course was the first one in Chinese high-status universities that offered general ethics and morality as a compulsory ethics course for business undergraduates, parallel to the national compulsory courses on Marxist Philosophy, Mao Zedong Thoughts and Deng Xiaoping Theories courses.

In an interview by the Tsinghua SEM Student Union’s newspaper ‘SEM Express [经管专递]’⁶⁸⁷, Yang introduces his motive for opening this new course:

If you look at the talents gained from education from the perspective of an ‘upside-down T’, the vertical part represents what major you are studying, what you can do in your profession. The horizontal part of the ‘T’ determines what kind of person you could be. It matters a lot, whether the undergraduate students who are enrolled in Tsinghua University can lay a solid foundation in the aspect of general knowledge or not, whether they can achieve something in the objective of training ‘a complete person’ or not, whether they as future leaders can lay down a quality foundation and promote social change in 15-20 years or not. I hope the new programs in the new curriculum can have a role in this, more or less.

For undergraduate students at the SEM, perhaps a trickier point is, that often everyone’s (or everyone’s parents’) criteria of choosing a major is a ‘high payback rate and short payback period’. So, it is inevitable that there will be a big question mark in the mind: “what I am doing in these (ethics) lessons?” “What is the use of learning these ethics?” And, perhaps at a deeper level, “BEING is really important, but can you really learn it in class? Can you change anything (in the society)?”

However, we must keep at it, asking those questions, and working even harder in this direction.⁶⁸⁸

Akin to Tsinghua University’s motto, Yang reiterates that students should have a sense of social responsibility as a bottom line of being human. In order to support this claim, Yang argues in this newspaper interview that ethical education has a much higher value than specific professional knowledge education. Apparently, Yang sees no mutual relationship between professional knowledge and ethics. He puts moral and ethical endeavors above knowledge and skills learning endeavors.

In this interview, it is clear that Yang believes that morality can be taught and

⁶⁸⁷ Interview with Yang Bin (06.04.2012). “批判性思维是一种态度——对话杨斌老师 [Pipan xing siwei shi yizhong taidu——duihua Yang Bin Laoshi / Critical Thinking is an Attitude - Interview with Teacher Yang Bin],” Tsinghua SEM Official Web site. http://www.sem.tsinghua.edu.cn/news/xyywcw/TZ_51977.html. Last access: 15.06.2019. Translated by the author.

⁶⁸⁸ Ibid.

instilled in students. In fact, Yang believes morality cultivation should be the justification for education: education's ultimate end is to "morally cultivate students / *shu ren* [树人]",⁶⁸⁹ as the sense of social responsibility and the critical ability of moral reasoning justify the existence of human being in a complete sense.

In one paper in 2018, he writes, besides understanding this world from the perspective of science, there should be also the perspective of morality and ethics. Yang puts ethics and morality as a parallel worldview with scientific worldview. He argues, understanding this world in a pure scientific view will cause human tragedies. Rather, having a sense of morality is the guarantee of a meaningful society, a better off society and the common good.⁶⁹⁰

Yang's words are meant to reach SEM students and offered to all Tsinghua students. In the interview, he accords self-interest a shabby status and concedes that being moral for the community interest may be in conflict with self-interest. Nonetheless, in his opinion, being moral justifies the human being's existence. In this interview, he argues that the main purpose of SEM and Tsinghua University's education should not be to merely give technical tools or professional knowledge to its students. Instead, he underscores the ethics education in university and this education is moral contributions to the society as a whole.⁶⁹¹

In this interview,⁶⁹² he argues that morality can be and, more importantly, must be taught and cultivated in the university education. Being moral means that individual has a specific kind of thinking and reasoning ability and then use this mentality and world view in life. A complete human being is the one who can act ethically and think critically, which has no relation with how much scientific knowledge she has. This completeness is achieved through lifelong learning. The direct way to this end is moral education.

Yang claims that he vows to fight against: current utilitarian thinking in China. He argues that Chinese parents and youth now care too much about the 'utility' of knowledge and education, about instant material benefit, about what result can bring about. Yang admits the popularity of the 'utilitarian' way of thinking with resignation and criticizes it in a direct way. He concedes that his aim in this general ethics course for SEM students is very clear: trying to make these future Chinese leaders more moral in their thinking and avoiding mere utilitarianism, "trying to inculcate morality in their thinking and action".⁶⁹³

Several years later, Yang took office as Tsinghua's vice Chancellor. As a matter

⁶⁸⁹ Bin Yang and Peng Jiang 杨斌, 姜鹏, "大学的学术伦理之维 [daxue de xueshu lunli zhi wei / The Academic Ethics dimension of University]," *学位与研究生教育 [Degree and Graduate Education]*, no.5 (2018):43.

⁶⁹⁰ *Ibid.*, 40-2.

⁶⁹¹ Interview with Yang Bin (06.04.2012). Tsinghua SEM Official Web site. http://www.sem.tsinghua.edu.cn/news/xyywcw/TZ_51977.html. Last access: 15.06.2019. Translated by the author.

⁶⁹² *Ibid.*

⁶⁹³ *Ibid.*

of convention, he doesn't have to teach undergraduates. But he insists on continuing with this 'Critical Thinking and Reasoning' course. According to the syllabus, he has a carefully crafted conception of what this course ought to do and in which direction it ought to go, and designs a curriculum that contains large amount of philosophies, and social ethics studies.

Below is the first 8 weeks plan of learning in this course:

Table 4. 8 weeks plan of 'Critical Thinking and Reasoning'

Week 1	Excavating the buried moral codes - an introduction
Week 2	The moral legitimacy of 'calculation' - self-interest and utilitarianism
Week 3	Another 'Kingdom' - Kantian-style Obligation Ethics
Week 4	From People to 'People' - Nozick vs. Rawls (1)
Week 5	From 'People' to 'People' - Nozick vs. Rawls (2)
Week 6	Where is my 'purpose' - Aristotle and virtue ethics
Week 7	'I Love My Family' - How Communitarianism Revives Virtue Ethics
Week 8	The Twins of Modern Morality - Discussion on 'Freedom' and 'Equality'

(Source: SEM Official Website.⁶⁹⁴)

The students are required to read Western philosophy and ethics classics in the first semester and discuss lived Chinese business cases based in China reality in the second semester in view of the reading in the first semester. He emphasizes the cases are "alive and fresh in China", not some "old American or Western cases" and hopes the students can make connections between ethical classics and existing cases: "most of our examples are Chinese stories that have just happened or are happening, but the discussion is always like a continuing moral conversation and moral introspection that has been going on for hundreds of years."⁶⁹⁵ SEM runs a parallel course on Chinese thinking and students are required to register both.

Yang claims his goal is to influence and help more students to have a critical moral reasoning ability and to care more about other people and society. According to him, he aims at "ordinary people with not ordinary thinking."⁶⁹⁶ "Ordinary" here infers the popular utilitarian thinking of Chinese society, which he criticizes in the foregoing. Yang contends that "not ordinary" - moral thinking can make people better understand not only themselves but also other people, the society and the world.

What I wish to stress is that Yang brings to the fore again the problem of the justification of morality as essence as a world view and hence education should be

⁶⁹⁴ http://www.sem.tsinghua.edu.cn/semBKPYPFAcn/TZ_44525.html. Published in the official Website of the SEM. Last access: 06.04.2019. Translated by the author.

⁶⁹⁵ Yang, Bin, Xiaojun Qian and Peng Jiang 杨斌, 钱小军, 姜鹏, *你知道我的迷惘——商业伦理案例选辑 [ni zhidao wode miwang-shanye lunli anli xuanji / Case Selection of "Critical Thinking and Reasoning" Course]* (北京 [Beijing]: 清华大学出版社 [qinghua daxue chubanshe], 2016), 38-39.

⁶⁹⁶ Interview with Yang Bin (06.04.2012). Tsinghua SEM Official Web site. http://www.sem.tsinghua.edu.cn/news/xyywcen/TZ_51977.html. Last access: 15.06.2019. Translated by the author.

moral as its root. This is fully reflected in a paper he wrote in 2001, two years before he began his educational experiment with the ‘Critical thinking and moral reasoning’ course in Tsinghua SEM, when the legitimacy of morality in education was relatively not secure and insignificant.

This paper, entitled “Business Ethics Training in the ‘Admits of no Delay’”, was jointly-written with his tutor, Zhao Chunjun and published in *China Training*, an academic journal targeting business leader education and training. We can view this paper as a prelude of Yang’s ethics course practice in Tsinghua University later. By analyzing China’s business ethics situation at the beginning of the 21st century, Yang observes:

Along with the initial setting up of a socialist market system, there is more and more attention paid to business ethics from academia and economy entities. However, due to the values chaos in the transition period, there is a certain degree of confusion in people’s minds. The outdated ethics need to be abandoned. But sadly, many correct and viable ethics and moral norms are as well being discarded in this process. Some immoral thoughts and practices frequently appear now. The idea of ‘making money unscrupulously’ is popular among businessmen, while new business ethics have not yet formed or institutionalized.

For thousands of years, Chinese businessmen have already followed a fixed set of moral principles in their business. The good and well-accepted ethical principal of ‘while wealth is covetable for a gentleman as well, he gains it by ethical means’ is one good example in this set. However, now we see such a weird phenomenon: in a new era when technology is so developed, people are still questioning whether conducting business requires ethics or not. Many companies believe in the outdated theory in Western economics, such as their creed of doing business at any cost. They learn from the West without digestion, and believe that in order to make money, they must desperately seize all opportunities. This creates an overflowing of materialism in the society where traditional ethics is discarded as waste. This in turn leads to public resentment, and even leads to some entrepreneurs ending up in prison.

[A]s the most important form of social organization, companies bear compelling duties to individuals of their society, communities, etc..... [I]n fact, just like asking companies to take on too much society responsibility will make it harder for them to fulfill their basic duties towards society, for the benefit of society, so blindly pursuing profits will result in counterproductive effects. So, Companies that are pursuing long-term development must be clear about their responsibility for consumers, for employees, for the benefit of society.

The most urgent task is the improvement of business managers’ business moral education and cultivation (*Xiuyang* [修养]). The ethical quality of a corporation largely depends on its manager. However, in the business schools where we educate managers, business ethics often merely accounts for one or two sub-sections in the ‘Management’ courses. In most business schools, a business ethics course is not an independent course, not to mention a compulsory course. Many MBA students think, “What is the use of the business ethics lesson?”, or “acting in an ethical way in China means you cannot move even an inch forward.” Even in the curricula of some very advanced managers’ training programs in China, the business ethics part is just sort of an optional subject that is dispensable...That’s because only business ethics is the true source of corporate competitiveness. To change this situation, we should set up business ethics discipline at

all levels of management education institutions as soon as possible, with high standards as well. We should first start with the training of managers, build up business ethics education as a major and indispensable part in management training and business education, and improve the ethical qualities of managers in both theoretical and practical aspects.⁶⁹⁷

Here Yang sets forth his understanding of why businessmen should be moral: because “companies bear compelling duties to individuals and communities”, and “blindly pursuing profits will result in counterproductive social effects”. This is typical social responsibility preaching. The major immoral issues that Yang criticizes are “making money unscrupulously” and “materialistic ideology”, which is contradictory to “good Chinese traditional ethics”. In order to rectify these, “business schools and business education should promote business ethics education.”

In the later part of this paper, Yang continues his normative claims about businessman, “businessmen should act like *junzi*. The *junzi*’s duty is striking for the common good in the society. *Junzi* may have a strong desire for money making, which is a natural human interest. The difference is in how to make money. The better way is to do business in an ethical way.” Therefore, here in his argument, the modern businessman’s duty is equally to Confucianism’s “*Junzi*’s social duty”.⁶⁹⁸

His second normative claim is: being morally is intrinsic to human being nature and the society as a whole. He argues the traditional business ethical code – “while wealth is covetable for a *junzi* as well, he takes it by ethical means” – as a “correct and viable ethics, which sadly was abandoned in the Cultural Revolution chaos.” He thinks it is urgent to restore this moral tradition in society. It should be noted here that Yang emphasized both the will to develop upon tradition and the necessities of perpetuating the traditional ethical values.

Yang argues that immoral behaviors “seriously weaken the competence of Chinese companies in international competition”, hence his third normative claim is: ethics is the source of competitiveness. Business competitiveness can be cultivated or enhanced through moral power. This normative claim prone to stress the transformative power of morality. In this regard, Yang resembles the old China, like Chinese Confucian scholars and Mao Zedong who believed there is a great transformative power for reality in morality or in individual moral will.

Yang argues that the improvement of the level of corporate ethics depends on a higher ethical level of the whole society. Education is liable for moulding the social moral milieu. The most important and practical way to achieve this is the improvement of business moral education, which can bring individual moral character cultivation / *xiuyang* [修养] to the fore. Firstly, the path to a better society is to enforce ethical education. This emphasis justifies moral education’s

⁶⁹⁷ Bin Yang and Chunjun Zhao 杨斌, 赵纯均, “商业伦理培训刻不容缓 [shangye lunli peixun keburonghuan / Business Ethics Training Admits of no Delay]” *中国培训 [China Training]*, no.1(2001): 21- 4.

⁶⁹⁸ See chapter 2, section 2.2.2.

core function in a society. This is completely in line with the Confucian moral teaching tradition. In my interview with Yang's colleague, Pan Qingzhong, Dean of Schwartzman at Tsinghua University and Professor at SEM, he expressed exactly the same opinion as Yang:

We indeed have some liars in our society. We even have business swindlers among our Tsinghua MBA students. How should we deal with these scandals and swindlers? Abandon them? No, the only way is moral education. These immoral guys may have received poor or less education as they grew up. They may be influenced by their immoral social environment. It is never too late to correct them by moral education and help them to find their true nature. That's the responsibility of educators such as us. If educators don't fulfill this task, nobody can help them in the society. At least, universities can do something in this aspect.

I know many students doubt the use of business ethics courses. I also know many of them would say something beautiful to your face while doing something ugly behind you. What we as educators can do is at least offer them something different, make them think a little bit more morally than usual. Our social environment is already like this, but we should not give up. It is definitely a success if we at least influence one student.⁶⁹⁹

It is thus worthwhile to examine the particular conception of what does good mean in their arguments, and its underlying moral background. In this case, this belief is a profound and sincere trust in the power of morality and moral education. Their deep belief in business ethics education is very largely a morality centered worldview. Business schools and business ethics education are worth establishing and maintaining, because of their moral function and their contributions to well-being of the society. From Yang's argument, moral concern should be the persistent core of Chinese society, from past to present. Morality is the end; education is the means. Both Yang and Pan's thought reveal a profound relation with historical Chinese Confucian thought, a correlation they themselves may not realize.

Regarding moral actor, the statement "the ethical quality of a corporation largely depends on its manager" indicates that Yang believes the moral actor is the human being. The manager who acts not only as a moral actor but also a moral leader above all. Manager's morality determines the morality of the company. A manager's level of morality can be improved through moral education and self-cultivation. It is in Confucianism where we find the same preaching about social obligations and moral education responsibility of *Junzi* as moral exemplar.

When referring to businesspeople's cultivation, Yang uses the most common Confucian moral notion '*xiuyang*' as the key standard. In the original Chinese word, '*xiuyang*' means 'self-cultivation of moral character'. As Yang's arguments on ethics education illustrate, a business manager should always foremost fulfill his social duty or obligations according to his leading role in the social position (comparing with ordinary worker). The practice of business is considered as secondary.

⁶⁹⁹ Pan Qingzhong's interview, conducted on 03.10.2017. Manuscript no. 1, line 32-40. Translated by the author.

In general, Yang believes that human being's existence is justified by morality and the sense of social responsibility. It is a world view, and which being esteemed as better and complete than a scientific world view. Hence, in his view the status of professional knowledge in university education is also secondary. Both practice and knowledge profit an individual to a very limited degree, whereas morality equips the individual with the highest value, or in other words, morality complete a human being. In the business practice, as a moral model, manager's moral quality determines the morality level and the growth of the company, which is supposed to be the ultimate source of business success and competitiveness.

4.2.1.2. Yang and Tsinghua's Ethics Education Reform

The 'Critical thinking and reasoning' course can be viewed as Yang's first endeavor in promoting ethics education in SEM and Tsinghua university. Nine years after Yang first offered that course, as the new step-in vice chancellor of Tsinghua, he got down to a bigger action in ethics education. He initiated an unprecedented education reform targeting 'Suzhi education' (essential-qualities-oriented education)⁷⁰⁰ in Tsinghua in 2014. Tsinghua highlights this reform as the 'Tsinghua New Century Education Reform'. This reform is regarded by Tsinghua's staff as the most radical and influential education reform in Tsinghua since Reform and Opening-up in 1978.⁷⁰¹ Under the leadership of Yang, the target of this reform is very clear: establish a systematic ethics education.

In an interview by *China Education Newspaper*, Yang contends:

The mission of the university should be to cultivate social development promoters with lofty ideals and moral virtues. The professional norms and ethics courses, which are the carriers of value shaping in education, play a cornerstone role in the cultivation of students. Professional knowledge learning is like adding 0 in student's life account. The professional norms and academic ethics courses are designed to allow students to write a '1' in front of many '0's. Without this 1, no matter how many 0s you have, you are still a 0 at end.⁷⁰²

Yang ironically names the courses imparting professional knowledge and skills as "useful learning" in some views, and the ethics knowledge as "useless learning", and he further demarcates that the "useless learning" definitely determines and defines the "useful learning". In his mind, moral learning is of the highest value; it

⁷⁰⁰ Suzhi: the english translation is 'quality' or 'human quality'. It is closely related with individual moral quality, such as refinement, breeding and personal cultivation.

⁷⁰¹ Yufeng Wan 万玉凤, "清华研究生必修职业伦理才能毕业 [Qinghua yanjiusheng bixiu zhiye lunli cai neng biye / Tinghua University's Postgraduates Must Learn Professional Ethics Courses to Graduate]," <http://news.sciencenet.cn/htmlnews/2015/4/317571.shtm>. Last access: 18.06.2019. Translated by the author.

⁷⁰² Yufeng Wan and Weiru Liu 万玉凤, 刘蔚如, "学完职业伦理再毕业 [xue wan zhiye lunli zai biye / Graduate after finishing the study of Professional Ethics]," Tsinghua University Official Web page. <https://news.tsinghua.edu.cn/info/1013/63614.htm>. Last access: 18.06.2019. Translated by the author.

completes the subjective formation of an individual. Yang de-emphasizes the social importance of “professional knowledge and skills,” whereas he strongly accentuates ethical education’s fundamental role in human life. In macro terms, it is good for common goodness.

In this education reform, the expectation manifested itself in a change in Tsinghua University education ‘General Guidelines’ / ‘Opinions of Tsinghua University on Comprehensively Deepening the Reform of Education and Teaching’: the description of the ‘trinity education model in Tsinghua University’ has changed from “knowledge transfer, capacity building, value shaping” to “value shaping, capacity building, knowledge transfer.”⁷⁰³ Value in this ethics reform guidelines refers to moral values.⁷⁰⁴ Behind that small change of semantics is a significant shift in backstage: moral value shaping replaces knowledge transfer as the most important educational goal in this China Top university. The change in Tsinghua’s guiding education model shows that moral values once again are regarded as more important and of greater concern.

What kind of moral accounts has Tsinghua produced and legitimized in this well publicized education reform? Moral value is superior to professional knowledge in university education. As Yang claims, “Utilitarianism is not the only standard in this world.”⁷⁰⁵ I argue, Tsinghua University’s reform should be viewed as a new shift in value orientation in Chinese university education. To note, ‘professional knowledge’ and ‘value’ are defined in Yang’s argument as a dichotomy.

This reform is momentous. At the graduate student level, in the spring semester of 2015, Tsinghua University opened 16 graduate academic norms and professional ethics education courses. Since the start of the education reform in April 2014, Tsinghua has opened 34 such kind courses. The academic norms and professional ethics education courses are included in the compulsory part of the curriculum--from September 2014, Tsinghua graduate students must complete at least 16 hours of academic norms or professional ethics courses.⁷⁰⁶

Yang underscores the importance of the reform at the graduate level in an official announcement offered to all students in Tsinghua University:

(This reform) will help students to enhance professional ethics awareness, enhance understanding of ethical norms, promote speculation and critical thinking in the face of complex practical issues, and be responsible in academic and professional ethical situations, and then make responsible judgments and choices. Ethics education is essentially important for shaping moral character, improving academic and professional

⁷⁰³ Tsinghua University Official Web page. <https://news.tsinghua.edu.cn/info/1013/63614.html>. Last access: 18.06.2019. Translated by the author.

⁷⁰⁴ Wan, “Graduate after finishing the study of Professional Ethics”.

⁷⁰⁵ Jiaxue Feng 冯嘉雪, “坚守伦理底线, 商业才有明天 [jianshou lunli dixian, shangye caiyou mingtian / Only by Sticking to Ethics Bottom, can Business Have Hope],” *中国新时代 [zhongguo xin shidai / China New Era]*, (Jul., 2011): 26-32.

⁷⁰⁶ Ibid. See also Tsinghua University Official web page. <http://www.tsinghua.edu.cn/publish/thu2018en/index.html>. Last access: 18.06.2019. Translated by the author.

ability, and raising the sense of social responsibility. Offering ethics education is the university's educational duty. It contributes to promoting campus culture.⁷⁰⁷

What is the mission of academic norms and professional ethics education courses? As early as the start of the course construction, Tsinghua University has clearly defined its mission: academic norms and professional ethics education courses should be integrated into normal common sense education, through learning and discussion, to stimulate students' critical thinking on complex practical issues, urge students to develop their moral awareness and sense of social responsibility, for making responsible value judgments and choices in academic or professional ethical dilemmas.⁷⁰⁸

Key words such as 'social duty', 'social responsibility' and 'mission' are ubiquitous in the documents of this reform. In the foregoing texts, Yang repeatedly emphasizes the "duty" of education, and of the educator, business manager and student. He argues, "many ethical issues do not have a universal answer. It is neither scientific nor rational. We often face difficult choices and need to endure some drawbacks."⁷⁰⁹ In fact, akin to professional knowledge and moral values, Yang categories ethics and science / ration as a dichotomy. In the syllabus of his critical ethical thinking class for economics students, he doesn't offer specific modern business ethics scientific knowledge. Rather, his selections of readings are all drawn from humanism and philosophy. He publicly refuses and criticizes the "rational choice analysis" in business ethics teaching and utilitarian way of thinking in his syllabus.⁷¹⁰

When Yang wrote about his teaching methods in his business ethics teaching cases book, *Do you understand my confusion?*, he concedes: "I am really very worried about the rationalization and intellectualization of such ethics courses, turning the 'ethics class' into an 'ethics knowledge class.'" He continues, "students learn a lot of ethical knowledge, but this knowledge cannot have an imprint upon their ethical thinking. This is the biggest failure of this type of course." He argues, "The core and basis of an ethical course should only be humanity. It is never about the calculation of gains and losses, rather about human beings and their thinking in real life. It is about nothing else but the meaning of life, when a complete human being with soul and spirit is faced with ethical dilemmas and challenges in reality."⁷¹¹ In my opinion, Yang locates himself onto the same track as the Chinese moral tradition. In a rather rough argument from Confucianism, morality is of the highest value to the individual and society.

Vice dean of SEM, Professor Qian Xiaojun, currently teaches ethics courses for undergraduates in SEM. In her business ethics course description, Qian writes:

This class is not intended to give you a correct answer, nor does it have the right answer.

⁷⁰⁷ Ibid.

⁷⁰⁸ Ibid.

⁷⁰⁹ Yang, Qian and Jiang, *Case Selection of "Critical Thinking and Reasoning" Course*, 1-2.

⁷¹⁰ Feng, "Only by Sticking to Ethics Bottom, can Business Have Hope", 28; Ibid., 3.

⁷¹¹ Yang, Qian and Jiang, *Case Selection of "Critical Thinking and Reasoning" Course*, I.

I hope that after you have taken this course, you can have your own moral value system, and you can think more when you make moral and ethical choices later in your life.

Students need to know how to deal with the complexity of human nature, society, motivation, and consequences in decision-making and choice; a choice should be responsible, or it is likely to bring unexpected bad consequences.

Responsible business leaders must have lofty aspirations, have a universal fraternity spirit, and have a sense of social responsibility and dedication. Responsible awareness is especially important because business leaders may influence the world in the future.

As a business leader, when making business decisions, it is necessary to consider business ethics, not just business interests; ... there are multiple factors, including employee benefits, consumer interests, environmental impacts, and social impacts.

It is unrealistic for all social problems to be solved by enterprises. It is also not desirable to require enterprises to carry forward the spirit of Lei Feng. Corporate responsibility includes economic responsibility, legal responsibility, environmental responsibility, and social responsibility. Economic responsibility is the basic responsibility that a company needs to bear, but the responsibility of a company is not just to make money. Enterprises have a multi-faceted relationship with society. Enterprises must be good at discovering social problems related to them and solve these problems through their own resources.⁷¹²

This course description and objects are more like a moral preaching. As vice dean, Qian delivers public speeches at every Opening Ceremony of the MBA Program in Tsinghua University. Her 2017 speech drew great attention among business leaders and social media; Afterwards, *Phoenix News* interviewed Qian about it. Here is part of excerpt:

Our mission is to “create knowledge, cultivate leaders, contribute to China, and influence the world”. The core values of our college are: integrity, honesty, and respect. These all involve “responsibility”, to China, to the world, to oneself, to others, to career and work.

What do we mean by “responsibility”? Everyone should first have great aspiration. So, what is great aspiration? “Great aspiration” refers to the will or determination to play a big role in the future. To establish a lofty goal requires a high level of aspirations. Only “great aspirations” can achieve “big achievements.” Big achievements mean taking a social responsibility and mission, making a major contribution to society and the country.

Besides having great aspirations, you should always adhere to the bottom line of moral conscience and be brave in social responsibility. In the future, many of you will be engaged in economic management and participate in commercial activities, which will inevitably deal with money and economic interests. In this case, the bigger the business is, the more it must adhere to the moral conscience, and the ability to abandon the temptation and drive of various short-term material interests. In fact, this is to abandon the ego and cultivate yourself...[L]ast but not least, as an MBA student at Tsinghua University, you should have a love for your homeland country, and learn how to bring rewards to society.⁷¹³

⁷¹² Qian Xiaojun’s “Business Ethics” Syllabus in 2017 Autumn Semester. Course Description. Student private copy.

⁷¹³ Xiaojun Qian 钱小军, “钱小军副院长致辞 2017 级清华 MBA 开学典礼 [Qian Xiaojun fu Yuanzhang zhici 2017 ji qinghua MBA kaixue dianli / Vice Dean Qian Xiaojun delivered an address on the Opening Ceremony of 2017 Tsinghua University MBA Programs],” Tsinghua

Qian Xiaojun raised ardent moral expectations for these MBA students, hoping that they would set their minds and think about how to make this world a better place, stick to the bottom line of moral conscience, be brave in taking social responsibility, and actively contribute to their country. Of course, this is a typical public speech in universities. What I would like to stress is what kind of morality understanding Qian wanted to guide and lead in Tsinghua: it is the emphasis of duty and contribution to society.

4.2.1.3. Moral Consciousness Argument

In Qian and Yang's opinion, the most important thing in education, is not professional, nor any specific knowledge, but building up a moral value system based on the student's own ability, critical thinking and sense of social duty. The methods they use are to expose students to all kinds of ethics knowledge and philosophies, theories and cases without any preference.

In the case of Tsinghua SEM, Yang Bin and Qian Xiaojun represent a particular group of Chinese business ethicists in China. They publicly object utilitarianism and pragmatism in the new market economy. Yang sets up a moral baseline as the justification of ethical education: everyone should have morality and sense of social duty, which is regarded as a justification of human being's existence. In this sense, Yang almost follows Chinese moralism tradition. The humanistic spirit of communal care for society lies at the heart of this argument.

Therefore, we can see, instead of teaching the students be rational in life, nor to make 'right' decisions in cases through the technical analysis popular in the U.S. business school model, Yang rather ardently pushes an education to be essentially moral, an education that encourages a general learning of moral and social responsibility. In Yang's claims and arguments, this kind of moralism is the predominant focus in business ethics education in SEM; the divide between 'useful' professional knowledge and 'useless' ethical thinking is notably evident. In Yang's view, it is even a dichotomy of world view. This in essence bears high similarity with Chinese traditional cultural elites, which I will systematically analyze in the conclusion part.

4.2.2. Guanghai School of Management and Sense of Social Responsibility

Education Model

Founded in 1898, Peking University was the first national university covering comprehensive disciplines in China, and has been a leading institution of higher

Official Web page: <https://mba.sem.tsinghua.edu.cn/news/8634.html>. Last access: 21. 06. 2019.
Translated by the author.

education in China since its establishment. It also served as the highest administration for education at the beginning of its founding. It labels itself as continually playing an essential pioneering role in the course of China's modernization.⁷¹⁴

Peking University was among first national universities that established schools of business and management in the late 1980s, and was also among the first group of national universities which were authorized by the State to offer business and management course for managers and MBA degrees in the 1990s.⁷¹⁵ Li Yining has been the dean of the School of Guanghua Management in Peking University since its foundation and also one of the most prominent economic educators and economic reform designer in China.⁷¹⁶ Until today, Li is still the honorary dean of Guanghua.

From his early academic life, Li showed great interest in morality issues in economics. Chinese top economists including Li Yining, Mao Yushi, Fan Gang, Zhang Shuguang, and Sheng Hong (see Appendix 2) all participated in the famous 'morality in market / economy debate' at the beginning of Reform and have published a large number of articles and books on moral issues in the market economy.⁷¹⁷ These economists are a group of economists who are deeply involved in the economics institutions setting up in China. During that time, what kind of economic and market institutions should China adopt was the top concern of this group. This debate could be regarded as a morality based epistemological reflection and discussion on the designing of Chinese marketization. It brought the business ethics discussions to its first peak in public.

This debate was the first time that Chinese top economists began to publicly talk about ethical thinking related with the new economic form. Before, Chinese mainstream economists were not involved in the field of morality research. Their sudden interest reflected the strong political concern about morality and echoed the social anxiety of disorder in the new market. As a mutual progress, because of these famous economists' great influence in Chinese society then, their debate prompted 'business ethics' topic draw even larger attention.

Li as main participant in this debate wrote two books about business ethics:

⁷¹⁴ Peking University Introduction: Peking University Official Web page. <http://english.gsm.pku.edu.cn/social/index.html>. Last access: 19.06.2019.

⁷¹⁵ Guanghua School of Management Official Web page. <http://www.gsm.pku.edu.cn/>. Last access: 21.06. 2019. Translated by the author.

⁷¹⁶ Li Yining: a leading voice for China's economic reform and marketization, the privatization of state-owned companies, and his advocacy led to the establishment of China's stock markets in 1990. Li is a long-time professor at Peking University. Among his former students are current Chinese Premier Li Keqiang and Vice President Li Yuanhao.

⁷¹⁷ Mao Yushi published "The Moral Prospect of the Chinese", Zhang Shuguang published "How Do Economics Discuss Morality", Li Yining published "Ethical Issues in Economics", "Beyond the Market and Government: The Influence of Ethical Factors and Economy", Sheng Hong published "Morality, Utilitarianism and the others", Fan Gang published "Immoral Economics". Detailed information see appendix 2.

Ethical Issues in Economics (1995) and *Transcending Market and Transcending Government: The Role of Moral Power in Economy* (1999). In these two books, he argues that he doesn't focus on the moral judgment of right and wrong or the evaluation of good and evil. Rather, he studies morality in the context of the operational needs of China's new market economic system.

4.2.2.1. *Li Yining's Understanding of 'Sense of Social Responsibility' and Guanghua School's Social Responsibility Education Efforts*

In general, a classification of business ethics could be according to the dominance of either economics or ethics. Functional economic ethics (and utilitarian ethics) sees ethics as functional for business, therefore, economic issues dominate ethical ones. Kantian economic ethics (virtue economic ethics) sees morality as dominant, whereby economics has to be subordinated to virtues. A lot of Western economic ethics approaches tend to find an equilibrated non-dominating relation between economics and ethics. How does Li view this relationship? Li argues that morality functions fundamentally and essentially in market development. He writes:

Due to market defects and government failures, relying solely on market regulation and government regulation cannot achieve the expected economic objectives. The gaps left by market regulation and government regulation should be fixed up by ethics and morality. Morality plays a role as adjustment that is used to fill the regulation gap, not only in trading activities, but also in non-trading activities.⁷¹⁸

Li proposes that morality and ethics regulation is a better and more efficient regulation tool than the formal regulation of market and government in business. Ethics' social integration and adjustment functions are influential in the space between the government's 'tangible hand' and the market's 'intangible hand'.

According to Li:

As the third regulatory tool, business ethics, working together with market and government, can maintain and guide the entire economy to a fairer and efficient direction. This function has two sources. One source comes from the actors in the market, that is, from each actor's inner self. In a nutshell, this power is called 'self-discipline'. Another source is 'community discipline'. Surrounded by the cultural traditions that are mainly composed of moral beliefs and ethical norms, actors have their own cultural and community identities. In the end, this two-fold discipline process can influence the social life, which can change the efficiency of resource utilization and the resource allocation pattern. Therefore, the binding force and effectiveness of ethics and moral regulation depend on the level of social members' recognition of communal values, shared moral beliefs, and self-discipline behaviors. In other words, morality as a means of maintaining social development forms an ethical trend that permeates social life through the moral constraints of individuals and the moral constraints in interpersonal relations. It helps business actors to form stable expectations of each other

⁷¹⁸ Yining Li 厉以宁, *经济学的伦理学问题* [jingjixue de lunlixue wenti / Ethics in Economics] (北京 [Beijing]:三联书店 [sanlian shudian], 1995), 23.

in the market and expands to the social outlook, which provides a systemic moral coordination and ethical order for the entire social and economic system.⁷¹⁹

It is worth noting that Li's basic argument is that morality's function is to increase the efficiency of the market, which ultimately promote national development. Here, 'efficiency' stands out as a key term in Li's argument. His moral reasoning work is themed as the relationship of business ethics and economic efficiency:

Economics is about efficiency. Economics always believes that efficiency is the most important.....Efficiency in the market has dual foundations, that is, the technical foundation and the moral foundation. We want extraordinary efficiency. Where does the extraordinary efficiency come from? It comes from the moral foundation of efficiency. For example, why did the Chinese have such great cohesiveness and enthusiasm in the wars against foreign aggression? It is morality that played a dominant role. When natural disasters come, why do we rescue and help each other, for what end? It is not for ourselves; it is for the community and the people. It is a spirit of fraternity and mutual help, and it is the function of the moral foundation. Why is the efficiency of an immigrant society so high? We could see the examples of the Hakka people. Their community is so successful because they are closely combined together by their family/ community ethics and morality."⁷²⁰

This text better illustrates Li's understanding of efficiency and morality. Both notions seem to be spirit oriented. Li believes that it is not nearly enough to seek to achieve efficiency in the market by simply utilizing material or technical means. He argues that technological means can only produce conventional or normal sense of efficiency, whereas morality is the ultimate true source of efficiency in the market. What is this moral foundation composed of? His answer is "a spirit of fraternity and mutual help" and "family/ community ethics". This is obviously not a Western economic rational perception.

In 2018, Li, as a leading economist, was invited to give a lecture in the 'The Commercial Press Master Lecture'; he chose morality as his topic. In this lecture, he once again stressed the importance of 'moral' and 'spiritual' factors for market actors, and for the efficiency that market craves for:

Efficiency issues have already broken through the limitation of the economic man mentality as "trying to realize the least cost and the greatest benefit". In social reality, the business actor is not merely economic man, but social man; the actor is not merely rational man, but also social living man. In social reality, people not only care about their own economic and individual interests, but also are more highly likely to share and to realize a win-win solution with others and with the whole society. This is the ultimate spiritual force that promotes social and economic development."⁷²¹

⁷¹⁹ Yining Li 厉以宁, *超越市场与超越政府: 论道德力量在经济中的作用* [*chaoyue shichang yu chaoyue zhengfu: lun daode lilian zai jingji zhong de zuoyong / Beyond the Market and Beyond the Government: On the Function of Morality Power in Economics*] (北京 [Beijing]: 经济科学出版社 [jingji kexue chubanshe], 1999), 72.

⁷²⁰ Ibid., 76-80.

⁷²¹ Li Yining's speech at "The Commercial Press Master Lecture", April 12, 2018, collected by Guanghai School Social Value and Responsibility Report. Downloaded from Guanghai School Official web page. <http://www.gsm.pku.edu.cn/info/1022/20063.html>. Last access: 20.06.2019. Translated by the author.

To note, Li argues that the spiritual power of shared identity is the morality source. He explains this approach as a strong rectification of the ‘economic man’ or ‘rational man’ argument in modern Western economics study. This spiritual and communal moral understanding demarcates him from Smithian moral understanding. Li further states: “In the market, there must be a perfect moral adjustment institution by virtue of which the market can function better. Businesspeople must have integrity. It is impossible to establish a market economy without credit and integrity.”⁷²² Here Li believes in the function of external ethics institution, which can adjust individual’s behaviors.

In the MBA program opening ceremony of Guanghai School, Li’s speech put heavy weight moral concern in his conclusion: “Our students must have integrity and a sense of social responsibility. And that’s the ultimate task of Guanghai School from the very beginning and for the future.”⁷²³ In this argument, Li agrees that education’s fundamental role is moral, is a means to instill and inculcate morality to students. These points make Li very close to Yang Bin and traditional Chinese moral thinking.⁷²⁴

Li’s stressing on efficiency is easy to understand: effect and efficiency in modern economic practice are central criteria. It also reveals Li thinks that theory must be in compliance with social practice. This dominance of efficient practice in relation with ideology akin to Deng Xiaoping, as I have revealed in chapter 1, section 1.2.1. This may explain why Li lays strong emphasis on efficiency in his arguments about Chinese market reform direction. As I have analyzed Deng’s pragmatic thinking in economy reform ideology,⁷²⁵ this efficiency idea may locate itself in the Confucian ‘knowledge’ and ‘action’ dualism of morality, exemplified by Neo-Confucian master Wang Yangming, “the genuine affirmation of a moral law is the practicing of it, and a knowledge of how to do something is the doing of it: only experience is real knowledge.”⁷²⁶ Or, it may be influenced by modern Western economic thinking. However, Western economic efficiency doesn’t claim itself to originate from communal / group identity of market actors. This thought actually coincides with traditional Confucian moral thinking, instead of Western influence.

Li’s moral reasoning paradigm in his book *Ethical Issues in Economics* is special. This book refers ethics in its title, whereas the main chapters are as following:

⁷²² Ibid.

⁷²³ *Guanghai School Social Value and Responsibility Report*. Downloaded from Guanghai School Official web page: <http://www.gsm.pku.edu.cn/info/1022/20063.html>. Last access: 20.06.2019. Translated by the author.

⁷²⁴ Mao’s Moralism analysis see chapter 1, section 1.1.1.2.

⁷²⁵ See chapter 1, section 1.2.1 and conclusion.

⁷²⁶ David S. Nivison, “‘Knowledge’ and ‘Action’ in Chinese Thought since Wang Yang-ming” In *Studies in Chinese Thought*, ed. Arthur F. Wright (Chicago & London: The University of Chicago Press, 1981), 119.

1. Study of efficiency and equity.
2. Property rights transactions.
3. Macroeconomic policy objectives.
4. Personal consumption behaviors.
5. Seven aspects of investment behavior.
6. The cost of economic growth and reasonable economic growth rate.⁷²⁷

Throughout this book, there is no philosophical or moral ideas content at all. At most are the Western mainstream macro- / micro-economics theories and market theory research paradigms. If Li insists that morality is of higher value than economic means, how can he avoid talking about morality or ethics itself in his business ethics book?

In this book, Li focuses a lot on the ‘motivation’ of actor. Li emphasizes the compatibility of moral motivation and self-interest incentive. The essence of Li’s argument is, that as members of a group, members motivate them to work for the realization of public interests and common good goals when her / his legitimated self-interest is satisfied. And he admits that it is a necessary premise of economic development that members of society can act from self-motivation and self-interest. Interestingly, this argument is typical Smithian, which forms a contrast with his former argument. Later in this book, Li contends that actors “would voluntarily place common goals above personal interests when personal interests and public goals conflict,”⁷²⁸ as long as society respects legitimated motivation personal interests. This emphasis of ‘sacrifice individual interest to public interest’ again divides him and Adam Smith.

He argues the sustained enthusiasm and creativity of actors are actually derived from moral motivation and the moral discipline of the self.⁷²⁹ In this aspect, Li believes that economic success is promoted as an overt self-motivation for common good. This moral thinking, which stresses on self-sacrifice and spiritual power on material world are, however, not Smithian, but exactly in line with Chinese traditional moralism, as I have shown in chapter 1. What makes him different from Mao’s moralism is the legitimization and justification of individual interest and market, and which make Li closer to Deng’s pragmatic thinking.

The understanding of self-interest should be related with his account of ‘fairness’. In the same book, Li explains his understanding of fairness:

There are three definitions of fairness in economics: one is equal distribution under special conditions; one is equal opportunity; one is reasonable disparity in incomes.

The problem is, the research of this issue from an economics aspect stops here. Is it true that there are only three definitions? We should go beyond the economics discipline. For instance, from management, ethics, sociology, we could find a fourth explanation, that is, fairness comes from identity. Everyone lives in groups and communities. If you

⁷²⁷ Li, *Ethics in Economics*.

⁷²⁸ *Ibid.*, 47.

⁷²⁹ *Ibid.*, 51.

agree with your community's identity, you will experience a sense of fairness. Community could be as small as a family, or as big as a society. For example, if one family has three children, and the parents were very poor when they raised up the first child, so the parents can only afford to educate the first child till middle school. As the family economic situation became better off, the second child could go to college, the third child could go abroad. None of the three children will feel unfairness if they have the sense of family identity and understand the parents' real situation. This indicates that identity produces a sense of fairness.

Therefore, I think we should combine these four definitions together; fairness includes equal distribution under special conditions, reasonable income disparity, and cultivating a sense of identity. A school should have school culture; a corporation should have corporate culture. The most important thing is cultivating a sense of identity, which is the only way to produce team spirit.

Efficiency has two foundations: one is the material technological foundation, for instance, advanced techniques and equipment; the other one is the moral foundation. The former foundation can only produce regular efficiency; the latter can produce extra efficiency. There are many examples in this aspect. When a nation or a country is faced with foreign aggression, the cohesive force of the whole nation would become very strong. This is because efficiency's moral foundation plays a role. Shenzhen was a small village 20 years ago. The immigrants together made today's success happen. This exceptional development is also thanks to the power of their community spirit and identity.⁷³⁰

In this passage, identity, in Li's view, is a category belonged to morality. He argues 'identity' mainly refers to "national and community identity". Fairness and justice come from a communal and social identity. This point is well explained by him: Fairness is based on the recognition and acceptance of communal identity. Within a group, the higher the recognition degree of communal identity, the stronger the sense of fairness and justice among members. When members of the society generally feel that they are participating in the group with a respected and harmonious atmosphere on the basis of recognition of self-interest, their sense of fairness will increase the efficiency of social coordination.

Let me further explain the relations. Yi states that efficiency in the market has a technological foundation and a moral foundation. The moral foundation should be reckoned as more fundamental and can play a unique role in special situations, like wars and crisis. Why? Because during war or crisis, the sense of communal identity is strengthened and urges people to fight together for the community well-being. So, the sense of communal identity belongs to the moral foundation or becomes part of moral foundation. Meanwhile, communal identity produces fairness and justice. In all, communal identity not only produces fairness but also forms the moral foundation of efficiency. The sense of communal identity is operational in practice, which could be realized through education. It is the key to the success of the market, the economy, and the whole society.

It seems plain that Li lends huge weight to the cultivation of the sense of collective identity in his moral reasoning. According to him, morality, efficiency

⁷³⁰ Ibid., 148-50.

and fairness all come from one source: a sense of communal identity. Socially recognized self-interest is the prerequisite. In fact, up to this time, Li hasn't yet used the term 'social responsibility', which may be due to the fact that this term had not yet been translated into Chinese.

On January 6, 2013, 'The 14th Peking University Guanghai School New Year Forum' was held at Guanghai school. The theme was 'Social Responsibility, Value Sharing and Governance'. Li as dean made a speech. In this speech, he talked about the relationship of faith [信念 *xin nian*] and social responsibility:

As soon as the Cultural Revolution took place, the facts were reversed and there was no distinction between right and wrong. People lost their faith. Therefore, the current crisis in China is a crisis of faith. A nihilistic and decadent attitude emerged, which hindered our progress and made everyone feel less socially responsible.

When we talk about social responsibility, we must keep in mind that social responsibility is related to religion; but it is not necessarily a matter of religion, but rather of faith.

Social responsibility must come from faith. Religion has religious faith, political parties have the convictions of politics, every nation has national convictions, and with such faith, the individual accepts social responsibility.

As far as our country is concerned, there used to be strong faith. Before the liberated era and the establishment of the People's Republic of China, the whole country was invaded and we endured foreign imperialism for 100 years. Today, there is finally a good era. We must try our best to build upon it. Today, social responsibility requires the establishment of a new faith to guide everyone. What is this faith? It is to make our nation better and our society happier, so that everyone can play their part in a good society. In this way, I believe that the essence of social responsibility will become a concern for people in the future.⁷³¹

The term 'faith' is identified with a 'sense of communal identity'. Both stress the importance of common good. Related with the foregoing arguments, Li believes faith, or conviction, a sense of identity, in particular communal identity, and a sense of social responsibility are the wellspring of market and society development. Furthermore, he stresses that the faith is "the faith of persistent Chinese civilization from past to now." As the dean, he argued "we have attached great importance to the cultivation of students' sense of social responsibility since Guanghai School's first day of foundation. Guanghai School will as in the past make every effort to cultivate entrepreneurs with a sense of social responsibility".⁷³² In general, Guanghai School is operated in accordance with this moral guideline. I will introduce the 'sense of social responsibility education' model of Guanghai school in the next subsection.

⁷³¹ Yining Li 厉以宁, "颓废主义、虚无主义导致信念危机 [tuifei zhuyi xuwu zhuyi dao zhi xinnian weiji / Decadence and Nihilism cause the faith crisis]" <http://finance.ifeng.com/opinion/zjgc/20130108/7527112.shtml>. Last access: 25.06.2019. Translated by the author.

⁷³² Guanghai School Social Value and Responsibility Report, 1.

4.2.2.2. *Guanghua Management School and its ‘Sense of Social Responsibility*

Education’ Model

Guanghua Management School has consistently been regarded as one of the top business schools in China. Guanghua proclaims itself as a flagship of social responsibility education among Chinese business schools. Guanghua claims its most distinctive feature is its ‘Sense of Social Responsibility’ education model.⁷³³ On Guanghua’s web site, it is written: “Inculcating the sense of social responsibility is the ultimate duty of our business school.”⁷³⁴ In Guanghua’s 2018 ‘Social Responsibility Value Report’, its dean Liu Qiao claims: “Guanghua realizes the importance of social responsibility in the process of fulfilling its mission and pursuing its aims. We explore actively in the aspects of sustainable education, inculcating values in students and researching social responsibility. We are trying our best to instill the sense of social responsibility into every aspect of Guanghua.”⁷³⁵

This education model is composed of annual CSR teaching symposium, Social Responsibility course cluster, Social Responsibility Practice project, a Social Enterprise Management Master Program and Guanghua Social Responsibility and Social Value Research center. I will introduce and analyze each in the following.

‘Corporate Social Responsibility Teaching in Chinese Business Schools’ Symposium

Among the top Chinese business schools, Guanghua is prominent for its ‘Corporate Social Responsibility Teaching in Chinese Business Schools’ Symposium. Supported by the National MBA Supervision Committee, Guanghua has hosted it nine times since 2010, once per year. This symposium attracts the most influential scholars, educators and business schools’ administrators in China. It is acclaimed by Guanghua’s education committee as the best illustration of Guanghua’s ambition and experience in social responsibility education and a symbol of its leading role in Chinese Business Schools.

The themes of the Symposiums are all centered around CSR teaching. For instance, the first symposium in 2010 was on ‘Global Perspective and Capacity Building of Corporate Social Responsibility’, which included keynote speeches, round table discussions, case teaching simulations, group and free discussion, and public discussions. During the four-days seminar, participants commented on the progress of CSR theory and practice, analyzed CSR innovation cases, shared relevant teaching experiences, and explored effective interactions between

⁷³³ Ibid.

⁷³⁴ Guanghua School of Management Official Web page. <http://www.gsm.pku.edu.cn/>. Last access: 21. 06. 2019. Translated by the author.

⁷³⁵ Guanghua School Social Value and Responsibility Report, 2.

governments and enterprises, learning and research, thus serving the teaching of business ethics in national business schools. This symposium also includes displays on the setting-up and construction of CSR and sustainable development related courses. The next seven symposiums followed the same organization pattern. The contents of these symposiums cover almost every aspects of CSR teaching as a discipline.

Social Responsibility Teaching in Guanghai School

Guanghai designs a cluster of social responsibility courses. As indicated in the annual report, “We keep increasing the social responsibility courses for different degree programs. Among them, there are academic master courses as well as practical operations courses.”⁷³⁶ Here is a summary of those courses:

Table 5. Guanghai Cluster of Social Responsibility Courses

Course Name	Project type	Course Name	Project Type
China Economic Reform and Development	Bachelor; Master	Socialist Political Economics	Bachelor; Master
Cooperate Ethics	Bachelor	Green Management	Master
Socialist Economy Theory and Practice	Bachelor; Master	Green Finance and Social Responsibility Investment	Master; MBA
Knowledge and Innovation Management	Master	Non-profit Association Law and Regulations	MBA
Commonweal Organization Governance	MBA	Medical System Overview	MBA
Commonweal Frontier	MBA	Medical Health Industry Overview	MBA
Science Spirit and Science Literacy	MBA	Corporate Social Responsibility and Ethics	MBA
Principles of Commonweal	MBA	Industry Course: Medical Health	MBA
Industry Course: Cross-Border Commonweal	MBA		

(Source: Guanghai School of Management Social Responsibility Value Report 2018)⁷³⁷

According to Guanghai 2018 report, this cluster covers the content structure of the Aspen Business School Social Responsibility Evaluation Framework. The range of courses follows the core values of the ISO 26000 ‘organization responsibility’ guidelines and ‘The Principles for Responsible Management Education’.⁷³⁸ What make it different is ‘commonweal management’ as a main category in this cluster.

⁷³⁶ Li, *Beyond the Market and Beyond the Government: On the Function of Morality Power in Economics*, 3.

⁷³⁷ Guanghai School of Management Social Responsibility Value Report 2018. Published: 04.2019 in the official Website of Guanghai School of Management. Downloaded from <http://www.gsm.pku.edu.cn/info/1022/20063.html>. Last access: 01.07.2019. Translated by the author.

⁷³⁸ *Ibid.*, 77.

Guanghua claims that it is the first business school to have set up a master program of commonweal management (Official title: Master of Social Enterprise Management (MSEM)).⁷³⁹

For all MBA programs in Guanghua, there is one core mandatory course on business ethics, which is named “Corporate Social Responsibility (CSR) and Ethics”. Hereafter is the syllabus content:

Table 6. Corporate Social Responsibility and Ethics Course Plan

First Lecture Series	Second Lecture Series	Third Lecture Series	Fourth Lecture Series
Responsibility Insight	Responsibility Decision-making	Responsibility; Operation and Management	Responsibility Investment
1.The Social Responsibility of Business is to Increase its Profits - Milton Friedman	1. Case: Beech-Nut Apple Juice scandal; Meng Niu Milk Co.	1. Case: PX Program in China; <i>Canon</i> (Japan)	1. Case: <i>New South Artemisinin Tech.Co.</i> innovation
2. The Good, the Bad, and the Ugly - S.Banejee	2. From Cooperate Ethical Decision-making to Social Responsibility Decision-making	2. Key point: CSR (sustainable development) is the resource of innovation	2. Corporate welfare input and social responsibility investment
3. GRI Sustainability Standard and ISO26000 CSR Standards	3. Decision: PX Program in China; Canon (Japan)	3. CSR operation and management cases, interpretation and discussion	3. Dow Jones Sustainability Indexes, DJSI; Impact Investment
4. Theoretical Bases: Economics theories/ Ethics theories: moral reasoning methods; moral relativism and absolutism/Law theories	4. CSR operation and management cases	4. Cases of CSR Failure	4. Types of Impact Investment and Social Responsibility Investment: cases
Profession Basics: (1) Interface Management: Rob van Tulder (2) Stakeholders theory (3) Business case and paradoxical frame (4) Relation of corporate social performance and financial performance. (5) Charity and strategic social responsibility			

(Source: Manuscript of Corporate Social Responsibility and Ethics Course)⁷⁴⁰

⁷³⁹ Ibid., 79.

⁷⁴⁰ Manuscript of Corporate Social Responsibility and Ethics Course. Winter Semester, 2015. Student private copy. Translated by the author.

Comparing this with Tsinghua SEM's 'Critical Thinking and Moral Reasoning' course, we can see that, in this core course, the origins of the thought and values that this course tries to emphasize are very different. Basically, in Guanghai, the focus of the business ethics course is on 'operation', 'skills' and 'practical technologies', which are mostly directly imported or developed from modern Western popular CSR theories. Very little philosophy or ethical thoughts (in Lecture 1 section 3, 2 hours' length) is introduced to students. And this part is even combined with the law part. A large amount of the teaching content is about 'social responsibility operation skills', 'social responsibility management knowledge' and 'cases analysis'.

Based on my research of Guanghai's website, from 2016 to 2018, there are in total 56 papers and degree dissertations (bachelor, master and PhD) that are written about the theme of social responsibility. In these papers and dissertations, there are no 'philosophical ethics' topics. Most of the topics are around 'CSR management', 'social charity project design', and 'CSR cases analysis'.⁷⁴¹ This result tells us that the social responsibility discourse in Guanghai prefers modern scientific analysis and technology semantics with a focus on efficient strategy design and result oriented. It is hard to deny there is no U.S. business education model influence in Guanghai school.

Social Responsibility Practice: Bijie Project

How does Guanghai justify its social responsibility education? On its web page, it states as the school's motto: "To become a world-class business school, foremost, we must be aware of the responsibility to society and the country". Guanghai claims that its most important aim is to combine social responsibility practice with knowledge teaching.⁷⁴²

There is one famous social responsibility practice project in Guanghai, and it has been highly valued by the Guanghai School committee and State MBA Teaching Supervision Committee. It is Guanghai's 'Supporting the Poor' project in Bijie, Guizhou since 2005.⁷⁴³ In 2009, it started the second part, education support part. Li Yining himself is very proud of this project and lists it as one the most significant achievements of Guanghai's 30 years history.⁷⁴⁴ In 2019,

⁷⁴¹ Guanghai School of Management Social Responsibility Value Report 2018, 98-100.

⁷⁴² Guanghai School of Management Social Responsibility Value Report 2019. Published: 04.2020 in the official Website of Guanghai School of Management. Downloaded from <http://www.gsm.pku.edu.cn/info/1022/20063.html>. Last access: 10.05.2020. Translated by the author.

⁷⁴³ Bijie is one of the most impoverished and backward areas in Guizhou Province. Until 1987, the per capita industrial and agricultural output value of the whole district was only 288.9 yuan(RMB), the per capita income of farmers was only 184 yuan, the per capita food was less than 200 kilograms, and the unsettled population reached more than 3 million.

⁷⁴⁴ Yining Li's Speech 厉以宁, Guanghai School's official web page: "社会责任:大学商学院和 NGO 的使命 - 2013 北大光华新年论坛第一分论坛 [Social Responsibility:

Guanghua held a huge celebration for the 10 years anniversary of this project.

The project includes three parts: In the first, the town cadres from Bijie area went to the Guanghua School to study management courses, including China's macroeconomics, strategic management, and changes in government functions. This part started in 2005. In the second part, since 2009, Guanghua launched the 'Guanghua-Bijie Boya Book Project'. The main activity is to consistently donate books to Bijie schools and set up libraries for primary schools in Bijie year by year. The third part, which started at the same time, consists of Guanghua MBA students teaching in Bijie primary and middle schools for short periods of time, usually 2-3 months as volunteers. Chief Secretary of the State MBA Teaching Supervision Committee, Tong Yunyi, believes that this Bijie project fully highlights the nature of social responsibility education at Guanghua and should be taken as model of CSR education in China: "initiatives should be made by our business schools, especially the business schools in big cities, to cooperate with some poor and remote areas to do some concrete projects that can promote the common progress of Chinese social development."⁷⁴⁵

In discussing the Bijie project's significance, Business ethics and Social Responsibility Professor Wang Liyan from Guanghua argues: "for business schools, on the one hand, we must pay attention to ethical education. On the other hand, we must also pay attention to techniques and risk management education. How to balance these two kinds of skills is an art. In fact, practicing public welfare is the best way. Practicing public welfare and cultivating the student's personality both start from practicing small things. The students who are being cultivated in our school can meet the requirements by showing the following: first, they are able to do hard work, second, they are responsible for themselves and others, and third, they are able to continue to develop themselves. In fact, the Bijie project is making a great contribution to our society."⁷⁴⁶

There are some key points in this argument: Practicing in ethics has priority over moral thinking or preaching. Ethics education is as important as technique knowledge learning. Education's role is to help student to develop herself. Bijie project best illustrates what does 'social responsibility' mean in Guanghua. In comparing with Yang Bin's arguments, almost nothing is the same. This Bijie project of Guanghua in fact interprets social responsibility as a way of approaching to and even practicing social fairness. This point is absent in Tsinghua's case. It

University's Business School and NGO's Mission - 2013 Peking University's New Year Forum, the First Sub-forum"]. <http://www.gsm.pku.edu.cn/info/1509/19852.htm>. Last access: 09.07.2019. Translated by the author.

⁷⁴⁵ Yunyi Tong 仝允桓, Guanghua School of Management Official Web page.

<http://www.gsm.pku.edu.cn/info/1509/19852.htm>. Last access: 21. 06. 2019. Translated by the author.

⁷⁴⁶ Liyan Wang 王立彦, Guanghua School of Management Official Web page. <http://www.gsm.pku.edu.cn/info/1509/19852.htm>. Last access: 21.06. 2019. Translated by the author.

reveals the mindset behind the design of projects: social fairness means the stronger / richer help the weaker. Stronger/richer has the social duty to help the weaker.

In reality, Guanghai school and its MBA students help the poor local schools by volunteer teaching and donations in China's less developed western area. As dean Liu Qiao introduces the most significant of Guanghai's social responsibility achievements in the 2018 report, he says: "On the basis of the Midu Counterpart Poverty Relieving Project and the Bijie Experimental Poverty Supporting Project, we utilize our school's advantage, actively integrate alumni resources and social resources, and explore poverty supporting new mechanisms."⁷⁴⁷ In Liu's argument, this kind of 'poverty relief project' is an important teaching method of cultivating students' sense of social responsibility by virtue of doing good deeds. This understanding of practice in social responsibility teaching differentiates itself with the common way in U.S. business schools.

'Center for Social Responsibility and Social Value' and the MSEM program

Guanghai officially established the 'Center for Social Responsibility and Social Value' in June 2012. The Center aims at promoting Guanghai's social responsibility research and teaching. It expresses its mission as: "leading China's business education to flourish in value creation and value enhancement."⁷⁴⁸ The center is an interdisciplinary functional platform of Guanghai School of Management. Its members come from different professional departments of Guanghai, and the motto is "to better explore social responsibility, social value theory, sum up social responsibility and social value practical experience, and promote social responsibility and social value."⁷⁴⁹

In this center, a new master program called Social Enterprise Management (MSEM) was jointly initiated in 2014 by Peking University (PKU), Guanghai School of Management (GSM), Yintai Investment & Finance Group, and Yintai Foundation. Its initiative is "for long-term human resources development in the Chinese philanthropic sector", and for "promoting labor specialization and career development of philanthropic professionals".⁷⁵⁰ It offers two-year modular teaching for "senior managers and social entrepreneurs who have passion for public welfare, and cultivates their sense of social responsibility, innovation orientation, management and execution capacity".⁷⁵¹

One key part of this MSEM program is 'MBA&MSEM Volunteer Teaching Project'. It is a charity project, which sends student candidates to volunteer teaching in remote and village schools across China, akin to the Bijie project. On

⁷⁴⁷ Guanghai School of Management Social Responsibility Value Report 2018, 101.

⁷⁴⁸ <http://en.gsm.pku.edu.cn/msem/index.htm>. Last access: 21.07.2019. Translated by the author.

⁷⁴⁹ Ibid.

⁷⁵⁰ Ibid.

⁷⁵¹ Ibid.

the website, the introduction of this program writes: “aims to find out the developing needs of areas which are short of educational resources. The group of volunteers advance charity by means of social and business practice and build up a wonderful world using ‘a philanthropic heart and commercial tools’.”⁷⁵² The students of this program are scheduled to be trained in business techniques to manage the philanthropy as managing a business or a company. The importance of volunteer teaching in remote schools is emphasized as main task. The role of this volunteer teaching practice is claimed in Guanghai School annual report as a practical tool for cultivating the students’ ability of managing business projects and their sense of social responsibility as well.⁷⁵³ We could see that this claim shares the same grounding with Bijie project: practicing social fairness as a symbol of social responsibility and laying special emphasis on practice in business education.

4.2.2.3. *A Modern Practical Argument*

In the development of Guanghai school as a famous brand of Chinese business school, Li and the Guanghai school directors focus on cultivating the ‘sense of social responsibility’ as Guanghai’s label, in particular its practical aspects.

They emphasize the determinate role of practice especially in re-constructing social values and increasing morality in business. Li’s understanding of ‘social responsibility’ concentrates on ‘sense of social shared identity’, ‘reducing poverty for social fairness as duty’ and ‘working together for a better China’. All these notions should be operational and must apply in practice.

Guanghai’s social responsibility education practice design embodies the U.S. business schools’ social practice model: charitable activities, donations, volunteer work and a master degree of charity management. However, the understanding of ‘social’ and ‘fairness’ and the related actions are totally different from its Western model. Bijie project and MSEM practice project are oriented to certain groups: cadres, children and farmers. In classical Western business ethics view, this is an individualistic orientation. Because they don’t touch upon institutional aspect, which belongs to ‘social’ ethical category. Guanghai’s social responsibility teaching practice could hardly be regarded as ‘social’ efforts in Western view. Hence, Li’s understanding of ‘social’ and ‘self’ in his overall arguments is oriented to the indigenous traditional Chinese understanding of *gong* and *si*.⁷⁵⁴ In Chinese context, *gong* refers to public and social, which is the sphere outside of self-centered private circle, the opposite of self.

In Guanghai’s case, when Bijie local people receive Guanghai’s help, it indicates this activity belongs to *gong* category and is a socially responsible action. Because it is not oriented from *si* / self-interest. Social action doesn’t necessarily

⁷⁵² Ibid.

⁷⁵³ Ibid.

⁷⁵⁴ The dichotomy of *gong* and *si*. See page 25, 85 and 88.

be an institutional action or organizational action in Chinese context. Li interprets ‘social fairness’ as “the whole nation should have a balanced economic development”. He emphasizes “the stronger / rich are responsible to help the weaker / poor through virtue deeds and moral consciousness” and getting fairness through obtaining sense of communal identity as core of fairness. Comparing with Communist ideal, this resembles the *Da Tong* ideal in essence, for its stress on moral duty of rich and educated people.

On the other hand, scientific and technical knowledge mindset also dominate in this argument. Their claims are mostly based on modern rational and scientific semantics. By relating Li Yining’s claims and arguments concerning the relationship of the sense of social responsibility and efficiency in the market, a clear path is revealed. Li is neither a pure moral idealist nor pan-moralism believer. He meanwhile keeps stressing the compatibility of modern science and techniques from Western economic theories, the social acceptability and rationalization of self-interest and the morality of the market, and he tries to combine them to serve for the nation, in particular in business education. His insistence of efficiency may sound like modern Western thinking. However, we should not neglect his efficiency is understood and practiced from the perspective of spirit and will, and morality is the foundation because of the nature of being. Efficiency in economy pertains to the moral ideal of achieving social fairness and a national rejuvenation dream. Hence, this interpretation of efficiency in practice follows the tradition of Neo-Confucianists, as Deng Xiaoping’s pragmatic reform ideology did.

It is worthy to note, this is a distinctive business ethics argument in Chinese business schools. Western science is clearly regarded as an important means that can promote the efficiency in business practice, and this view is intertwined with Li’s moral world view: on the one hand, he believes the source of morality, efficiency and development come from spirit and will power. Morality’s normativity comes from the intrinsic human/inner spirit which is different from a scientific rational thinking; on the other hand, the world could be better through science and technology practice.

4.2.3. Confucian Entrepreneur Discourse Development in Chinese Academia

In a civilization such as China, that has three thousand years of written history records and, over a very long period, great confidence in its holistic culture, it is not new or strange to find attempts in the society to solve the business ethics reconstruction problem that directly draw from traditional Chinese cultural resources. What makes this process more particular is that this tradition had in recent memory been fiercely rejected and precluded.

The early 1980s saw the rise of New Confucianism. Some Chinese scholars in the United States and Taiwan, such as Yu Ying-shih and Tu Weiming, decided to pave a new way out of Max Weber’s classical analysis of Confucianism and

Capitalism. They tried to prove that Confucianism is the primary spiritual and ethical resource of modern East Asian's giant economic development.⁷⁵⁵ These scholars argue, the Weber's argument about Confucianism impeded Asian modernization process was proven wrong. These millennial-old ethical traditions - from Confucius and Mencius in the Pre-Qin Dynasty, to Neo-Confucian Wang Yangming in the Ming Dynasty and the Qian-Jia Sinology of the Qing Dynasty - were said to share the theme of benefiting business and being good for the society. Tu and Yu, as the New Confucians, argue that, many ethical concepts of Confucianism have a natural connection with the modern business spirit.

Today, although Yu Ying-shih and Tu Weiming's views on solving the ethical crisis of modern society with New Confucianism have not been widely recognized in the Western intellectual community, they are gradually forming mainstream opinion in Chinese business academic circles. This is how the 'Confucian Entrepreneurship' discourse has come about. Its emergence is being advanced by New Confucian scholars such as Tu Weiming, Zhou Chengchun, Cheng Zhongying and Li Honglei through their personal influence and continuous promotion in China's intellectual communities and business world.⁷⁵⁶ These New Confucian scholars work as prestige professors in top Chinese and overseas universities. Together with the influence of the top universities as the leaders of Chinese higher education, the 'Confucian business ethics' in Chinese business ethics discussion has become an increasingly important and significant voice in China now.⁷⁵⁷

As the first milestone, in Oct 2006, Tu Weiming, then President of Yanjing Institute at Harvard University, and Professor Zhou Shengchun from the School of Economics at Zhejiang University jointly founded the 'Confucian Entrepreneur and East Asian Civilization Research Center' at Zhejiang University. For five consecutive years, five 'Confucian Entrepreneur Forum' were held at Zhejiang University. This was the first national public activity on the topic of the Confucian Entrepreneur.⁷⁵⁸

⁷⁵⁵ Bangguo Sheng and Aiguo He 盛邦国,何爱国,“儒家与现代化:反抗与调试 [rujia yu xiandiahua: fankang yu tiaoshi / Confucianism and Modernism: Resist and Adjust]”, *二十一世纪 [The 21st Century]*, vol.35, no.2 (Feb., 2005). <http://www.cuhk.edu.hk/ics/21c>. Last access: 04.06.2019.

⁷⁵⁶ Matthias Niedenföhr, “Re-Thinking Entrepreneurship from a Chinese Perspective,” <https://www.linkedin.com/pulse/re-thinking-entrepreneurship-from-chinese-perspective-niedenf%C3%BChr>. Last access: 01.07.2019.

⁷⁵⁷ Ming-Jer Chen, “Competitive Dynamics: Eastern Roots, Western Growth,” *Cross Cultural & Strategic Management*, vol.23, no. 4 (Oct., 2016):510-30; Xiaobo Wu, “Where are Chinese Business Ethics”, *Sixth Tone*, <https://www.sixthtone.com/news/1140/where-are-chinas-business-ethics%3F>. Last access: 01.07.2019.

⁷⁵⁸ Ming Xu and Mengna Xu ed.明旭,徐萌娜,儒商与东亚文明 [rushang yu dongya wenming / Conversation on Confucian Entrepreneurs], *Journal of Zhejiang University*, vol.37, no.1 (2007):5-15; Peking University, World Ethics Institute Beijing Official Web page. <https://weibenglish.sinaapp.com/>. Last access: 01.07.2019.

As the first academic institute to coined the concept of the ‘Confucian Entrepreneur’, the ‘Confucian Entrepreneur and East Asian Civilization Research Center’ in Zhejiang University contends: “Confucian Entrepreneur refers to a group of public intellectuals who care about politics, participate in social affairs, pay attention to culture development, and embrace Confucian moral thinking.”⁷⁵⁹ The research of the ‘Confucian Entrepreneur and East Asian Civilization Research Center’ so far has focused on:

1. The relationship between modern Confucian entrepreneurs and their native geographic roots. For instance, it was argued that the modern Confucian entrepreneurs mainly come from the regions that traditionally had thriving business cultures and influential chambers of commerce, such as the Zhejiang entrepreneurs, Shanxi entrepreneurs, Hui entrepreneurs, and Chao entrepreneurs;
2. The issue of honesty and integrity in marketization conflicts;
3. Confucian entrepreneurs and family enterprises;
4. How Confucian entrepreneurs distinguish between instrumental value and intrinsic value in the process of forging long-lasting success;
5. Exploring the Confucianism spirit in the perspectives of Confucian entrepreneurs and their business;
6. The entrepreneurial spirit and East Asian civilization in the perspective of ‘through learning to achieve innovation’, and understanding the value system’s East Asian characteristics and its modern transformation.⁷⁶⁰

In 2012, with the support of the German Karl Schlecht Foundation (KSG), University of Tübingen and SANY Heavy Industry Co., Ltd, the World Ethics Institute Beijing (Hereafter. WEIB) was established at Peking University and nominated Tu Weiming as its first director. Since 2013, six annual ‘Discourse(s) on the Confucian Entrepreneur’ have been hosted by WEIB, with cooperation with other educational institute. The 2018 ‘Discourse on the Confucian Entrepreneur’ was held as the XXIV World Congress of Philosophy’s invited session. This event is widely regarded as a symbol that Confucian business ethics discourse is being brought to the fore.⁷⁶¹

In 2014, under the joint promotion of Li Ka-shing (Hong Kong business magnate, financed the foundation of Cheung Kung Graduate School), Tu Weiming and Xiang Bing (dean of Cheung Kong Graduate School of Business), CKGSB conducted a curriculum reform, which introduced the humanistic ethics into the core teaching system of CKGSB. CKGSB is the first Chinese top private business

⁷⁵⁹ Jinxia Lu 陆金霞, “儒与商的碰撞 [ru yu shang de pengzhuang / The Collision of Confucianism and Entrepreneurship],” *Zhejiang University News Report*, Zhejiang University Official web page: <https://www.qsc.zju.edu.cn/news/article/2016/11/>. Last access: 01.07.2019. Translated by the author.

⁷⁶⁰ Zhejiang University Official web page: <http://www.ccsper.com/scholar.aspx?k1=2&k2=6>. Last access: 01.07.2019. Translated by the author.

⁷⁶¹ Peking University, World Ethics Institute Beijing Official Web page. <https://weibenglish.sinaapp.com/>. Last access: 01.07.2019.

school that carried out humanistic ethics-oriented teaching reform. I will explain this reform in more detail in the next subsection.

Since 2016, annual ‘Bo’ao Confucian Entrepreneurs Forum’ has been held in Bo’ao city, Hainan province. This forum is non-profit and international, attracting high-status politicians, scholars and entrepreneurs. It claims its purpose as promoting “communication among political, business and academic leaders”.⁷⁶² According to the introduction on its website, “the tenet of the forum is: *Dao* creates wealth, virtue helps the world; the mission is: promoting business with Confucianism and repaying the country through business; the task is: constructing a platform for communication between scholars and entrepreneurs, helping companies to develop healthily and contributing to social development.”⁷⁶³

The main topics of Bo’ao forums and the participants themselves are much more oriented towards business practice and the relationship between the state and businessmen.⁷⁶⁴ In 2019, the conference’s theme is ‘The Confucian Entrepreneur and the World: developing together, winning together and sharing together’. Topics include, for example: China’s Reform and opening up and the spirit of Confucian entrepreneurs; Confucian entrepreneurs’ culture; and new opportunities for private enterprises in China’s industrial innovation. The sub forums include: China’s economic adjustment period and Confucian entrepreneurs’ countermeasures; China’s industry-academia-research cooperation; Confucian entrepreneurs’ innovation and integration; the ‘One Belt and One Road’ initiative; and Confucian entrepreneurs’ responsibility.⁷⁶⁵

Hence, from 2006 to now, the Confucian Entrepreneur concept and Confucian business ethics discourse has become very striking in China. For example, the Bo’ao Confucian Entrepreneurs Forum Committee consists of very influential politicians, prominent scholars and entrepreneur leaders from China and abroad. The chief consultant is Mr. Long Yongtu, formerly China’s chief WTO negotiator and vice-minister of foreign trade and economic cooperation. The honorary chairman is the founder of Lenovo Group, Liu Chuanzhi, who is considered as the head and opinion leader of China’s first generation of entrepreneurs. The chief academic consultant is Cheng Zhongying, a senior professor at the University of Hawaii; and the chairman of the academic committee is Chen Lai, dean of the National College of Tsinghua University. The executive chairman is Li Honglei, the former head of the Department of Philosophy of Sun Yat-Sen University.⁷⁶⁶

In its first decade-long development, the main content of this Confucian

⁷⁶² Bo’ao Official Web page. <http://www.boaoforum.org/zh/index.html>. Last access: 24.07.2019. Translated by the author. See also: <http://weibenglish.sinaapp.com/mission/>, <http://www.cccrx.org/ddrs/html/?10486.html>. Last access: 24.07.2019. Translated by the author.

⁷⁶³ Ibid.

⁷⁶⁴ Ibid.

⁷⁶⁵ Ibid.

⁷⁶⁶ All information is from the Bo’ao Forum official web page. <http://www.boaoforum.org/zh/index.html>. Last access: 24.07.2019. Translated by the author.

business ethics discourse has experienced some change, from a primarily intellectual interest to academia and business world joint actions, then to a focus on social ethics transformation endeavor. The central claim emphasizes the Confucian Entrepreneur as a ‘role model’ in business world, as well as the justification and rationalization of positive relationship of Confucian ethics and modern business. The change promoted by this Confucian business ethics discourse developed along with China’s strong economic performance, and the concurrent introspection on modern Westernization and globalization, especially after the financial crisis in 2008.

In the following subsections, I will empirically probe into the two most important schools and their leaders.

4.2.3.1. World Ethics Institute Beijing at Peking University and Tu Weiming

Founded on October 29, 2012, WEIB is a postgraduate center belonging to Peking University. Its functions are research, teaching, learning, publishing, and public service. It is the first education institute in China focusing on global ethics research.⁷⁶⁷

Its website states: the “WEIB aims to remain being rooted in traditional Chinese culture while learning from the ethical wisdom of various Axial / non-Axial civilizations and indigenous cultures”. Through ‘civilizations dialogues’, the WEIB aims to build a creative research team that combines teaching and learning, domestic and international resources.

The WEIB’s mission is defined as “critiquing the homo economics model that emerged from the modern Western Enlightenment and studying its historical origins, contemporary relevance, and future implications. The institute engages with the critical issues shaping the 21st century human experience, including the financial crisis and the disintegration of the international order, explores the political, social, and cultural factors affecting the economy and business of the future global community, and seeks to promote a comprehensive, integrated, and balanced understanding of the global situation among public intellectuals working in the government, mass media, academia, industry, and NGOs in China. Lastly, it works to enhance public rationality in Cultural China, Confucian East Asia, the Asia-Pacific Region, and the world.”⁷⁶⁸ Among these missions, WEIB acclaims it aspires to “bring the ancient spiritual wisdom of Chinese civilization, as well as contemporary Chinese culture, to the research of global ethics, so as to make the latter more diversified and globally significant”.⁷⁶⁹ Hence, it is not hard to find out that Chinese traditional cultural heritage is enshrined as top priority.

⁷⁶⁷ Peking University, World Ethics Institute Beijing Official Web page: <https://weibenglish.sinaapp.com/>. Last access: 01.07.2019.

⁷⁶⁸ Ibid.

⁷⁶⁹ Ibid.

Since 2013, the WEIB’ main activities include a yearly forum entitled ‘Dialogue on the Confucian Entrepreneur’ (from 2014 the name changed into ‘Discourse on the Confucian Entrepreneur’) and a seasonally ‘Business Ethics Workshop’. Because of Peking University’s international reputation and high academic status, these two events attract world-famous scholars and influential economists and political figures. In public media, these events have been characterized as a “Thought feast of Confucianism and business”.⁷⁷⁰ In 2018, the XXIV World Congress of Philosophy even set the 6th ‘Discourse on the Confucian Entrepreneur’ as an invited session.

As the leader of the so called ‘the 3rd generation New Confucian scholars’, Tu Weiming is the director of WEIB.⁷⁷¹ He was nominated as the first director because his ardent influence in modern Chinese Confucianism research. Tu is widely regarded as the central actor in Confucian Entrepreneur discourse. His arguments are always reckoned as benchmarks and guidelines in this discourse.

Tu believes that only Confucian ethics can solve the current ethical crisis in capitalism.⁷⁷² Tu argues that Confucianism advocates a harmonious unity of nature and man. Its humanistic spirit is comprehensive, instead of limited to a certain culture, region or religion. It highlights the coordination between man and nature, and deals with the relationship between individuals and communities under the principle of ‘accommodating divergent views’, or cultural syncretism. Tu views his argument as a rebuttal to the Western values that overemphasize scientism, efficiency, and individual freedom.⁷⁷³ In 2018’s XXIV World Congress of Philosophy, Tu made a call for the reorganization of Confucian ethical values, and to have a more open world ethos view by breaking through Confucianism’s originally regional limit (China).⁷⁷⁴

In WEIB, Tu Weiming has organized and attended the forums and business ethics workshops every year. And each year, he offers either keynote speech, opening speech or closing address. All the following arguments and speeches from Tu are collected in the Official Website of the WEIB.

Table 7. Tu Weiming’s Speeches at ‘Discourse on the Confucian Entrepreneur’ Forums 2013-2018

Year	Title of Forum	Tu Weiming’s central arguments
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⁷⁷⁰ WEIB Official web page. <https://weibenglish.sinaapp.com/category/news/report/>. Last access: 01.07.2019.

⁷⁷¹ Also see page 192, 255.

⁷⁷² Weiming Tu, “多元现代性中的儒家传统 [duo yuan xiandai xing zhong de rujia chuantong / The Confucian Tradition in the Multi-Modernities Tradition],” *文化纵横 [wenhua zongheng / Cultural Review]*, no.2 (2010): 38-43.

⁷⁷³ Ibid.

⁷⁷⁴ XXIV World Congress of Philosophy official web page. <http://wcp2018.pku.edu.cn/yw/index.htm>. Last access: 24.07. 2019. Translated by the author.

2013	Humanistic Spirit and Business Ethics in the Age of Globalization	Confucian Entrepreneurs are changing power of the times. They as social leaders shoulder the responsibility of transforming the modern world. What they can rely on are their Confucian thoughts.
2014	Wealth and Confucian Entrepreneurs as Role Model	Confucian Entrepreneurs studies must transcend the Western enlightenment mentality and economic man hypothesis. “Confucian Entrepreneurs” is not only a businesspeople tradition born in East Asian civilization, but also an important regional knowledge with modern meaning and global significance. The modern transformation of the Confucian entrepreneurs' tradition can rediscover and enrich spirit, morality, ethics, institutional resources, etc., in order to deal with the common problems faced by humanity in the era of globalization.
2015	Conscience, Value Remolding and Entrepreneurship	Freedom, reason, the rule of law, human rights and personal dignity, and even sympathy, justice, comity, responsibility and social solidarity are all human needs. If China wants to pave a Chinese road, it is NOT necessary to emphasize social responsibilities over human rights, emphasize sympathy over rationality, emphasize ethics over the legal system, emphasize social solidarity and stability over personal dignity.
2016	Modern Confucian Entrepreneurship and Cultural Identity	Transformation of <i>Ren</i> : Economic Man, Cultural Man and Ecological Man. Re-examine the value of benevolence / <i>Ren</i> [仁] in the economics context. <i>Ren</i> is universal virtue / <i>Tongde</i> [通德], and it means compassion and kindness, which is the core value of humanity. <i>Ren</i> is the virtue not only that the individual should have, but also that the whole society should share. In the context of multiculturalism, everyone should carry forward the spirit of <i>Ren</i> and love, and respect the heavens' <i>Dao</i> , which indicate not only caring for people, but also caring for the earth.
2017	Learning to be Human and the Spirit of Confucian Entrepreneurs	Big business now plays an important role in globalization and internationalization. So, it can have a voice and great influence in humankind's destiny as a community. If we can break through the limits of Confucianism, but not dilute the thickness of its roots, we will find our own development direction. But in any case, we must not only be limited to within China. Big businesses should have an open, inclusive and diverse spirit. It is “learning to be human”.
2018	Spiritual Humanity as a world ethos for global business	East Asia is developing very rapidly, and a new generation is growing. Now, it is actually a time for the revitalization of Confucianism: Confucianism emphasizes the harmonious unity of nature and humanity, emphasizing the integration of spiritual values and family, society, <i>Tian</i> [divine / heaven] and humanity, and urging people to understand the profound basic source of self-realization. Confucianism believes that human is not only an animal, but also a partner of the universe. In traditional Chinese thought, we are responsible for all the existence of heaven and earth, and we all coexist. This kind of thinking can provide a good solution for some of human society's problems today.

(Source: Official WEIB Web page)⁷⁷⁵

In Tu's speech at the 2013 WEIB Business Ethics Workshop, he defined the 'Confucian Entrepreneur' as a “knowledgeable person who has the basic moral ethics of Confucianism –benevolence, righteousness, rites, wisdom, and faith – as

⁷⁷⁵ WEIB Official Web Page. Last access: 05.05.2019. Translated by the author.

own ethical identity and follows core values of Confucianism in running business. Confucian entrepreneurs are the public intellectuals who have their business and are concerned about politics and the nation, participate in social affairs, and attach importance to culture and respect religion.”⁷⁷⁶ This definition was then widely accepted and promoted by other scholars and Confucian entrepreneurs.

Regarding Confucian entrepreneur’s role model function in the society, Tu argues:

As businesspeople, Confucian entrepreneurs are not completely profit seeking oriented. Their most important principle is to ‘think of *Yi* on seeking *Li*’ (*jian Yi si Li*). In the debate of righteousness and interests, a big misconception is that it is impossible to get profit when choosing to be righteous. This is completely wrong. What is righteousness? It is the sum of interests. What righteousness represents is definitely general profit, not tiny profit; it is the benefit of many people, not the benefit of one person. In addition, gaining profits is not the purpose itself, but the means to enable people to engage in the development of moral practice. Therefore, there is no contradiction between *Yi* and *Li* and *Yi* is more valuable than *Li*.

In China’s long tradition, Confucian entrepreneurs are esteemed to have compelling responsibility for the well-being of all the people, and they are educated to have grit and emotion [*qing huai* 情怀] for the world [*tian xia* 天下], not only concerning their own benefit.⁷⁷⁷

In a public lecture offered in the 2017 ‘Business Ethics Workshop’, Tu argues that nowadays China has no real Confucian entrepreneurs, but believes that there should be more in the future, which he regarded as a final solution for current business moral problems. Confucian entrepreneurs are the ones who can lead China’s business to a better future. Among Confucianism’s doctrines, being moral is the most important intrinsic qualification of being human and this is regarded as unquestionable truth. The more the entrepreneurs return to Confucian ethical codes, the less business scandals would happen.⁷⁷⁸

Tu uses the following historical analogic reasoning in his narrative:

Zigong is the ancestor of Confucian merchants. Zigong regards moral character [*xing* 性] and the way of heaven [*tian dao* 天道] as the highest values. Zigong is particularly interested in these issues. Meanwhile Zigong is successful businesspeople who makes ventures and invests, and he makes a big profit, because he has a larger vision.

Zigong is keen, very intelligent and far-sighted. He pursues the unity of nature and man, and care strongly about morals. Among Confucius’ disciples, Zigong is the most entrepreneurial, his career is relatively broad, and he can develop various businesses. This

⁷⁷⁶ Weiming Tu, “儒商作为新的论域——企业家与精神人文主义 [Lecture on “Confucian Entrepreneur as New Discourse——Entrepreneur and Spiritual Humanism”, “Confucianism-Business Dialogue 2013],” 2013 年 10 月 21 日在北京大学世界伦理中心“儒•商对话 2013”论坛上演讲 [Lecture at “Discourse on the Confucian Entrepreneur”, WEIB, Peking University, 21.10.2013], Translated by the author.

⁷⁷⁷ Ibid.

⁷⁷⁸ WEIB official web page. <https://weibenglish.sinaapp.com/discourse-on-confucian-entrepreneurs-2017-learning-to-be-human-and-the-spirit-of-confucian-entrepreneurs/>. Last access: 05.07.2019.

tradition has been long lasting in the Confucian cultural circle even till today.⁷⁷⁹

Why should entrepreneurs be moral? By telling the historical story of Zigong, Tu hints the causal relation of Confucian moral character and success in business. So, being moral profits the well-being of yourself, others and the whole society. ‘Cultural tradition’ is the inevitable trigger in his reasoning for the contemporary Chinese context. For example, he states that the success of Japan, South Korea and their big enterprises depends on their consistent Confucian tradition. China and Chinese entrepreneurs should pick up the Confucian tradition again in their value shaping, education and normative structure. When talking about the current rampant Chinese social and business integrity problem, Tu contends:

Confucianism has a basic belief that the more powerful, more influential people are, the more socially responsible they should be. China does not have the view of an economic man who is completely individualistic. Now there is popular trend of being an economic-man, and most of them are for themselves, or the benefit of their own small family, without caring about others’ interests. But the resources in Chinese traditional culture are still working. First, we are a learning civilization, so a hard-working Chinese entrepreneur not only learns from the West, but also learns from Japan and South Korea. Second, we (as Chinese) are more tolerant and have no narrow-minded propensity. For example, there used to be three religions coexisted peacefully in China for quite long history. Now, there may be five religions and different concepts of civilization coexisting in China. Third, we (as Chinese) are the civilization of communicating. We like to talk about the way of heaven, like to discuss, and like to negotiate. We have a concept of “the world / *tian xia* [天下]”, and that everything should coexist in this world; this is our very old tradition. The morality of the home-country-world / *jia guo tian xia* [家国天下] is a rich traditional Confucian resource in China.

The market order needs morality to maintain itself. Even Adam Smith, the originator of the free market, believes that his “Theory of Moral Sentiments” is more important than his “National Wealth Theory”. Instead of only relying on commercial insurance, the welfare state, and social security, compassion should be the guarantee that the market economy can be properly carried out. Therefore, it is necessary to introduce ethical elements into enterprises and emphasize the social responsibility of entrepreneurs. Mencius said, “If people have a certain livelihood, they will have a determined mind / heart [无恒产者，无恒心].” Those who have great fortune should shoulder greater social responsibility and duty, and the resources and responsibilities that they possess are directly proportional. The economy is inseparable from ethics.⁷⁸⁰

Tu’s viewpoint is that the entrepreneur as the group that are more powerful in society, should be more ethical, responsible and reliable for the society and public welfare, because that is what his duty in the status based social role determines. And this social role sense and community-oriented value help entrepreneurs avoid Western individualistic rational thinking’s limits.

Tu coins the notion ‘spiritual humanism’ to describe modern Confucianism. This notion takes Confucian culture as its main body, but regard “Confucian humanism is not at all a form of secular humanism and that only by underscoring the

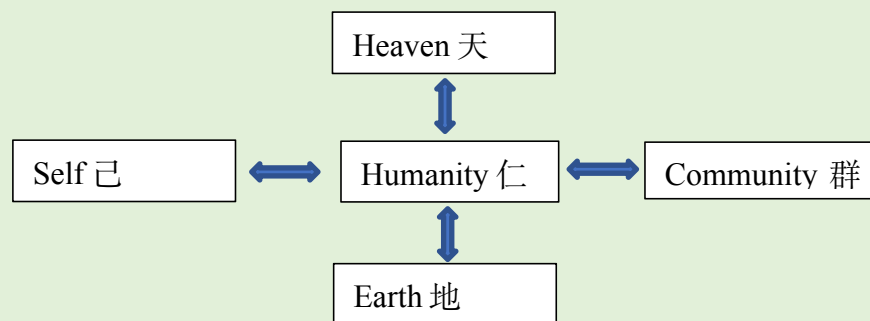
⁷⁷⁹ Ibid.

⁷⁸⁰ Ibid.

‘religious’ and ‘spiritual’ dimensions can we develop, beyond the Enlightenment mentality with its attendant negative connotations, a comprehensive and integrated humanist vision, such as anthropocentrism, to be embraced by the global community in the 21st century.”⁷⁸¹

According to Tu, spiritual humanism follows the spirit of secular humanism (freedom, reason, the rule of law, human rights) in Enlightenment, the basic value of individual dignity, and theories beyond the Enlightenment, e.g., anthropocentrism, linguistic centralism, the proliferation of instrumental rationality, the imposition of the anti-balance of evolutionary theory, the infinite expansion of self. Spiritual humanism includes fully developed individuals, communities, nature and the heavens, and the process of cultivating them as a whole. It “focuses on the organic integration of body, mind, spirit and god in the individual’s self; it pays attention to the healthy interaction between the individual and the community, the home and the country; it pays attention to long-lasting harmony between man and nature. It focuses on the complementarity between the human mind / heart (*xin* [心]) and heaven’s principles, the *Dao* [道].”⁷⁸²

Figure 5. Spiritual Humanism Structure Chart



(Source: Conceptual Framework for Humanities and Business Ethics Curriculum. Author: Tu Weiming and Wang Jianbao)⁷⁸³

Tu hopes Confucianism as spiritual humanism can provide spiritual solutions to the moral problems faced by modern entrepreneurs. The solution lies in Confucianism’s emphasis on ‘the integration of heaven, earth and humanity’. By regarding individual as an endogenous part of the universe - people must not only be responsible for themselves and their families, but also be responsible for all the existence of the universe. It can also contribute towards motivating Chinese

⁷⁸¹ Weiming Tu, “Spiritual Humanism,” Hangzhou International Congress “Culture: Key to Sustainable Development,” 15-17.May, 2013, Hangzhou, China. Downloaded from UNESCO official web page. http://www.unesco.org/new/fileadmin/MULTIMEDIA/HQ/CLT/images/Tu_Weiming_Paper_2.pdf. Last access: 12.07.2019.

⁷⁸² Ibid.

⁷⁸³ Private Copy from CKGSB Prof. Wang Jianbao, 2-8.

entrepreneurs to practice morality, obtaining spiritual nutrition, and guiding entrepreneurs to pay attention to the long-term social value of their business.⁷⁸⁴

In most of Tu's speeches and articles, 'rebuilding the Confucian entrepreneur identity' is the main theme. The word 'rebuild' here not only refers to the first culture rupture during the collapse of the late Imperial period at the beginning of the 20th century, but also points to the second culture rupture during Mao's political campaigns, in particular the Cultural Revolution from the 1950s through the 1970s. Chinese intellectuals would not deny the short period of the 1980s as another 'enlightenment' period in China's modern history. It was during this period, after the failure of Maoist beliefs, that Chinese intellectuals began to think about the crisis of beliefs and values. As a natural result, Tu, as the leading figure of New Confucian scholars, together with his colleagues and students, utilizes this momentous chance to bring Confucian ethics back to the front stage. According to the forgoing text, Tu's work in ethics is not limited to the traditional Confucian ethics but creatively interprets and re-evaluates the Confucian tradition.

4.2.3.2. Cheng kung Graduate School of Business and its Humanistic Education

Reform

Different from the foregoing business schools in universities, Cheng Kung Graduate School of Business (Hereafter. CKGSB) is a private business school without cooperation with any Chinese university. Established in November 2002 through the financial support of the Ka Shing Li Foundation in Hong Kong, CKGSB is considered one of the top graduate business schools in China, with a leading role in the growing Chinese private sector. CKGSB follows faculty governance, which it acclaims as its unique feature. Through faculty governance, it attracts top faculty both domestic and international. The faculty is the core in the management of this school and it proclaims this faculty governance sets CCKGSB apart from other business schools in China.⁷⁸⁵

On the CKGSB's website, there is a message from its founder Li Ka Shing: "true success requires a blending of value systems. An entrepreneur with a sense of mission should possess clear objectives that safeguard the best interest of the organization while achieving success with integrity."⁷⁸⁶ CKGSB's dean Xiang Bing describes the school's mission on its website: "Since our founding, we have sought to cultivate business leaders with a global vision, a humanistic spirit, a strong sense of social responsibility and an innovative mindset."⁷⁸⁷

Similarly, with Guanghua school's motto, CKGSB also emphasizes a 'sense of

⁷⁸⁴ Ibid.

⁷⁸⁵ CKGSB Official Web page. <https://english.ckgsb.edu.cn/>. Last access: 24.07.2019.

⁷⁸⁶ Ibid.

⁷⁸⁷ Ibid.

social responsibility’ in cultivating students. But differently, in a more comprehensive view, it focuses on ‘humanistic spirit and values’ as its educational goal that lead CKGSB on a different path from Tsinghua’s SEM and Peking University’s Guanghua School.

In 2014, CKGSB began to explore and innovate a new system of humanistic ethics curriculum, which is indubitably rare in business schools. It established a Humanities Committee, chaired by Tu Weiming, invited world-renowned humanities scholars to join in, and systematically introduced courses on Confucianism, Buddhism, Christianity, Islam and other axis civilizations. In 2005, CKGSB pioneered the integration of the humanities and ethics into business management education, and the regular engagement of students in charity and community service.⁷⁸⁸

Among these courses, the core courses are on Confucianism, both traditional and New Confucianism. According to Vice Dean Li Zhou, “This aim stems from two considerations: on the one hand, philosophy is the most basic discipline in all disciplines, while Chinese philosophy with its humanistic spirit would be the most proper one; on the other hand, Confucianism is the most inclusive philosophy, because it has absorbed the essence of all other Chinese great thinking for thousands of years. It is the one which epitomizes Chinese traditional culture.”⁷⁸⁹

During this reform, CKGSB designed a new curriculum called ‘Humanities and Business Ethics’.⁷⁹⁰ It is not a single course but a whole system of broad ethical education. The theoretical framework of this study is drawn from the Spiritual Humanism theory of Tu Weiming. The central theme of this framework is: a sound and more proper business ethics in China could be realized under the construction of spiritual humanism among Chinese entrepreneurs.⁷⁹¹

CKGSB claims on its website, instead of taking the perspective of Western economic man and rational man, spiritual humanism considers businesspeople and business ethics more broadly, especially on the function of the humanistic spirit in the formation of personal morality and interpersonal ethics. This teaching model is a basic framework for learning to be a human being. This framework comes from Confucian thinking about ‘learning to be human / *xue yi cheng ren* [学以成人]’. Confucianism is basically about how to be a human morally; there is a whole well-developed set of virtue values of being human.

In Tu’s argument, “our (Confucianism) contribution is that we can use our traditional core values, basically “Benevolence, Righteousness, Ritual, Wisdom and Integrity / 仁义礼智信 [*ren yi li zhi xin*], as the core values of learning to be

⁷⁸⁸ Ibid.

⁷⁸⁹ Ibid.

⁷⁹⁰ Ibid.

⁷⁹¹ Ibid.

human.”⁷⁹²

Regarding businesspeople, Tu’s argument is Confucian virtue oriented, “if we are to find a person who is a so-called ‘intellectual of conscience’ in a modern sense, he cannot be found among all the other civilizations. He will not be a Greek philosopher, not a Hebrew prophet, not an Indian elder, not a Buddhist monk, but a Chinese intellectual scholar / *shi* [士](A)ccording to the standards discussed by Adam Smith at his time, a Chinese intellectual scholar is a citizen of civil society, who has conscience and rationality as well. He is the guardian of civil society’s values... that is what Confucian entrepreneurs should become.”⁷⁹³

Under this guidance of spiritual humanism theory, CKGSB’s cluster of new core courses are as follows:

1. Humanism and Enterprise Management, for example: humanities and business leadership course;
2. The Modernization of the Confucian Circle (c.f. Max Weber’s critique);
3. Humanistic Traditions and Corporate Strategies in the Countries and Regions along the ‘One Belt, One Road’;
4. Humanism and Ecological Ethics for business;
5. Humanism and (business) Philanthropy.⁷⁹⁴

The overall design of the curriculum can be broken down into the four axes of Spiritual Humanism itself. These complementary dimensions each revolve around the core idea of Confucian ‘learning to be human. The first dimension is ‘the self’. The target is to implement the Confucian tradition of ‘learning for the self’ through a curriculum that is composed of literature, arts (fine arts, music and dance), aesthetics and psychology. In the introduction, the program also includes elective courses on yoga, meditation, the tea ceremony, *Tai Chi*, Chinese calligraphy, artistic appreciation, and study tours to cultural sites (monuments) etc.⁷⁹⁵

The second dimension of cluster is ‘the community’. Courses are arranged around the global vision of caring about the human community and the Confucian concept of ‘all under Heaven’, include: politics (democracy and constitutionalism); history of different countries; history of science and technology (artificial intelligence, science and technology ethics, etc.); sociology (e.g. Marx, Weber, Durkheim, Parsons, Habermas); anthropology; jurisprudence; international relations.⁷⁹⁶

The third dimension is ‘the earth’, which is about ecological environmental protection and introduces students to the latest developments in the earth sciences,

⁷⁹² Weiming Tu and Jianbao Wang, “Humanities and Business Ethics” curriculum. Private Copy from CKGSB Prof. Wang Jianbao, 3.

⁷⁹³ Tu, “Spiritual Humanism,” In “*Culture: Key to Sustainable Development*”, http://www.unesco.org/new/fileadmin/MULTIMEDIA/HQ/CLT/images/Tu_Weiming_Paper_2.pdf.

⁷⁹⁴ Tu and Wang, “Humanities and Business Ethics” curriculum, 9

⁷⁹⁵ *Ibid.*, 9-10.

⁷⁹⁶ *Ibid.*

include: humanistic geography; sea exploration; polar voyages; space exploration; natural history.⁷⁹⁷

The fourth dimension is ‘heaven’, which includes questions concerning the meaning of human life, include: The Abrahamic tradition (Judaism, Christianity, Islam and Sufi philosophy); The Greek tradition (philosophy and science); The Indian tradition (Hinduism, Buddhism, Sikhism); The Sinic tradition (Confucianism, Taoism, Legalists, Zen, Shinto); The genealogy of pre- and post-Enlightenment Western thought (Anglo-American tradition, Continental tradition).⁷⁹⁸

Since this curriculum reform has been carried out, CKGSB has realized a completely different business school education model, which has become its distinctive label and brand. Its dean Xiang summarized the characteristic aims of CKGSB as distinctive Chinese top business school as follows:

1. Recognize the tradition of Confucian values of inclusiveness, openness, and learning, build a global learning platform, and open a new era of learning from each other.

2. Cultivate entrepreneurs with humanistic spirit and encourage innovation with a global perspective.

3. Study the leading experience of ‘the Confucian Circle’ in East Asia. Try to form a ‘new commercial civilization’.⁷⁹⁹

4. Pay more attention to the study of Confucianism and promote global management education innovation.⁸⁰⁰

Tu Weiming’s speeches and business ethics forums at WEIB in Peking University is an academia effort in Confucian business ethics development. We could regard CKGSB’s curriculum reform as a business ethics teaching endeavor of Confucian spiritual humanism ideal. Tu himself said, “Confucianism can best be promoted by entrepreneurs, not by academicians or politicians.”⁸⁰¹ Although this reform aims at all dimensions of ‘learning to be human’ in worldwide philosophies, Confucianism is no doubt the core in this education reform design.

As a top representative Chinese private business school, CKGSB is keen to

⁷⁹⁷ Ibid.

⁷⁹⁸ Ibid., 11.

⁷⁹⁹ Jianbao Wang, “New commercial civilization, against the backdrop of cultural China, in the perspective of civilization dialogues, constructs Confucian entrepreneur spirit and conducts research on the Confucian business ethics,” Speech at “The 5th Anniversary Selections for World Ethics Institute Beijing and Discourse on Confucian Entrepreneurs,” 2017. Report downloaded from official web page of WEIB: <http://weibpku.sinaapp.com/2017/06/>. Last access: 01.07.2019.

⁸⁰⁰ Bing Xiang 项兵, “2018 年中国年度慈善年会开幕式讲话 [2018 niandu cishan nianhui kaimushi jianghua / Inauguration Speech at 2018 China Annual Conference of Philanthropy],” CKGSB official web page. <http://www.ckgbsb.edu.cn/mobile/detail/5099>. Last access: 09.10.2019. Translated by the author.

⁸⁰¹ CKGSB official website. <https://knowledge.ckgbsb.edu.cn/2012/02/27/culture/what-is-a-confucian-entrepreneur/>. Last access: 12.01.2020.

conduct this reform and its dean Xiang acclaimed that they receive wide acceptance by Chinese business academia and entrepreneurs.⁸⁰² It seems to indicate that the revival of Confucianism in the Chinese business world is not an academic illusion or a merely philosophical experiment. This represents an ethical trend, whereby a group of Chinese scholars began to reflect on the Western centralism and scientism ideology in China and the world since modern times, turned to the resources of the Chinese spiritual tradition ethics, and resolved to restore this ethical tradition. This is a mentality of searching for traditional spiritual roots.

Even, to a certain extent, this is a kind of mentality that is intertwined with traditional cultural worship and pride. Especially when experiencing a decade of unbalanced development of economic power and social ethics, CKGSB's effort in humanistic cultural reform in business ethics education indicates a demand and search for cultural self-confidence justifying and rationalizing Confucian ethics in modern China and the whole world, which is predominant in Tu's claims as well. In this whole process of advocating Confucianism in academia and education, Tu is actively constructing a public normativity space from Confucianism in a post Confucian society.

From Tu and his followers' focus on Confucian values in the construction of business ethics, there is no doubt that Tu is abandoning some previous New Confucians' arguments that limit Confucian values to the individual sphere or political Confucianism. They instead define Confucianism virtue values as the most important cultural resource in China and the whole world. In order to rationalize the application of Confucian ethical norms in modern Chinese society, they argue Confucianism is the only choice when abandoning the questionable Western scientism rationality in the Chinese modernization process, for its focus on the healthy existence of the whole universe (in Tu's language: heaven, earth, community and self).

Their justification of New Confucianism in the business world is that Confucian virtues are not solely a matter of individual inherent morality, but are also suitable social ethical norms in modern society. These norms can produce long term success and peaceful life in modern business and society. Virtues as a bridge between traditional Confucianism and modern business can help both sides to develop and flourish. At the same time, this ethical requirement and the affirmation of the freedom and equality of the general public are mutually connected. Freedom and equality in society can be strongly supported when Confucian virtues are the primary social ethical norms.

⁸⁰² Bing Xiang 项兵, “在世界公益慈善论坛发表长江商学院成立 18 周年院长寄语” [CKGSB's Xiang Bing Delivers Dean's Message on the 18th Anniversary of CKGSB's Foundation at the World Philanthropy Forum <https://www.mbachina.com/html/ckgsb/202011/269988.html>]. Last access: 23.11.2020.

4.3. Conclusion

Business ethics education is new social phenomenon in modern China. They emerge out of a crucial political and social need for ongoing reform. This need is described by business ethicists in schools as fundamentally moral in nature. In the Reform Era, there has been great concern about the compatibility of the socialist system and the market economy. There have been huge demands that something should be done about the ethics of business. This is the very reason why high-status universities decided to carry out the above-mentioned efforts.

Moral and social concerns gave business ethics education and education reforms their very right to existence. These research and reform efforts are bound up with the project of turning Chinese business into a more ethical and beneficial force in China's socialist value system. This is the background upon which business ethicists in business schools develop their own ethics arguments and try to earn wide social recognition and acceptance.

The moral arguments, the content of business ethics courses, and the design of curricula and education reform cannot be divorced from their moral background. In sum, what these business ethicists do in educational institutions is informed by a deep knowledge of history, idiosyncratic traditions, and culture. From the foregoing analysis, it is clear there is a general moral background of intertwined Confucian tradition and Western influence.

By virtue of the moral background concept, it is possible to see what is going on underneath first-order morality among these business ethicists' work in business schools. The moral background elements may be categorized as belonging to different groups. Each group is characterized by a distinct pattern of values on the six moral background dimensions.

Table 8. Three Groups of Moral Background in Business Schools

Background Dimensions	Specific Variable	Confucian Culture Group	Modern Scientific Practice Group	Moral Consciousness Group
Empirical person/group		Tu Weiming / Peking University, WEIB; Tu Weiming, Wang Jianbao/CKGSB	Li Yining / Peking University, Guanghai School	Yang Bin, Qian Xiaojun, Zhao Chunjun/ Tsinghua University, SEM
Grounding	Why be Moral?	Moral virtue is human nature, the duty of human being	Because it will benefit efficiency, the community and society; it is the duty	Moral virtue; It is right; it will benefit society; it is the duty
Grounding & method / argument	Moral Theory	Virtue Ethics Deontology	Pragmatism Deontology	Virtue Ethics Deontology
Object of evaluation	Object	Ethics of being	Both ethics of being and ethics of doing	Ethics of being
Object of	Main ethical	What ought I to be? What	What ought I do in this	What ought I to

evaluation	questions	kind of moral spirit should I have in doing business? How should I cultivate my moral virtues in business?	situation? What ought I to be?	be? How should I cultivate my moral virtues?
Method and Argument	Evidence	Confucianism; History; Anecdotes; World Humanistic Civilizations	Science; History	Philosophies; Science; History
Method of Argument	Kind of arguments	Philosophical arguments; Culturalistic; Hermeneutics	Scientistic; Positivist; Culturalistic; Case study	Philosophical arguments; Culturalistic; Case study
Repertoire of Concepts	Key business ethics concepts	<i>Yi</i> and <i>Li</i> Dichotomy; Moral duty; Civilization	Service; practice; sense of social responsibility; communal identity; good deeds; Civilization	<i>Yi</i> and <i>Li</i> Dichotomy; Moral duty/social responsibility; Professional Ethics; Civilization
Repertoire of Concepts	Kinds of Concepts	Philosophical Spiritual Humanistic	Scientistic spiritual	Philosophical Scientistic Spiritual Humanistic
Metaphysics	Elements	Will as resource; Spirits	Will as resource; Spirits	Will as resource; Spirits

The moral background of business ethics shows the conceptual and institutional conditions that make moral claims permissible or admirable in business. Underneath the common first order moral claims, such as ‘follow business ethics’, ‘businesspeople should have integrity’ and ‘have a sense of social responsibility,’ the modern Chinese business ethics’ moral background is both divergent and convergent, due to historical and cultural reasons. I have categorized three types of moral background, namely, Modern Scientific Practice, Confucian Culture, and Moral Consciousness. The following subsection will not repeat the content of the table 8. It is mainly about their own distinct features in terms of moral background.

4.3.1. *Moral Consciousness Group*

This group is represented by Yang Bin and Tsinghua University. From Yang, Pan, Zhao, and Qian’s arguments and claims, there are several moral background elements that distinguish this group from the others.

Knowledge and Moral Values

Yang led the ethics reform in Tsinghua. This reform indicates a major turn in educational epistemology: from a professional knowledge orientation to a moral

values orientation. His first effort in business ethics education is his ‘Critical thinking and moral reasoning’ course. Yang concentrates on ‘universal values’. This shows Yang inclines to a certain epistemology: what is more important in this world to live and to know? In a nutshell, what is fundamental? For him, it is morality, not knowledge.

To note, ‘knowledge’ has a specific cultural meaning in Chinese modern history. After the First and Second Opium Wars (1839-42; 1856-60), Western modern science and technology revealed itself as a giant challenge to an outpaced and debilitated China. When Chinese intellectuals analyzed the reasons for China’s defeat in the wars, the lack of advanced scientific knowledge was regarded as key. Hence, in contrast with old Confucian doctrines, modern Western knowledge held great allure to a group of Chinese intellectuals who were still deeply sunk in a sense of failure and cultural humiliation. To them, ‘knowledge’ meant ‘modern, scientific and enlightened’ in China’s modernization context, whereas ‘Confucian ethics / *li jiao* [礼教]’ meant ‘outdated and unenlightened’. This group of scholars are named as ‘iconoclast-nativist’ scholars.⁸⁰³

They began to adore Western modern knowledge as a compelling source of hope for Chinese national resurgence. Knowledge of science and technology in particular was considered as a new ideology in contrast with traditional Confucianism knowledge. In this historical process, traditional ethical culture as ‘old’ and Western science as ‘new’ became two clashing value orientations in Chinese society. The worship of scientific knowledge in 1920s and 1930s exemplified the temporary triumph of anti-Confucianism in the pursuit of national salvation.⁸⁰⁴ Hence, knowledge acquirement triumphed over moral teaching in national education since then.

In Tsinghua’s case in this research, Yang, as vice-president of Tsinghua, insists that the so-called ‘useless learning of morality and ethics’ in fact definitely determines and defines the ‘useful learning of professional knowledge’. He argues, moral values education is more fundamental than professional knowledge education in student’s life. Life in essence is moral; first and at most, we should lead a moral life. This indicates a morality-oriented epistemology in education and world view turn: Moral values cultivation are superior to practical knowledge in education. Virtues are superior to rational thinking.

In essence, the small change in Tsinghua’s new educational goal signifies that moral values-shaping replaces knowledge transfer as the most important educational task in Tsinghua. Meanwhile, Yang’s epistemology is twofold. It, as moral learning, demarcates itself from the past ideology that highlights the priority of Western knowledge in modern times. Yang also believes that morality-quest for

⁸⁰³ Joseph R. Levenson, “‘History’ and ‘Value’: Tensions of Intellectual Choice in Modern China,” in *Studies in Chinese Thought*, ed. by Wright, F. Arthur (Chicago & London: The University of Chicago Press, 1981), 185.

⁸⁰⁴ *Ibid.*, 187.

truth, beauty and goodness may function as an initiative to tackle the current popular utilitarian mentality crisis. And this moral value orientation in fact is ingrained in Chinese Confucianism.

Morality and Non-Morality

Yang's endeavors mainly are: puts moral value oriented prior to professional or practical knowledge as remedy for utilitarianism; emphasis on self-cultivation within the mind. Confucians have held likewise. This is a constant marked characteristic that Chinese Confucians habitually form and express concepts using dualisms. 'Morality' and 'non-morality' constitute one dominant dualism, which is closely related to many others. 'Non-morality' means not belonging to the category of morality.

Since earliest time, Chinese philosophers had distinguished morality from other things. Morality is regarded as the center, core, fundamental way of heaven, earth and human beings. Culture, religion and civilization all belong to this morality category.⁸⁰⁵ Some scholars, like Liang Shuming believed that Chinese culture's core is the replacement of religion with morality.⁸⁰⁶ Xu Fuguan argued that Chinese native consciousness is in essence moral consciousness.⁸⁰⁷ Mu Zongsan argued that the dominant Chinese ideological tradition is 'Moral Idealism'.⁸⁰⁸ This is an epistemological stance as the collective cultural spirit of China. It refers to a belief that all individual and social practices should be determined by reference to this moral idealism. The idealism's resource is inner morality.⁸⁰⁹ In this dualism, non-morality is subordinate: the categories that are related with morality are superior to those that belong to non-morality. Morality is the core or basis of all cultural and social practices. That's what Wei Zhengtong calls 'pan-moralism'.⁸¹⁰ This kind of moral idealism admits the non-morality categories, for instance, politics, economics and science, have their own fields and principles.⁸¹¹

Pan-moralism leads traditional Confucians to look down upon technical knowledge.⁸¹² Technical knowledge was often treated as 'mere words' and viewed skeptically.⁸¹³ When the modern Chinese revolutionary leader, Liang Qichao, argued to develop democracy and science, the ultimate aim, however, was

⁸⁰⁵ Liang, *Chinese Culture Essences*, 21.

⁸⁰⁶ *Ibid.*

⁸⁰⁷ Fuguan Xu 徐复观, *中国人性史论 [zhongguo renxing shi lun / On the History of Chinese Humanity Arguments]* (台北 [Taibei]: 商务印书馆 [shangwu yinshuguan], 1969), 17.

⁸⁰⁸ Zongsuan Mu 牟宗三, *道德的理想主义 [daode de lixiang zhuyi / Morality's Idealism]* (台北 [Taibei]: 联经出版社 [Lianjing chubanshe], 1985), 22.

⁸⁰⁹ *Ibid.*

⁸¹⁰ Zhengtong Wei 韦政通, *儒家与现代中国 [rujia yu xiandai zhongguo / Confucianism and Modern China]* (台北 [Taibei]: 东大图书公司 [dongda tushu gongsi], 1984), 185.

⁸¹¹ *Ibid.*, 189.

⁸¹² *Ibid.*, 190.

⁸¹³ Levenson, "'History' and 'Value': Tensions of Intellectual Choice in Modern China," 114-5.

promoting morality.⁸¹⁴ All the non-morality cultural categories serve morality and become means of expressing morality. In a nutshell, morality dominates the other cultural fields. The moral background elements revealed in Yang's claims exactly fit with this moral superiority.

Ti-Yong Dichotomy

In Yang's ethics course, he selects philosophies from both the West and China; he insists that all the application of Western philosophies must comply with China-oriented local practice. This reveals a mindset in coincidence with Chinese traditional *Ti-Yong* dichotomy.

In Confucianism, *Ti* means *Dao* in its essence, *Yong* means *Dao* in its function.⁸¹⁵ For early modern reformers, *Ti* means the essence of Chinese civilization, whereas *Yong* means the means to *Ti*, for instance, Western science and technology.⁸¹⁶ In the 20th-century Chinese nationalists' eyes, Chinese cultural values were of no doubt the *Ti*, whereas Western science and technical knowledge, as *Yong*, were the means to preserve it.

In the Neo-Confucianist Wang Yangming school, the essence of *Ti* is mind / heart, through which are found the principles of everything. The functional *Yong* is the way of action universally followed in the past times and present. The two exist in the discovery of one's 'real self'. After the First Opium War, which caused profound doubt about Chinese culture among Chinese intellectuals, whether the view on Chinese culture should be changed became a crucial question. If yes, how to change? The traditionalists,⁸¹⁷ as the mainstream in the literati and elites then, definitely didn't want to lose Chinese culture as the national root. Rather, they thought about the means of preserving Chinese culture. Their thought followed this *Ti-Yong* dichotomy. In their mind, the solution was to maintain Chinese cultural values as the *Ti* (the root, the essence, the end), with Western science and technical knowledge as *Yong* (the functions, the usage). Western *Yong* is the means to preserve Chinese *Ti*.⁸¹⁸

Though the *Ti-Yong* dichotomy was fully developed in Neo-Confucianism during the Song and Ming Dynasties, the ideas were from early times and were always available. That is, morality is of higher value than means, and spirit is superior to material. Hence, *Ti* is of higher value than *Yong*. The *Ti-Yong* dichotomy belongs to Culturalistic philosophy.⁸¹⁹ It justified a philosophical attachment to the values of traditional culture, which take Confucianism as the heart of *Ti*. Scientific knowledge is useful. As something useful, it is merely a

⁸¹⁴ Wei, *Confucianism and Modern China*, 191.

⁸¹⁵ Levenson, "'History' and 'Value': Tensions of Intellectual Choice in Modern China," 111.

⁸¹⁶ *Ibid.*, 174.

⁸¹⁷ *Ibid.*, 175.

⁸¹⁸ *Ibid.*

⁸¹⁹ Levenson, "'History' and 'Value': Tensions of Intellectual Choice in Modern China," 111-3.

means, which is less important than an end.

This moral background is essentially important, because it supports the social quest for morality as center of social issue that has persisted throughout Chinese history and taken as the core of traditional Chinese civilization. It enunciates the above-mentioned dualistic habit of thought in Chinese tradition - ‘morality’ and ‘non-morality’. As I have illustrated in the foregoing, morality is regarded as the center, core, fundamental way of heaven, earth and human beings. Culture, religion and civilizations all belong to this morality category.

Hence, this moral background also manifested itself in the very claims of Mao Zedong, Yuan Baohua, Zhao Chunjun and Yang Bin⁸²⁰. In Yuan and Zhao’s arguments, business ethics education ought to be conducted ‘culturally’ and take ‘Chineseness’ as the core goodness, of which ethics education is an essential component. Meanwhile, learning Western knowledge is also necessary and indispensable, as it can help improve Chinese business education, education and Chinese civilization⁸²¹ at large. Yet it cannot be taken as *Ti*.

Now, I’d like to take my argument a stage further. The moral consciousness group represented by Yang deeply reflects a moral background characterized by deep concern and anxiety about Western utilitarian capitalism. This group does believe that Western-style MBA education should be imported into Chinese education because Chinese economic reform needs that modern practical business knowledge to operate business and cultivate management talents and to meet economic development needs. However, to what extent this kind of utilitarian knowledge might exert influence or even harm the moral essence of Chinese culture is always a deeper concern among these intellectuals and maybe Party leaders as well.

4.3.2. *Modern Scientific Practice Group*

Li Yining and Guanghua School represents another moral background group. Comparing with the other two, this type is in a larger sense characterized by its connection with science practice: the institution of science and the modern market structure, scientific knowledge in practice, and the amenability of human affairs to scientific notions or scientific causal reasoning, for example, that there is a causal link between ethics and market efficiency. Li conceives societies as characterized by communal moral conventions and practices. However, the moderate thesis here is that scientific knowledge and methods can help solve ethical problems and help in making proper decisions. Business ethicists can uncover ethics scientifically in

⁸²⁰ See analysis of Mao Zedong in Chapter 1, section 1.1; See analysis of Yuan Baohua in Chapter 3, section 3.2.2 and chapter 4, section 4.1.2; See analysis of Zhao Chunjun in Chapter 3. Section 3.2.2, and Chapter 4, section 4.1.2

⁸²¹ As Confucianism tradition, education is an indispensable part of Chinese civilization and an essential path towards a civilized society.

order to help businessmen and the whole society take business ethics into account. The focus is on practice. This group prefers technical semantics and tries to avoid moralistic tones.

Orthodoxy and Orthopraxy

Li and his followers tend to imply, utilize and practice business ethics by the terms of science. Hence, they are a group that stresses practice, action and behavior. However, this scientific thinking cannot be viewed as ontological. Their moral background doesn't entail the modern Western belief that business ethics is by nature a matter of science (see Abend's standards of practice group).⁸²² For Li, ethics comes from spirit, communal identity sense and ritualized behavior patterns. Or in other words, morality is still understood as cultural and spiritual. Moral practice is fundamental. It is an intertwined background, drawn partly from the *Ti-Yong* dichotomy, and in a larger sense from the 'orthodoxy' - 'orthopraxy' cultural epistemology,⁸²³ which I have introduced in Chapter 2 as belonging to traditional cultural resources.

As argued in Herrmann-Pillath⁸²⁴ and Watson⁸²⁵, cultural differences between China and Western countries may be rooted in deeper differences in China's cultural epistemology and dichotomous thought. The Chinese cultural emphasis on moral externalized behavioral patterns and the transformational effects of ritual on mind and action possibly help to preserve diverse values and beliefs. Hence, imperial China had exhibited a high degree of cultural integration in its very long history. One of the dominant historical themes is ever increasing incorporation and co-optation. Confucianism, Daoism, Buddhism and Christianity all have their position in Chinese society. Sharply incompatible conflicts of values, beliefs and sects have never been a dominant social phenomenon. This is already widely acknowledged as a distinctive characteristic of Chinese civilization.

Pre-modern philosophical master Wang Guowei's dictum that "in learning, there is no new or old, Chinese or Western, useless or useful"⁸²⁶ also aptly illustrates the moral background of this modern scientific practice group. As analyzed in the foregoing, from early Confucianism's 'orthodoxy - orthopraxy' dichotomy to Wang Yangming's Neo-Confucianist 'knowledge-action' dualism,⁸²⁷ the good

⁸²² Abend, *The Moral Background*, 260-99.

⁸²³ Denis S. Sutton, "Ritual, Cultural Standardization, and Orthopraxy in China: Reconsidering James L. Watson's Ideas," *Modern China*, vol.33, no.1 (2007): 3-21.

⁸²⁴ Herrmann-Pillath, *China's Economic Culture*, 93.

⁸²⁵ James L. Watson, "The renegotiation of Chinese cultural identity in the post-Mao era," A public lecture delivered at the University of Hong Kong on 19 March 1991. <http://hdl.handle.net/10722/42558>. Last access: 10.08.2019.

⁸²⁶ Guowei Wang 王国维, *国学丛刊* [*guoxue cong kan / Chinese Study Series*], Feb., 1911. https://www.sohu.com/a/131811605_236876. Last access: 01.08.2019. Translated by the author.

⁸²⁷ See also in page 94.

Chinese literati has developed a particular habit of thought: being open to other kinds of learning, notably, the Western scientific knowledge which has appeared to be a source of success in practice in the modern world, and native learning which has been essential to the Chinese cultural identity. This can, as well, better explain the decades-long dominance of efficient practice ideology in economic reform efforts, as Deng Xiaoping's reform guidelines. Hence, this modern science practice group supports the importation and practice of Western scientific knowledge as necessary for national survival and modern nation development, and combines the two kinds of learning in their scholarship.

Li's normative stance, though he emphasizes so much on science and technology, is that spiritual morality is the foundation and wellspring because of the nature of mankind. Science belongs to practice category, which is still 'non-morality'. Li wants to improve the efficiency for the national development through both the moral spiritual power and scientific means. He strongly believes in and emphasizes the ultimate role of moral and spirit power in the economy and society.

Li's basic understanding of 'social' in 'social responsibility' and 'social fairness' also makes him in line with traditional Chinese moral thinking habits. As I have indicated in Chapter 2, Fei Xiaotong pointed out that, in Western society, individual is like separate straw, the separate bundle; in Chinese society, individual is like the center of ripples. Western social relationship can be viewed as a larger bundle, which in turn makes up a stack. The separate straws all fit together to make up the whole haystack. This organization way into the whole haystack is 'social'. Chinese pattern and the cognition of 'social' is the circles that appear on the surface of a lake when a rock is thrown into it. Chinese social relationships, the term itself signifies the ripple-like effect created from circles of relationships that spread out from the center self, an effect that produces a pattern of discrete circles.⁸²⁸ Li's emphasis on the communal identity as efficiency source, and "the stronger/rich is responsible to help the weaker / poor through virtue deeds and moral consciousness" actually resemble the Confucian *Da Tong* ideal in essence. This is symptomatic for Li and his followers' concept of social responsibility and economic ethics.

4.3.3. Confucian Culture Group

The moral background of the Confucian Culture Group manifested itself more consistently and straightforwardly in their critiques of Western modernity, questionings of the European Enlightenment, and controversies over Weber's 'Confucianism hindered capitalism' argument.⁸²⁹ This group has a much longer

⁸²⁸ Fei Xiaotong's argument about "social and individual" and different social relationship pattern. See page 135.

⁸²⁹ Max Weber, *The Protestant Ethic and the Spirit of Capitalism* (Routledge: London and New York, 1992).

history and direct cultural root. Their treatment of business ethics problems is to relate them to Confucian ethical traditions and apply a hermeneutic approach, reinterpreting the classic Confucian principles in the modern Chinese context. Of note, they do this by also drawing upon broader, global humanistic learning.

Culturalism Turn and Guoxue

The Confucian culture group attributes the developmental success of East Asian societies to Confucian cultural and ethical legacies. This group has become prevalent in current Chinese social ideology. If we have a broader societal view, this moral background has brought *Guoxue* (national learning) study and practice, or the so-called ‘Confucian revival’, to the fore.

Guoxue is now the focus of one of the dominant cultural domains in Chinese society.⁸³⁰ From the name, ‘*guo*’ means national/traditional, ‘*xue*’ means learning. Currently, *Guoxue* is more closely identified with Confucianism, rather than the whole of traditional cultural elements.⁸³¹ Dirlik dates its origins in the last decade of the Qing dynasty (1644-1911), and characterized/described it as an intellectual endeavor to preserve traditional culture and inherited intellectual legacy during that time of national crisis. Fear of a total loss of Chinese learning in the late Imperial period was the direct driving force of the *Guoxue* movement.⁸³² Since the 1990s, encouraged by the state, it has experienced resurgence, first among scholars, then in the general public.⁸³³ The Party-state recently began to promote *Guoxue* as a prominent ideology and cultural system that can unite the thinking and values of the Chinese people by justifying *Guoxue* as “not only was compatible with Marxism but that China’s traditional culture was an important aspect of Socialism with Chinese characteristics and needed to be studied and properly evaluated.”⁸³⁴

The society is now experiencing a boom in Confucian schooling. In 2014, the Chinese education ministry officially announced plans to strengthen the ratio of *Guoxue* content in the national entrance examination for colleges. As part of the reforms, the national examination would reduce the number of points in its English section by nearly a third while increasing *Guoxue*-related questions by a fifth. This examination is ubiquitously referred to as Chinese education’s bellwether. Minor changes in this examination structure have outsized effects on national wide state school curricula. As a result, there were an estimated 1,800 Confucian *Guoxue*

⁸³⁰ John Makeham, “The Revival of *Guoxue*,” *China Perspectives*, no.1 (2011): 14-21.

⁸³¹ Arif Dirlik, “*Guoxue* / National Learning in the Age of Global Modernity,” *China Perspectives*, no.1 (2011): 4-13.

⁸³² *Ibid.*, 6.

⁸³³ Makeham, “The Revival of *Guoxue*,” 16.

⁸³⁴ Dirlik, “*Guoxue* / National Learning in the Age of Global Modernity,” 5; Makeham, “The Revival of *Guoxue*,” 16.

schools across China in 2018. And this figure is still soaring.⁸³⁵

And classical Chinese based education has expanded to include university-level teaching. As I have revealed, an astonishingly high percentage (98 per cent in total) of the top 14 business schools have set Chinese culture and philosophies courses (some schools directly name the courses as *Guoxue*) as part of their business ethics curriculum.⁸³⁶ State-run universities and colleges have added *Guoxue* departments, or founded independent *Guoxue* Centers or *Guoxue* Institutes, for instance, Peking University's *Guoxue* Research Institute, and Tsinghua University's Academy of Chinese Learning and model for Chinese Humanities at the University.

This should not be regarded as a monopolized ideology control by the state, nor an attempt at political policing or thought control. Though encouraging its development, the state hasn't yet compelled the public to accept only certain legacies. From interviews of parents reported in the *Financial Times*,⁸³⁷ they warmly espouse this *Guoxue* learning. The seminal research from Herrmann-Pillath on ritual entrepreneurship and cultural entrepreneurship⁸³⁸ also reveals the social fact that the revival of Confucianism is not an illusion or a matter of political compulsion. In Herrmann-Pillath's field work, the engagement of entrepreneurs in ritual activities seems a ubiquitous phenomenon in China today and is a clear symptom of the revival of the ritual economy. These grassroots entrepreneurs are conducting, constructing and practicing traditional Confucian culture in their businesses and lives.⁸³⁹ In a broader societal view, the *Guoxue* movement manifests itself as a cultural turn and traditional turn, generated out of both social grassroots need and institutional efforts. These cultural concerns and renewed ritual practice among entrepreneurs are part of a process of constructing shared cultural identity in modern China.

Interestingly, this *Guoxue* trend in universities mirrors the trend of establishing U.S.-model business schools in the late 1980s. The business schools were widely regarded as symbol of Western modern education institution. *Guoxue* now exists as a new legitimated intellectual and academic domain. Western business education model and *Guoxue* education coexist in Chinese business schools as new academic unit side by side, and coexist now with the authority of modern science and academic divisions. The establishment of business schools in 1980s and 1990s could be viewed as the result of market commodity ideology. Now *Guoxue*'s popularity in business schools manifest itself as a response to domestic cultural needs and cultural particularism in the face of globalization.

⁸³⁵ Emily Feng, "China nationalism unleashes boom in Confucian schooling," *Financial Times*, Dec 4, 2018.

⁸³⁶ See section 4.1.2.

⁸³⁷ Ibid.

⁸³⁸ Herrmann-Pillath, *China's Economic Culture*; Christopher Rea and Nicolai Volland ed. *The Business of Culture: Cultural Entrepreneurs in China and Southeast Asia, 1900-65* (Vancouver: UBC Press, 2015).

⁸³⁹ Herrmann-Pillath, "Entrepreneurs and ritual in China's economic culture," 13-5.

These two trends tellingly reveal social epistemological clashes: in the late 1980s, the society could be defined as a ‘learning scientific knowledge from the West’ epistemological territory. Currently, a traditional Chinese way of knowing and thinking has become dominant in the social epistemological field. Dirlik argues that this kind of epistemological nativism “may be a necessary step in the recovery of epistemologies erased by the universalistic claims of Euromodern ways of knowing”.⁸⁴⁰

4.3.4. Conclusion

The foregoing outlines the major differences between these three moral background groups. A historical trend now is clearly manifesting itself: while learning and modifying Western modern technological and science knowledge, China is also meanwhile going through a cultural turn in moral background. This turn is to a ‘Chineseness’ way, by supposing Chinese culture as a distinctive root and foreign influence as opposing reference.

We see Yang Bin’s stress on moral inner self-cultivation and traditional virtues, Tsinghua’s ethics reform once again put moral values education prior to scientific / professional knowledge education, Li Yining’s emphasis on a sense of Chinese national identity, spiritual power and orthodoxy, Tu Weiming’s efforts in Confucian ethics and humanistic learning and their application in global business. Even in the modern scientific practice group, Li and his followers are firmly clinging to the spiritual and sense of communal identity as the root and source of efficiency in modern market practice and national rejuvenation. I would argue that this is a perpetuating moral background: being aware of pursuing ‘Chineseness’ and keeping a kind of culturalistic awareness in the process of massive learning from the West science and technology. This notion could be boiled down to the fundamental tension between culturalism and scientism.

From the foregoing claims and arguments of Yuan Baohua and Zhao Chunjun, it is not hard to discern the struggle between ‘learning from the West’ and ‘being Chinese oriented’. Yuan and Zhao as two pioneers and forefathers in Chinese business education have a distinct attitude towards ‘the Western knowledge’: learning knowledge from the West is only auxiliary. Business education should keep Chinese culture as the essential base and solid ground. In fact, we could not help but notice the cultural factor in this idea. In essence, this idea is not intellectual nor scientific, but cultural. Returning to a basic question in moral background research, what is good? In Yuan and Zhao’s ideas, clearly, ‘good’ doesn’t refer something ‘Western’, but rather preserving ‘native Chinese culture as the root and main body of society while learning advanced knowledge from the West’. The establishment of this new Chineseness dominant ideology quickly became popular among many business schools: by relying on Chinese culture and

⁸⁴⁰ Dirlik, “Guoxue / National Learning in the Age of Global Modernity,” 4.

practice, Chinese business schools should teach MBA students how to start from Chinese business practices and create Chinese-culture-oriented management knowledge.

This kind of ‘Chinese cultural’ claim of business ethics education does not obey the claim that ‘business is business’ or simply an intellectual science in West business schools. It is a major shift in terms of the legitimacy of the very claim that business ought to be conducted ‘culturally’ and ‘nationally’. Moreover, Yuan and Zhao, as top rule definers (both were successively director of the China National MBA Supervisory Committee) in Chinese business education, forcefully fostered this idea between different social actors and institutions in this academic field. A good example has been unfolded herein. In the foregoing samples of 14 top business schools, 13 of them offer Chinese culture related courses, either philosophy or traditional classics, as their business ethics curriculum.

The moral background differences among three groups I have categorized actually concentrate on the fundamental tension between culturalism and scientism. The conflicting moral background elements arise mainly out of the relative weight given to value / function, spirit / material, virtues / utility, history / scientific knowledge, emotional sense / rationality and collectivism / individualism.

These three groups tellingly reveal a process of evolving hybrid understanding of modern Western science and Chinese cultural way of morality epistemology among modern Chinese intellectuals. It seems to be plain that Chinese intellectuals experienced an oscillating change from traditional culturalism to Western modern scientism, then scientism to modern culturalism. Nonetheless, it should be noted that the prevailing core that remains stable and ingrained is intellectually dwelling on the moral concern as the essence of Chinese civilization. It is a perpetuating desideratum and has been distilled from Confucian moral tradition. It may be manifested piecemeal in the cultural and moral background, yet also as an integral preoccupation.

Since moral concern is the paramount philosophical and psychological principle and ritual is used as the benchmark of practice, other worldviews, epistemologies, beliefs and values can co-exist spatially and temporally. This is the Chinese cultural conciliatory spirit towards thought disputes, or as Levenson called it, “eclecticism and syncretism”.⁸⁴¹

Business ethics education arose out of current political and social need; hence, it is no longer just an intellectual endeavor but also a social moral endeavor. It is claimed as needed for the national and common good in terms of its moralizing and civilizing effects. They are manifested as the virtue cultivation and *junzi* claim by Yang Bin, sense of social responsibility claims and poverty reduction practice by Li Yining, and the spiritual humanistic education by Tu Weiming. A spiritual force is expected from the moral education and cultivation of moral mind. Good / moral education largely contributes to the whole wellbeing and Chinese

⁸⁴¹ Levenson, “‘History’ and ‘Value’: Tensions of Intellectual Choice in Modern China,” 151.

civilization. This clearly resembles the earlier thought in Confucianism.

This ethical stance is also related with the great corpus of traditional Chinese thought and native Chinese intellectual traditions and doctrines. This tradition highlights an ideal ethical order in society. It has been regarded as the kernel of traditional Chinese civilization but experienced iconoclastic onslaught and influence from the West in modern times. From my empirical data, these business ethicists' thoughts ascribe the ultimate moral end to a Chinese civilization with spiritual heritage. Every step in the new business ethics domain, including Mao Zedong's de-marketization, Deng Xiaoping's economic reform, the current efforts on business ethics education, is regarded as a means, to this end.

Hence, if someone were to ask, in a global age, in the modern China, has tradition lost its natural charm? Has cultural Confucianism lost its natural charm? My research reveals that the answer is no. The Chinese thinkers in top universities have not lost their faith in the value of traditional Chinese moral civilization. In fact, they feel a social compulsion to use their traditional moral legacy for all it is worth. And they strengthen its claim to values. This history shows a continuous, modified but not broken, development.

Chapter 5 Chinese Private Business Associations’ Efforts in Business Ethics Development

In chapter 4, I analyze the moral background of business ethicists’ work in Chinese universities and business schools. In this chapter, I examine another key group of business ethicists and the essential role they play in social normative structure as new participants in business ethics development: business leaders and Chinese private business associations. Decentralization and marketization of the economy has allowed business associations as new type of social organization to re-emerge and develop.⁸⁴² And the concomitant strengthening of economic actors as well has unleashed the power of business associations in social life.

The story in this chapter revolves around the private business associations, primarily the most representative and influential ones founded since 1978 Reform. They emerged out of a strong need of private entrepreneurs to get recognition in moral terms. To justify and legitimize themselves, they try to solve urgent practical matters: whether private economy is good for the Chinese market economy? How can private business contribute to that? Will unbridled pursuit of private business profit harm Chinese society? These concerns gave private business associations enough reason to promote business ethics in the public sphere.

This chapter presents several illustrations of business ethicists’ efforts in business associations: from the ‘Integrity-Pass’ of Alibaba, the Chint Group’s National Industrial Dream, and the Hunan Entrepreneur Association’s ‘Xiang Entrepreneurs’ Manifesto’, to the Confucian Entrepreneurs’ Traditional Cultural Management Camp. I analyze these entrepreneurs’ business ethics work in more detail, and discover their arguments are in particular about the tension between *yi* and *li* (righteousness and profit) in modern China. This element of dualism is then expanded to the relationship between *gong* and *si* (public and private), nation and individual, traditional moral culture and modern utilitarian capitalism.

5.1 *Business Associations: Definition, Types and Scope in contemporary Chinese Society*

I turn first to the definition of the term ‘business association’ for the purpose of my research. My definition is quite loose: just that of an association of businesspeople. This is for realistic semantic reasons. The closest equivalent term in Chinese could

⁸⁴² Chen and Ma, “Wenzhou Folk Business Association: Democracy’s Value and Democracy’s Predicament,” 20-2.

be a combination of ‘*shang hui* [商会]’ and ‘*hang hui* [行会]’. ‘*Shang hui* [商会]’ is habitually translated as ‘chamber of commerce’ in English. ‘*Hang hui* [行会]’ is translated as ‘industry association’. In fact, for Chinese speakers, these two terms always intrude on each other. For instance, the Encyclopedia of China (Concise version 中国大百科全书), defines the term “chamber of commerce / *Shang hui* [商会]” as:

A private industry organization formed by urban industrial and commercial practitioners. It includes two types: one type refers to the industrial organizations organized by urban merchants according to the types of goods and services they operate; the other type refers to the cross-industry coordination organizations jointly established by multiple industrial chambers of commerce/*hang ye xing shang hui* [行业性商会].⁸⁴³

This official definition does not demarcate ‘chamber of commerce’ from ‘industry association’. It does not distinguish a ‘chamber of commerce’ from an pre-existed ‘industrial merchants association’ which is defined as including ‘public offices / *gongsuo* [公所]’, ‘halls / *huiguan* [会馆]’ and ‘industry associations / *hangye gonghui* [行业工会]’. It rather uses ‘chamber of commerce[商会]’ as an umbrella term for both ‘chamber of commerce’ and ‘industry association’. Generally speaking, business association / *shang ye zu zhi* [商业组织] in this research means an association of businesspeople, which includes two categories: chamber of commerce / *shang hui* [商会] and industry association / *hang hui* [行会].

5.1.1 Historical Background of Business Associations in China

5.1.1.1 Imperial Period

In Imperial China, a kind of association that gathered merchants and craftsmen, called ‘*hang* [行]’, first appeared in the Tang dynasty.⁸⁴⁴ These associations were often translated as ‘merchant guilds’ in Western terms. *Hangs* were organized by the imperial government and were set up according to different professions/industries. Some associations used the title ‘*hang*’, others used the title ‘*gang* [纲]’. For instance, the *gang* of the freight industry in the Tang Dynasty (second year of *Guangde*, 764AD) was regarded by Chinese domestic scholars as the earliest form of business association in Chinese history.⁸⁴⁵ In the Song dynasty, *hang* was also known as ‘*tuan hang* [团行]’, and the *hangs* of craftsmen were more

⁸⁴³ 中国大百科全书 [Encyclopedia of China] (北京[Beijing]:大百科全书出版社[dabaike quanshu chubanshe], 1995), vol.8, 4173.

⁸⁴⁴ Tianan Wei 魏天安, 宋代行会制度史 [Song dai hang hui zhidu shi / The Institutional History of Hang in Song Dynasty] (北京 [Beijing]:东方出版社 [dongfang chubanshe], 1997), 6.

⁸⁴⁵ Ying Zhou 周膺, “当代地域商人群体与古代商帮的差异 [Dang dai di yu shangren qunti yu gudai shangban de chayi / The Difference between Modern Local Businesspeople Group and Traditional Business Gang],” 浙江学刊 [Zhejiang xue kan / Journal of Zhejiang], no.5(2011): 95-102.

often called ‘*zuo* [作]’. Since the Ming dynasty, *hang* had become a fixed title for associations of merchants and craftsmen. In the late Qing dynasty, the *hang* was more often referred as ‘*hanghui*’ (trade association, translated by Zhou, 2011).⁸⁴⁶

The members of a *hang* were not individual businessmen, but a union of shops [铺]. The *hang*’s main function was fixing prices. The price of commodities in the same *hang* was determined by the heads of the *hang* collectively. The *hang* also levied commercial taxes on behalf of the government. Hence, the *hang* had the nature of an official or government-led organization. Since the Song dynasty, *hangs* were compelled by the imperial state as the main market intermediate institutional form. The procurement requested or enforced by the government in the market was largely supplied by the various *hangs*. The real situation was that merchants were not free to choose whether to enter a *hang* or not, but forced to do so by the government.⁸⁴⁷

For example, during the period of Wang Anshi Reform (1069-1085), even those petty dealers who carried bottles and sold pulp were not allowed to trade in the market without joining a *hang*. At the beginning of every ten days in a month, the respective officials negotiated a base price of a commodity with the heads of *hangs*. This price served as the price standard for the government’s financial operations, such as procurement, purchasing and accounting. Each *hang* set market prices and prohibited outsiders from trading, which also played a role in restricting internal competition, safeguarding the goods’ quality, and maintaining the common interests of the *hang*.⁸⁴⁸

Trade, commerce, and investment flourished during the mid-Ming and Qing periods (16, 17 centuries), which nudged some significant changes in *hangs*. In the late Ming and early Qing, there transpired three new types of business associations: namely, regional halls [会馆] (*hui guan*, also translated as ‘clubhouses’)⁸⁴⁹, for sojourners linked by native place; guildhalls [公所] (*gong suo*, also translated as ‘public offices’)⁸⁵⁰ that are independent from native place and organized by local industry; and trade fellowships [商帮] (*shang bang*) which are associations within native place. These existed as the main forms of business associations from this period on. In Chinese business association history study, trade fellowships [商帮]

⁸⁴⁶ Ibid., 95.

⁸⁴⁷ Wei, *The Institutional History of Hang in Song Dynasty*, 41-3.

⁸⁴⁸ Kwang-ching Liu, “Chinese Merchant Guilds: An Historical Inquiry,” *Pacific Historical Review*, vol. 57, no. 1 (Feb., 1988): 1-23; Richard Von Glahn, *The Economic History of China: From Antiquity to the Nineteenth Century* (Cambridge: Cambridge University Press, 2016), 451-2.

⁸⁴⁹ Zhongping Chen, “The Origins of Chinese Chambers of Commerce in the Lower Yangzi Region,” *Modern China*, no. 2(2001):155-201, 162.

⁸⁵⁰ Ibid., 162.

are also called ‘business gangs’.⁸⁵¹ The regional halls were for sojourners linked by native place, doing business outside of their hometowns. The regional halls played organizational and networking functions. With the expanding of business and the national market in the Ming dynasty, there then appeared business groups that broke the geographical boundaries and organized together by industry. This was the birth of the guildhall.

It is noteworthy to stress here that these various forms of business associations were autonomously managed and operated by the industries and merchants themselves, and were less subject to direct interference from the government.⁸⁵²

In this period, official business organizations and private business organizations coexisted. For instance, in the tenth year of Daoguang (1830), the ‘Fujian Province Salt Law’ was enacted. As the Salt Law recorded, the associations in the Fujian salt industry were composed of 17 official shang bangs [官帮] and 39 private shang bangs (in the Fujian salt production area in the early Qing Dynasty, the trade fellowships that operated the salt transportation business were specifically called ‘shang bangs’).⁸⁵³ This coexistence compelled the private shang bangs to “compete with the official system of licensed brokers which was used by the Imperial government since Tang times to control the market while also extracting revenue”.⁸⁵⁴ According to Huang and Skinner, the Imperial state relied heavily on the official brokers and seldom directly intervened in the affairs of private business associations. This in some degree allowed the social organizations’ development.⁸⁵⁵

5.1.1.2 Late Imperial and Republic Period (Before 1949)

In the 19th century, merchants’ guilds and shang bangs, as old forms of business associations, were supplemented by a more modern form of business association, the chamber of commerce. According to the research of Rowe,⁸⁵⁶ in 1898, in Hankou, ‘Eight Great Guilds’ jointly created a private chamber of commerce that represented their common business interests. In 1899, China’s first civil

⁸⁵¹ Haipeng Zhang and Haiying Zhang 张海鹏, 张海瀛, *中国十大商帮 [Zhongguo shida shangbang / Top Ten Chinese Business Bangs]* (合肥 [Hefei]:黄山书社 [Huangshan shu she], 1993), 2.

⁸⁵² Liu, “Chinese Merchant Guilds: An Historical Inquiry,” 4.

⁸⁵³ Zhou, “The Difference between Modern Local Businesspeople Group and Traditional Business Gang,” 98.

⁸⁵⁴ Carsten Herrmann-Pillath, Man Guo and Xingyuan Feng, *Ritual and Economy in Metropolitan China: A Global Social Science Approach* (London: Routledge, 2020), 140.

⁸⁵⁵ C.C.Philip Huang, “The Paradigmatic Crisis in Chinese Studies. Paradoxes in Social and Economic History,” *Modern China*, vol.17,no.3 (Jul, 1991):299-341; William G.Skinner, “Marketing and Social Structure in Rural China,” *Journal of Asian Studies* no.24 (1964) :1-7.

⁸⁵⁶ William T. Rowe, *Hankow: Commerce and Society in a Chinese City, 1796–1889* (Stanford: Stanford University Press, 1984), 331-4.

‘Constitution of Chambers of Commerce’ was proposed and enacted.⁸⁵⁷ In 1903, the Imperial Qing government established a Ministry of Commerce similar to those found in Western political systems. This department ranked second after the Ministry of Foreign Affairs in terms of actual political power. This new Ministry of Commerce strongly supported the development of local private chambers of commerce.⁸⁵⁸ In 1904, the Qing government promulgated the ‘Concise Charter of the Chamber of Commerce’, stipulating that every ‘Commercial Guild Hall’ should be renamed as a ‘Chamber of Commerce’.⁸⁵⁹ From then on, the new chamber of commerce organization system spread throughout the country. Unlike the modern Western style of chamber of commerce, the modern Chinese chamber of commerce, from its beginning, was characterized by had the feature of dualism: it was under state-domination and yet enjoyed a certain extent of autonomy. As Pearson stated, “(business associations) stood between state and society, often operating in a third ‘public’(gong) realm”.⁸⁶⁰

Most early Japanese research on the appearance of Chinese chambers of commerce emphasizes the organizational confederation of late Qing guilds as a response to the challenges of Westernization; in other words, the chambers of commerce were expanded from the base of guilds but following a Western style. They distinguish chambers from guilds mainly by the chambers’ official connections, in particular their unprecedented official support.⁸⁶¹ In contrast, Chinese domestic historians ascribe the rise of the chambers of commerce to the encouragement of government and the development of the new bourgeoisie class, particularly the commercial and industrial entrepreneurs under the influence of the radical intellectual movement in the 1911 Revolution.⁸⁶² Marie-Claire Bergère also regards the chambers of commerce as bourgeois class organizations.⁸⁶³ As another

⁸⁵⁷ Nansheng Peng 彭南生, *中国近代商人团体与经济社会变迁 [zhongguo jindai shangren tuanti yu jingji shehui bianqian / Chinese Modern Businesspeople Organizations and Socioeconomic Transformation]* (武汉 [Wuhan]: 华中师范大学出版社 [huazhong shifan daxue chubanshe], 2013), 13.

⁸⁵⁸ *Ibid.*, 17.

⁸⁵⁹ *Ibid.*

⁸⁶⁰ Margaret M. Pearson, “The Janus Face of Business Associations in China: Socialist Corporatism in Foreign Enterprises,” *The Australian Journal of Chinese Affairs*, no. 31 (1994): 26.

⁸⁶¹ Tadashi Negishi, *Shanghai no girudo [The Guilds of Shanghai]* (Tokyo: Nippon hyoronsha, 1951), 27-9;355-6.

⁸⁶² Min Ma and Ying Zhu 马敏,朱英, *传统与现代的二重变奏: 晚清苏州商会个案研究 [Variations on Traditionalism and Modernity: A Case Study of Suzhou Chambers of Commerce in the Late Qing Period]* (成都 [Chengdu]: 巴蜀书社 [bashu shushe], 1993), 63; Heping Yu 于和平, *商会与中国早期现代 [shanghai yu Zhongguo zaoqi xiandaihua / Business and China Early Modernization]* (上海 [Shanghai]: 上海人民出版社 [Shanghai renmin chubanshe], 1993), 11.

⁸⁶³ Marie-Claire Bergère, *The Golden Age of the Chinese Bourgeoisie, 1911-1937* (Cambridge: Cambridge University Press, 1989), 191.

alternative, researchers from the West trace this sprout of chambers of commerce to the mobilization of local elites, especially the gentry-merchants who “developed the chambers as the community-centered public sphere for their managerial activities that were distinctive from official administration on one side and private pursuits of individuals, families, kin groups, and business enterprises on the other”.⁸⁶⁴

In this period, Chinese business associations, in particular local chambers of commerce, enjoyed an upsurge and ensuing prosperity. In its last few years of governing, the debilitated Imperial Qing state basically had no ability to exercise power over business and economic affairs. The relevant business administration affairs were in fact largely managed and coordinated by the local chambers of commerce. This period is widely regarded as the first burgeoning period of modern Chinese business associations.⁸⁶⁵ On the eve of the Revolution of 1911, there were more than 1,000 chambers of commerce, large and small in China.⁸⁶⁶ These chambers of commerce had not only promoted the evolution of modern Chinese national industries and commerce but also objectively facilitated Chinese modern political revolutions. Chambers of commerce were major promoters and actors in the political movements for enhancing provincial autonomy before the fall of the Empire. The sweeping revolution, the Xinhai Revolution in 1911 – which overthrew the Qing Dynasty, ended the feudal monarchy system and established a bourgeois republic – was directly supported by the Guangdong Chamber of Commerce and the Shantou Chamber of Commerce.⁸⁶⁷ Its success was mainly by virtue of the direct participation of these local chambers of commerce, whose social integration and prominence in the public sphere were powerful resources for the revolutionary effort.

Pre-modern chambers of commerce not only manage the enterprises and develop industries, but also build and manage hospitals and schools, and establish cultural enterprises such as magazines and newspapers. These chambers of commerce gradually dominated in the local community and political spheres.⁸⁶⁸ Hence, they functioned beyond business itself, assuming important public and political roles beyond organizing and expressing the interests of newly emerging industrial and business groups in Chinese society.

It was also in this period, that overseas Chinese chambers of commerce embarked on a long-lasting evolution. They were, and still are, very important

⁸⁶⁴ Mary B. Rankin, *Elite Activism and Political Transformation in China: Zhejiang Province, 1865-1911* (Stanford, CA: Stanford University Press, 1986), 7, 206-10, 223-32.

⁸⁶⁵ Bergère, *The Golden Age of the Chinese Bourgeoisie*, 200.

⁸⁶⁶ Peng, *Chinese Modern Businesspeople Organizations and Socioeconomic Transformation*, 9.

⁸⁶⁷ Lixing Tang 唐力行, *商人与中国近世社会* [*shangren yu zhongguo jinshi shehui / Businesspeople and Pre-Modern Chinese Society*] (北京 [Beijing]: 商务印书馆 [shangwu yinshu guang], 2017), 275-7.

⁸⁶⁸ *Ibid.*, 279.

institutions in organizing the life of Chinese sojourners abroad and supporting domestic affairs.⁸⁶⁹ These overseas chambers of commerce function in “sustaining cultural identity and ties to the homeland, organizing cross-regional trade networks, organizing social support in case of individual and collective mishaps, and governing the settlements of Chinese (‘China towns’). This phenomenon needs emphasis, because these associations often became active in re-establishing ties to the Mainland when China adopted open-door policies in 1978, and remain important partners for associations in China today, for example, mediated via native place.”⁸⁷⁰

Among these overseas Chinese chambers of commerce, the South Asian chambers are particularly visible. While taking root in the modern South Asian societies, these chambers of commerce still maintain a strong Chinese culture and national identity. They maintain close economic and social connections with the home country. For example, the Singapore Chinese Chamber of Commerce and Industry was established in 1906 in the late Qing Dynasty. After its establishment, this chamber was not only the leading organization of the local Chinese economic community, but also the major agent of communication between the Qing government and domestic chambers of commerce.⁸⁷¹

5.1.1.3 Maoist Period (1949-1976)

In the initial institutional design of Chinese socialism during the 1950s-1960s, the highly planned economy system was a basic premise of economic life. All associations had to be under state control, and integral organs of the party-state. After the founding of the People’s Republic of China, most of the chambers of commerce were gradually disbanded, or incorporated into, or subjugated by, the party-state and management during the Maoist period (1949-1976).

Against this backdrop, in 1953, the All-China Federation of Industry and Commerce (Hereafter. FIC) was founded as the replacement of precedent chambers of commerce.⁸⁷² The FIC was set up as an integrated organ of the party-state system. Since then, the FIC has been the only official business association in China. Its structure is top-down vertical. One central headquarters transmits instructions to sub-organizations at the provincial, city and town levels. The FIC’s main function during the Maoist period can be described as presenting a political ‘United Front’, while its function as part of market organization was greatly

⁸⁶⁹ Ibid., 231.

⁸⁷⁰ Herrmann-Pillath, Guo and Feng, *Ritual and Economy in Metropolitan China*, 141.

⁸⁷¹ Hong Liu, “Organized Chinese Transnationalism and the Institutionalization of Business Networks: The Singapore Chinese Chamber of Commerce and Industry as a Case Analysis,” *Southeast Asian Studies*, vol. 37, no.3 (Dec., 1999): 391-416.

⁸⁷² FIC(Also: ACFIC) Official Web page. <http://www.acfic.org.cn/>. Last access: 12.11.2019. Translated by the author.

weakened.⁸⁷³

Later on, in the 1950s and 1960s, the private business sector was annihilated when the government took over all industries. By 1956, the private sector was eliminated, and all significant industrial and commercial assets taken over by the state, with some compensation given to their former owners. Small-scale private trade in the rural areas was also abolished during the mid-1950s. There was no longer any need for business associations. The FIC was the only one existing in this sphere. By the end of 1954, the number of FIC sub-associations at all levels of the country was 2005 in total. Before the Cultural Revolution erupted in 1966, there were 2070 FIC sub-associations national wide.⁸⁷⁴ Nonetheless, during the Cultural Revolution, all FIC activities were interrupted and terminated.

5.1.1.4 Reform and Opening-up Period

During the early 1980s' economic reforms, the FIC was allowed to re-organize itself. It began to resume some of its former business association activities. Akin to the dualism feature of the modern chambers of commerce in the late Qing Dynasty, one of the state's strategies was to reinvigorate the FIC as a state corporatist organization, and to give it greater latitude in the aspect of the entrepreneurs management.⁸⁷⁵ It is supposed to act as a representative of the private business and industry constituency, so as to lobby on their behalf from inside the state and to act as a means to mediate entrepreneurs' and workers' interests within enterprises. Hence, the FIC carries on this dualism feature.

On July 1st, 1991, the Central Committee of the Communist Party approved the FIC as 'the United Front people's association under Party management with the characteristics of economic and non-government association'.⁸⁷⁶ The new task of the FIC is defined as being a state organ of the representatives of the non-public economy: "it is the assistant to the government to manage the non-public economy, and a bridge between the Party, the government and the non-public economy".⁸⁷⁷

However, though being claimed as for the 'representatives of the non-public economy', the FIC is not an independent business association, in particular financially, but rather a state organ. It must comply with Party-state instructions. According to Chan's research, during the 1990s, the FIC "as a bureaucracy was often weighed down by inertia, and grassroots trade-union cadres often encountered a hostile management if and when they assumed an adversarial

⁸⁷³ Ibid.

⁸⁷⁴ Ibid.

⁸⁷⁵ Anita Chan, "Revolution or Corporatism? Workers and Trade Unions in Post-Mao China," *The Australian Journal of Chinese Affairs*, no. 29 (Jan., 1993): 31-61.

⁸⁷⁶ FIC Official Web page. <http://www.acfic.org.cn/>. Last access: 12.11.2019. Translated by the author.

⁸⁷⁷ Ibid.

role”.⁸⁷⁸

Along with the economic reform and continued restructuring of the national economic structure, the up sizing of the private sector was taking root, which put the FIC in a weak position in its relationship with the private sector. The FIC still continues to exist as a state transmission organ. Yet, officials of all ranks, in the FIC “often preferred to continue to work placidly within the nomenklatura structure and to enjoy all the associated employment benefits of civil servants. Such trade union cadres often have had no conception of trade unionism other than what they had personally experienced—operating essentially as the social welfare arm of company management.”⁸⁷⁹

Besides the FIC, since the economic reforms began, some smaller official industrial associations have been founded out of state political reform needs. For instance, in 1993, seven of China’s industrial ministries were abolished, and most of these were transformed directly into industrial associations.⁸⁸⁰ The nature of these industrial associations shows no significant change, however: they still function as government agencies. As Shi argued: “While the majority of business associations are on the receiving end of government directions, some business associations have effectively become policy making arms of the government, as in the case of the China Iron and Steel Association (CISA). [...] It urged steel companies to present a united negotiating front against foreign mining giants, and in June 2009, the CISA director warned steel companies that punishment would follow if they stepped outside the line”.⁸⁸¹ In my research, I would categorize the FIC and these quasi-government industrial associations as official business associations. Their self-cognition as managers and regulators actually prevents them from becoming the true representatives of grassroots private businesspeople.

Since the early 1980s, the private business sector has become very active and has expanded enormously. This is largely thanks to the Reform and Opening up. A very considerable amount of private and semi-private initiative has emerged, giving rise to numerous private business associations, a rapid development which I have briefly introduced in Chapter 3.⁸⁸² Compared with the FIC, they enjoy a higher degree of autonomy informed by their relatively independent financial position. They exhibit a kind of dualism similar to that which characterized the development of business associations in Imperial times. Ostensibly, these associations are still tied to government. As required by legislation, private business associations must register under a certain higher authority. This authority could be a state office or the FIC. This legal registration requirement means they

⁸⁷⁸ Anita Chan, “China’s Trade Unions in Corporatist Transition,” in *Governing Society in Contemporary China*, ed. Lijun Yang and Wei Shan (Singapore: World Scientific, 2016), 77.

⁸⁷⁹ *Ibid.*, 78.

⁸⁸⁰ *Ibid.*, 79.

⁸⁸¹ Chenxia Shi, “Self-regulation of business associations and companies,” *Peking University Journal of Legal Studies*, no. 2 (2010): 199.

⁸⁸² See Chapter 3, section 3.2.3, page 184.

must accept administrative regulations. Hence, private business associations are still domains where the policies of the state corporatism could apply. Notwithstanding, they are meanwhile built upon domains of societal corporatism.⁸⁸³ Most private business associations are founded and organized autonomously by local entrepreneurs and industry constituency. The state would not send its officials directly into these private associations. In comparison, the governing committee of the FIC are officials from government and Party departments.

Before 2015, the state policy concerning the establishment of business associations was that only one business association could represent each industry, and every association should be assigned to one supervising government organization. A substantial step from the state's side was in 2015, the CCP General Office and General Office of the State Council, issued a guideline entitled: 'Decouple Industry Associations and Chambers of Commerce from the Administration Body', part XIII—Social governance, Item 47 and Item 48:

47. Innovate social governance methods. Use legal frameworks and legal methods to reconcile social conflicts. The government should continue to optimize governance and service platforms at the grassroots level and respond to the interests of the people in a timely manner.

48. Stimulate the vitality of social organizations. Social organizations will take over public services they are suitable to provide. Realize the decoupling of the chambers of commerce and industry associations from the administrative agency within a time limit. The country will prioritize the development of industry associations, chambers of commerce and social organizations in the fields of science and charity, as well as urban and rural community services. They are to directly apply and register according to the law when they are founded.⁸⁸⁴

Articles 47 and 48 of the Decision aims to improve the social governance, to encourage and support the participation of all sectors of society, and achieve a better interaction between official / state governance and social self-regulation. The chambers of commerce and industry associations in this new guideline are labeled as the social institutions of self-regulation.

The 2015 Announcement symbolizes that the state was beginning to loosen direct control over private business associations. Though the actual effect of this policy turn is still in doubt, especially since the decoupling is premised on ascertained registration under an official supervisory body, it at least indicates that the state recognizes conflictual interests in the social sphere between market and state, and is trying to seek a balance.

Along with the growing influence of the private business sector, the private

⁸⁸³ Jonathan Unger and Anita Chan, "State Corporatism and Business Associations in China: A Comparison with Earlier Emerging Economies of East Asia," *International Journal of Emerging Market*, vol.10, no.2 (2015): 178-93.

⁸⁸⁴ General Office and General Office of the State Council official web page. http://www.gov.cn/zhengce/2015-07/08/content_2894118.htm. Last access: 12.07.2019. Translated by the author.

business associations have become active public actors and influential social organizations. This actually, to some extent, alters their relationship with the FIC: from the latter being a ‘higher authority’ in name to being a ‘cooperative partner’ in reality.

According to Unger and Chan, the state has moved proactively to tighten up its controls over the FIC, and their research clearly reveals that the FIC today is considerably more constrained than it had been in the 1990s.⁸⁸⁵ Hence, as newly influential public actors, private business associations representing the interest of grassroots entrepreneurs serve an indispensable role between state and market, especially in their orientation of group interest in business ethics. This orientation also drives their ethics related activities. In the next subsection, I will give a more detailed description of Chinese private business associations.

5.1.2 Modern Chinese Private Business Associations Since Economic Reform

Based on the association members’ orientations, two types of private business associations can be distinguished: trade industry associations */hangyexiehui* [行业协会] and chambers of commerce / *shanghui* [商会]. Trade industry associations refer to business member organizations whose members are from the same industry. The business associations whose members are cross-industry are generally referred to as chambers of commerce, and sometimes trade industry associations in the commercial sector can be also referred to as chambers of commerce.⁸⁸⁶ However, there is no sharp distinction between these latter two.

The foundation of trade industry associations may be partly instigated by state political orders –as for example by the aforementioned industry ministries reform – and partly spurred by grassroots ethical needs. The Wenzhou private trade industry associations’ development may illustrate this.

In the early 1980s, in Wenzhou, Zhejiang Province, where market economy has been relatively more developed, and business activities have been more embedded in social life, entrepreneurs in several influential industries spontaneously cooperated with each other and established business organizations in order to solve inner ethical problems within industries, such as fierce price wars, setting common product standards, quality testing, industry regulation, and fake and shoddy products, etc. The shoe-making industry and the cigarette disposable lighters industry, as the most mature industries in Wenzhou, had suffered random price cuts, counterfeiting and other vicious disorderly competition since the 1980s. According to Chen and Ma’s research, the leading entrepreneurs in these two industries consequently then had a strong desire to establish trade industry

⁸⁸⁵ Unger and Chan, “State Corporatism and Business Associations in China: A Comparison with Earlier Emerging Economies of East Asia,” 178-9.

⁸⁸⁶ Yi, “On the Reform of Industry Association Marketization Reform,” 1.

associations for industrial self-regulation.⁸⁸⁷

The foundation of chambers of commerce is another story. Some are developed upon business geographical location criteria, for instance, district chambers of commerce and street chambers of commerce, while some are constructed on the basis of a certain shared identity. This shared identity could be the members' native place [同乡商会 / *tong xiang shang hui*], educational background (for instance, the Peking University Alumni Chamber of Commerce [北大校友商会]), sex / gender (for instance, the Chaoshan Women's Chamber of Commerce 'Shenzhen jin guo chao shanghui' [深圳市帼潮商会]), etc.⁸⁸⁸

During 1990s, the numbers of medium-sized businesses and private business associations expanded enormously. Rather than continuing to view the private sector as incidental and insignificant, the government realized the growing influence of private associations and hammered out a plan to tackle this problem. It changed the FIC into an overall 'representative organization' in order to serve a function of pre-empting the governance of autonomous private associations. Taking Wenzhou as an example, the Wenzhou government asked the Wenzhou FIC to add 'Wenzhou General Chamber of Commerce' to its title in 1990. This gesture legitimated FIC as the legal supervision entity for all chambers of commerce in Wenzhou. Even until today, the Wenzhou FIC at the city level has two titles. Hence, it is hard to judge the nature of a business association from its title. A better way is to examine its founding basis and financial resources.

By the late 1990s, Wenzhou businesspeople had expanded their enterprises across the country, and even gone abroad. In order to take root in foreign places and maintain their connections with Wenzhou root, they have established many extraterritorial chambers of commerce [*yidi shanghui* / 异地商会].

The Wenzhou case is a mirror of private business associations' development at the local level in China. The local private business associations stress that they are autonomously promoted and formed by entrepreneurs.⁸⁸⁹ They proclaim their dominant feature as being 'non-governmental'. Such associations are driven by strong ethical initiative, as claimed by the Wenzhou Footwear Industry Association: "in this association, our aim is to warm up each other, help each other, develop mutually, and grow bigger and stronger all together."⁸⁹⁰

⁸⁸⁷ Chen and Ma, "Wenzhou Folk Business Association: Democracy's Value and Democracy's Predicament," 3-4.

⁸⁸⁸ Herrmann-Pillath, Feng and Guo, "Entrepreneurs and ritual in China's economic culture," doi:10.1017/S1744137419000201.

⁸⁸⁹ Jianxing Yu 郁建兴, "商会与政府、企业间的互动:基础与途径——以浙江省温州市为例 [shanghui yu zhengfu qiye jian de hudong: jichu yu tujing——yi Zhejiang sheng Wenzhou shi wei li / The Interaction between Business Association and Government and Cooperate: Basis and Path - Case of Wenzhou, Zhejiang]," *非政府组织学刊* [*feizhengfuzuzhi xuekan* / *NGO Research*], no.1 (Jul., 2006):01-22.

⁸⁹⁰ Wenzhou Footwear Industry Association Official Web page. <http://www.shoeschina.cc/>. Translated by the author. Last access: 12.11.2019.

This evolution corresponds with Herrmann-Pillath's observations. He argues that after 1995, Chinese society saw the mobilization of ritual context.⁸⁹¹ Akin to their pre-1949 precedents, numerous leading entrepreneurs' associations began to organize private business associations on the basis of subcultural identity. These associations usually enroll entrepreneurs who share territorial or cultural identity, for instance, the Hakka business association.⁸⁹² They gradually expanded to the national and even international levels by setting up extraterritorial and international associations as their remote branches.

Scholars have noted one particular feature about business associations and individual entrepreneurs in contemporary China. In the survey conducted by Bruce J. Dickson in 2003, we can see that most members of business associations show a strong identity with their respective business associations. The vast majority of businesspersons believe that private business associations can and do represent them. Large proportions of business association members believe that their business association shares their personal views and identity. One surprising finding from Dickson's survey is that even entrepreneurs who do not belong to any business association believe that the associations represent their members, and even share their own views.⁸⁹³

The shared identity infuses these associations with enthusiasm and consolidates a concerted efficiency. These networks are expanding enormously. The five biggest private business associations, including the Zhejiang Entrepreneurs Association, Jiangsu Entrepreneurs Association, and Chaoshan Entrepreneurs Association, all belong to this type. By virtue of networking, they have turned out to be prominent in terms of influence among local grassroots entrepreneurs. What these associations cling to firmly are their shared identities. This indicates that the efficient binding power in these associations is based on cultural identity, instead of any administrative or legal factors.

By the end of December 2013, nearly 70,000 business associations (industry associations and chambers of commerce taken together) had registered in China. According to national statistics, there are more than 800 national level private business associations. All the Chinese enterprises that are listed in the world's top 500, all the national top 500 enterprises, and all the enterprises above medium size are members of business associations.⁸⁹⁴

⁸⁹¹ Herrmann-Pillath, Guo and Feng, *Ritual and Economy in Metropolitan China*, 153.

⁸⁹² *Ibid.*, 158.

⁸⁹³ Dickson, J. Bruce, *Red Capitalists in China: The Party, Private Entrepreneurs, and Prospects for Political Change* (Cambridge: Cambridge University Press, 2003), 70-5.

⁸⁹⁴ Chaoyang Jing and Jianguo Chen 景朝阳,陈建国, *中国行业协会商会改革发展研究报告 [Zhongguo hanghui shanghui gaige fazhan yanjiu baogao / China Industry Association and Chamber of Commerce Development Research Report]* (北京 [Beijing]: 2014 年中国协会商会蓝皮书 [2014 Chinese Industry Association and Chamber of Commerce Blue book], 2014), 5. https://www.jianpin.cn/skwx_jp/BookDetail.aspx?ID=680. Translated by the author. Last access: 02.02.2019.

5.1.2.1 Business Associations' Functions: Between the State and the Market

From December 2007 to April 2008, the NGO Research Institute of the School of Public Administration of Tsinghua University conducted an 'Industry Association Governance Function Questionnaire' in Shenzhen, Qingdao, Beijing and Hangzhou, and summarized the results from 145 private industry associations surveyed. This questionnaire concentrated on 21 aspects of industry associations' functions. A total of 292 questionnaires were distributed and 145 were recovered, with a recovery rate of approximately 50 per cent.⁸⁹⁵ Through the frequency of selection of a function in the questionnaire by the industry associations interviewed, we can determine the main roles of the private business associations in Chinese economic life.

Table 9. Industry Associations' Main Functions

No.	Function	Frequency
1	Participate in the development of industry plans or conduct preliminary demonstrations	60
2	Industry research and legislative recommendations	91
3	Industry Statistics	62
4	Participate in the co-development of industry standards	64
5	Setting up industry codes of ethics, rules and regulations	70
6	Coordination of price	32
7	Participation in quality supervision	37
8	Participation in the issuance of industry licenses and qualification review	20
9	Certification or identification of products	17
10	Responding to issues such as international trade frictions and anti-dumping	20
11	Compile industry publications	101
12	Operate industry member website	91
13	Organizing trade fairs and other market-developing behaviors	78
14	Helping companies improve their technology and management	66
15	Transmit member requirements to government (as transmission belt)and protects members' rights	115
16	Organizing enterprises to participate in international exchanges	90
17	Legal Information Consultation	70
18	Entrepreneur Training	120
19	Conducting industry evaluations	82
20	Accepting government-appointed work	94
21	Advocating corporate social responsibility and developing social welfare undertakings	70

(Source: Wang Ming, Sun Chunmiao: "Introduction to Industry Associations")⁸⁹⁶

This research reveals that the top three functions of market-oriented private business associations are: hold entrepreneur training; communicate members'

⁸⁹⁵ Ming Wang, Chunmiao Sun, "Introduction to Industry Associations," *China Nonprofit Review*, no. 1 (2009): 2.

⁸⁹⁶ Ibid.

needs to government (as transmission belt) and safeguard members' rights; and compile industry publications. Items 2, 5, 19 and 21 are listed highly thereafter and these items are all concerned with certain industrial business ethics and legislative issues.

According to this questionnaire, keeping the relationship with government and uniting private entrepreneurs ethically are the main two functions of business associations. The most common way of organization is training and educating entrepreneurs, the aim is "helping entrepreneurs have a good life" and "establishing a healthy industry environment".⁸⁹⁷

Except for legal regulation, facts proved that the government's role in business ethics regulation is relatively limited. In 1991, the Wenzhou lighter manufacturers suffered a lot from a notorious reputation caused by shabby quality of products as well as blind and vicious competition among internal industry members. The Wenzhou government set forth strict regulations and asked the Wenzhou FIC to enforce them. Nonetheless, the effect was unsatisfying. In the end, the manufacturers themselves established the Wenzhou Smoking Manufacturers Association. This association resorted to self-discipline among the industry members through comprehensive codes of ethics and detailed regulations. After succeeding with self-regulation, this association even advised the government to adjust and change some industrial policies and regulations. They reasoned that their knowledge of the industry was much better than that of the government. When the Wenzhou lighter enterprises encountered problems with the EU anti-dumping law in 2002, the Wenzhou Smoking Manufacturers Association didn't resort to government. The association as representative of the collective enterprises presented its own defense in front of the EU regulations and penalty committee. Hence, the Wenzhou Smoking Manufacturers Association has become an example of a self-regulated civil organization successful in constructing and promulgating business ethics in China.⁸⁹⁸

Market-oriented private business associations nowadays in China have become aware of the importance of business ethics. By the end of 2013, 387 of the national business associations had established industry self-discipline systems, 372 had published industry regulations, 331 had publicized codes of ethics and ethics guidelines, and 328 had issued industry self-discipline declarations and statements.⁸⁹⁹

⁸⁹⁷ Ibid., 16.

⁸⁹⁸ Weimin Chen 陈伟民, "论浙江人契约观念的不同特点 [lun zhejiangren qieyue guannian de butong tedian / On different characteristics in contract concept of people in Zhejiang province]," *浙江理工大学学报 [Journal of Zhejiang University of Science and Technology]*, vol .20, no .4 (Dec., 2008):292-3.

⁸⁹⁹ Jing and Chen, *China Industry Association and Chamber of Commerce Development Research Report*, 11.

5.1.2.2 *Business Ethicists in Business Associations*

As the foregoing analysis shows, most private associations are constructed on the basis of shared identity or being in the same industry. Inside the associations, they need to negotiate, construct and maintain this communal identity in order to help bind together their members. And this is much interconnected with those ethics ideas that are crucial to their identity. Outside the associations, as the state-owned business sector enjoys moral superiority as the public economy sector under socialist regime, there is a very strong ethical need for private business associations and the private entrepreneurs they represent, the private business sector as well, to get recognition in moral terms in the economy institution. In a nutshell, those people in the private business sector in China's socialist economy system need to legitimize themselves as moral economic actors. To this end, the business associations themselves become the arbiters of moral discourses in business.

Though entrepreneurship is a typical expression of individualism, with strong individual incentives, entrepreneurs must actively use social relations and social networks to achieve their individualistic purposes. This requires their attention to the moral needs of their communities and societies, to contribute to the common good. If not, entrepreneurs will fail – harming themselves and the entrepreneur group as a whole. By considering the social role of the entrepreneur, the claims and arguments of business associations should be in fact closely connected to certain societal efforts. They, as representatives of private businesspeople, want to avoid public indignation and gain moral recognition. The current fact that the private entrepreneur group is the leading engine in China, in particular economically. But in public view, they are meanwhile the group who are easy to lose their faith and morality in the rapid growing market. That's why private business leaders' public moral arguments and claims are essentially important in China socialist regime. Considering private business associations as a new public actor, we can contribute to our understanding of the moral background elements in current society by looking at what their business leaders say, what kind of moral arguments they make, where and how they express these claims, and what they hope to achieve.

The question is who are the ethicists in business associations? Usually, they are the leaders of private business associations. Unlike the government-led associations of which the leaders are assigned by the government, the leaders of private business associations are usually assigned to local influential entrepreneurs or selected democratically by the members. The fundamental social identity of both the leaders of business associations and entrepreneur role models, consciously and unconsciously, urges them to speak more about business ethics than other ordinary businesspeople. The moral background elements behind their moral claims are part of the institutional and cultural mechanisms that constitute the social normative structure. Their work of advocacy, explanation and role-modeling in public forums and the public sphere is significant in the social normativity structure.

In comparison with the relative lack of influence of the government-led FIC, the examination of the moral background in business associations should clearly concentrate on these market-oriented private associations. Moreover, the effectiveness and responsiveness of associations with voluntary membership as against those with compulsory membership are essential in determining the moral background. Thus, for this chapter, I chose private industrial associations and private chambers of commerce as my empirical field.

5.2 *Moral Background of Business Leaders in Business Associations*

In this subsection, I target five business leaders and the business associations that they are serving, with consideration of covering size / scale, location and government-association relationship differences. The empirical data includes business association leaders' books, articles in the press, academic papers, pamphlets, public speeches, public interviews, Internet blogs and WeChat publishing (paper and tweets). In addition, I conducted six semi-structured interviews with heads or chief executives of business associations as secondary data in contextual analysis. The interviewees include: the vice general secretary of General Association of Zhejiang Entrepreneurs (GAZE); the Head of Jiangsu Entrepreneurs Association; the Head of Shandong Entrepreneurs Association in Jiangsu; the Head of Peking University Alumni Association in Guangdong; the Chief Consultant of Wuxi SMEs Association; the Chief Consultant of Wenzhou Entrepreneurs Association.

5.2.1 *Powerful National Native Business Association: General Association of Zhejiang Entrepreneurs*

Started from native origin, several local business associations have extended their reach to the provincial and began to be very active in the national stage and this kind of private business association has gradually become the most influential. Especially after 2010, several provincial business associations in developed areas were founded one after another. Some media reports coined them as the "Top Five Modern Business Gangs".⁹⁰⁰ On that list, there are the biggest and most powerful business associations: The General Association of Zhejiang Entrepreneurs, the Jiangsu Entrepreneurs Association, the Shandong Entrepreneurs Association, the Southern Fukien Province Entrepreneurs Association, and the Pearl River Delta Business Association.

GAZE was founded in October 2015. Its predecessor was the annual World Zhejiang Entrepreneurs Convention. It is an autonomous, non-profit social

⁹⁰⁰ "中国新五大商帮 [zhongguo xin wu da shangbang / Chinese New Top 5 Modern Business Gangs], " *Sina Financial News*, <https://business.sohu.com/s2005/xinshangbang.shtml>. Last access: 11.08.2019. Translated by the author.

organization that is organized and operated by Zhejiang local entrepreneurs. On its website, it claims it “focuses on building up a network for Zhejiang entrepreneurs. We are committed to being the Zhejiang Entrepreneurs’ spiritual headquarters and warm home.”⁹⁰¹

In Oct 2011, at the founding moment of the first World Zhejiang Entrepreneurs’ Convention, the ‘Zhejiang Entrepreneurs’ Manifesto’ was read by all the attending entrepreneurs:

We should uphold the spirit of Zhejiang, we should be self-reliant in our entrepreneurial business, we should focus on independent innovation, we should adhere to scientific orientation, we should abide by credibility and integrity as our root, we should bravely assume our social responsibilities. We should always stick to *yi* as the very first principle in the world, and we should be in solidarity to reward our hometowns.⁹⁰²

Compared with those arguments from academia, discussed above in the business school section, several specific notions exist in this manifesto: Zhejiang spirit [精神/ *jingshen*], self-reliance, independent innovation, and solidarity. ‘Spirit’ in the Chinese language may refer to both a philosophical concept and a magic belief. And it is very common to bestow a geographical place with a certain spirit in Chinese culture. It was stressed by Weber, for example, that the Chinese often showed this magical-animism tendency.⁹⁰³

In terms of geography, Zhejiang could not be regarded as a land of rich natural resources, especially compared with the Jiangnan area (lower reaches of Yangzi River). It has little arable land, but abundant mountain areas. Meanwhile, it is one of the most populous areas in China. Historically, the Zhejiang people have faced overwhelming survival pressure. Hence, the Zhejiang spirit that Zhejiang people are proud of is traditionally known as diligent and fighting relentlessly. In Chinese folk culture, people are believed to more or less bear and resemble the spirit of their birthplace. This native place spirit exerts a kind of agency in the relationship between townsmen. Chinese people hence tend to show a positive emotional feeling towards their townsmen, as a natural and intimate trust. ‘Townsmen Spirit’ has a solid and rich connotation and practice in Chinese culture instead of being an abstract concept.⁹⁰⁴ For instance, it manifests itself in cliques of Confucian Official intellectuals who were born in the same area. These cliques usually offer shelter or inner help in officialdom. And, as mentioned above, many early modern business associations, domestic and oversea, were largely organized on this basis of townsmanship.

⁹⁰¹ Zhejiang Entrepreneurs Association Official Web page. <http://www.zjsr.com/zszh/>. Last access: 12.11.2019. Translated by the author.

⁹⁰² ‘Zhe Entrepreneurs Manifesto’: <http://www.zj.chinanews.com/news/2017/1130/8122.html>. Last access: 26.11.2019. Translated by the author. *Jingshen* / spirit is understood in this context as the antithesis of materiality. It stresses on cultural knowledge and morality.

⁹⁰³ Max Weber, *The Religion of China: Confucianism and Taoism (English Version)*, trans. and ed. by Hans Gerth (New York: Free Press, 1951), 199.

⁹⁰⁴ Fei, *From the Soil*, 71.

In this manifesto, Zhejiang businesspeople are required to bond together under the spirit banner of their birthplace. From this appeal, it wishes to unite these private entrepreneurs by their affection for their hometowns and their birthplace identity. In other words, it helps to establish a community of faith by virtue of native and townsman spirit. The last sentence “reward our hometowns” echoes with the ‘townsman spirit’ calling. Therefore, the spirit claim is significant in the business ethics moral background here, for its attempt to base business confidence upon the ethical qualities of the individual proven in his relationship of shared townsmanship, rather than in pure “impersonal, vocational work”.⁹⁰⁵ In essence, this is particularism mixed with groupism, a focus which is distinct from the rational individualism emphasis of modern Western capitalism.

Yi / Righteousness as inhabiting traditional business ethics is identified as the “very first principle in the world” in this speech. Though the manifesto doesn’t mention *li* / profit, the antithetical connotation is obvious. *Yi* is being regarded as venerable and prominent, occupying the status of a ballast stone in this argument. It belongs to the classical Confucian *Yi* and *Li* dichotomy and principle that *yi* is prior to *li*.⁹⁰⁶ There is thus the suggestion from the business leader that traditional Confucian ethics are still conceded as of highest value in humanizing Chinese entrepreneurs. This is actually symptomatic of a legitimization of moral priority in modern economic activities.

What does ‘self-reliant’ imply? ‘Self-reliant’ defines an ideal relationship with government. One important part of business ethics in China is how to deal with the relationship with the governing power morally. It was, is and will be the essential concern. Corruption in China can come from an immoral relationship between government officials and businesspeople. By emphasizing self-reliance, the association urges entrepreneurs to rely on self-development instead of pulling strings, or even worse, bribery. As noted in the later part of this subsection, the first chairman of GAZE, Jack Ma, repeated this ethical norm in his famous four ‘Not Doing’ business norms.

‘Independent innovation’ indicates a modern view of how to do business in this age of globalization. It indicates the importance of avoiding counterfeiting. Together with self-reliance, it signals a new standard of ‘good business’ in a Chinese market economy that has experienced ethical chaos in early stage of market reform. Compared with traditional moral qualities in Imperial times, these two norms are concerned with modern ethical problems: collusion between business and government officials; copying and imitation.

‘Scientific orientation’ indicates another value orientation, which deserves to note. The word ‘orientation’ gives the impression that science could be regarded as a value guideline. Or at least, science is claimed in this Manifesto as good, right, permissible and deserving of promotion as a value orientation. Nonetheless,

⁹⁰⁵ Weber, *The Religion of China*, 237.

⁹⁰⁶ See Chapter 2, section 2.2.2.

whether it is regarded as a moral end or means is still debatable.

In this foundation ceremony of GAZE, the Chairman of the fourth World Zhejiang Entrepreneurs Convention and Vice Chairman of the Zhejiang FIC, Wang Huizhong, made the following public comments:

We should cultivate the ‘soul of Zhejiang Entrepreneurs’. What is the entrepreneur’s soul? The answer is ‘humanistic spirit’. Why are there so many top successful entrepreneurs in Zhejiang? ‘Humanistic spirit’ is the answer. The entrepreneur’s true success actually doesn’t rely on how much fortune he has. Rather, it lies in his passion and soul. This soul is rooted in our 5,000-years’ history of culture and civilization in Zhejiang. It contains the most complete ‘Chinese elements’, tells a well-known ‘Chinese story’, preserves ‘Chinese spirit’, and possesses a vigorous ‘Chinese power’. The soul has nourished the group of Zhejiang entrepreneurs. It has cultivated a business culture of ‘compatible *yi* and *li*’, ‘compatible virtue and behavior’, ‘inclusiveness and collaboration’. It has nourished a whole generation of Zhejiang entrepreneurs, one after another, with a strong sense of social responsibilities and duties. Let the entrepreneur of the young generation be the entrepreneur who has a dream in your heart and dares to pursue your dreams; Do be an entrepreneur who takes honesty as your root of life and takes integrity as your lifelong career; Be an entrepreneur who is caring, benevolent. Be an entrepreneur who brings rewards to society.

We should consolidate together. Solidarity energizes strength. As the old saying goes, if you want to go faster, go alone. If you want to go further, go together. The establishment of GAZE is to tie the Zhejiang entrepreneurs together with ‘affection for hometown, affection for family, and affection for friendship’ and thus unify the power of thousands of Zhejiang entrepreneurs.⁹⁰⁷

To note, this is an inauguration speech, and Chairman Wang talked about nothing but morality and ethics. Zhejiang Province is among the top areas with the most developed commodity economy and business networking. It is quite rare to particularly stress ethics and morality in front of thousands of entrepreneurs. This may indicate that Wang, at the least, thinks raising morality issue in the entrepreneur group is of paramount importance.

In Wang’s speech, the requirement of traditional virtues and personal moral cultivation was reiterated. The importance of virtues and social responsibility was highlighted. It is hard not to notice his unequivocal claims of ‘spiritual’ and ‘cultural’ powers all being specifically characterized as ‘Chinese’ and ‘Chinese civilization’. Chinese history and culture are taken as the root and source of business ethics. The traditional *yi* is listed as the foremost ethical principle of a good business. There is no wonder that Wang directly urges the Zhejiang entrepreneurs to abide by the moral values of ‘credibility and integrity’ and actively carry on social responsibility. What is special here, is that the concept ‘solidarity’ is stressed. The expression “if you want to go faster, go alone. If you want to go further, go together” is typical of collective and communal thinking. Further, he maintains that ‘solidarity’ is the origin of ‘strength’ in business.

The metaphorical use of ‘soul’ and ‘spirit’, and the use of the word ‘affection’

⁹⁰⁷ Zhejiang Entrepreneurs Association Official Web page. <http://www.zjsr.com/zszh/>. Last access: 26.11.2019. Translated by the author.

are noteworthy. They don't sound like modern rationalist terms. Wang infers that the 'soul of the entrepreneur' is 'humanistic spirit', which is rooted in 'Chinese culture and civilization'. Note carefully the causal links here, the 'soul of entrepreneurs' should mean the core essence of entrepreneurs. That essence is not comprised of how to skillfully run a business or how to better manage a company with some knowledge, but rather it is 'humanistic spirit' that is regarded as the core quality of the Chinese businessperson. Wang then continues his causal talk, that this humanistic spirit originates from 'Chinese civilization' which is rooted in 'our 5000 years of history and culture'.

Wang argues that the "entrepreneur's true success actually doesn't rely on how much fortune he has. Rather, it lies in his passion and soul". 'Soul' here is used as a quality of the ideal character of a successful entrepreneur: a human with a civilized spirit, who cares about the people and can reward society, who doesn't care about fortune. His following statements are direct descriptions of a moral model of the entrepreneur: "be the entrepreneur who has a dream in your heart and dares to pursue your dreams; be an entrepreneur who takes honesty as your root and takes integrity as your lifelong career; be an entrepreneur who is caring and benevolent and rewards society." This moral model is about one's social duty towards the people and communities. To note, Wang has clearly claimed that the power of businesspeople comes from Chinese traditional humanistic civilization, and a good businessman is the one who is civilized with humanistic spirit in Chinese sense. This ideal type regards fulfilling their social responsibility and rewarding society as their prior duty. His argument contains a laden hierarchy of ends, the highest and most important of which are moral, social and historical.

5.2.1.1 Jack Ma and His Integrity Business Ethics

On the same day, after Wang's speech, Jack Ma (Ma Yun, founder and chairman of Alibaba Group) was nominated as the first chairman of GAZE. In his election speech, he stated:

First, our GAZE must unite the entire group of Zhejiang entrepreneurs and become an active participant in and promoter of the economic transition of Zhejiang as well as the whole country and the global economy.

Second, we hope to pass on the culture of Zhejiang entrepreneurship, enhance the culture of Zhejiang entrepreneurship, and assume responsibility for society.

Third, we must create the future for our young generation of entrepreneurs by means of new technology.⁹⁰⁸

Ma as well emphasizes the 'solidarity' of entrepreneurs. The entrepreneur group, he argued, is "an active participant in and promoter of the economic transformation of Zhejiang as well as the whole country and the global economy". He thus considers entrepreneurs as the engine of the economy and as playing an essential

⁹⁰⁸ Jack Ma's Inauguration Speech on 24.10.2015. <https://zj.zjol.com.cn/news/190399.html>. Last access: 26.11.2019. Translated by the author.

role in the ‘transition of society’, which highlights the status of private entrepreneurs in Chinese market economy.

His second point is a duty / responsibility argument and very clearly, for a civilized end at the societal level. It indicates that the justification of private entrepreneurs in China lies in their social responsibility. Or in other words, the justification of private entrepreneurs depends on their social contribution, which is morality oriented.

In the meantime, Ma points out that the future is created by means of new technology. Ma has said on many other occasions that what an entrepreneur should do nowadays is use technology to make the companies, Chinese nation and Chinese people better and well off. Hence, in his argument, science and technology are the means to realize the economic and social ends.

On January 10, 2016, at the council conference of disciplines for GAZE members, Ma proposed four basic ‘Not Doings’: no bribery, no arrears of wages, no tax evasion, and no infringement of copyright. He then pointed out,

GAZE cannot decide on what entrepreneurs will do, but GAZE can decide on what they cannot do. We must self-regulate. Entrepreneurs should think about why they started their business and what is their aim in the future. We should make very clear what we can do and can’t do. ... [When facing with difficult times], the elimination of employees’ salaries is not as good as paving a way out for employees’ welfare; if everyone copies, who will innovate? If we, as Zhejiang entrepreneurs, can build up a reputation of ‘honesty, law-abiding and integrity’, the world will scramble to do business with us. If we give up some short-term profits, our path will become wider and wider.⁹⁰⁹

Since then, the four ‘Not Doings’ are listed as GAZE’s top code of ethics. It has been put on the first page of the GAZE website. This focuses on entrepreneurs’ moral choices and ethics of doing. The claims that “the unethical practices ought to be eliminated by self-regulation,” and “GAZE cannot decide on what entrepreneurs themselves will do, but GAZE can decide on what they cannot do” are direct moral preaching and appeals. Ma highlights self-regulation as GAZE’s major function. Self-regulation means there is no need for external regulation, in particular no gray space where government might intervene.

In 2011, an ethical scandal in Alibaba Group broke out. Its B2B group found that, since the end of 2009, fraud complaints from platform clients had increased. An independent survey conducted by Alibaba’s board of directors showed that a small group of salespersons had cheated thousands of foreign merchants by consciously setting up fraudulent sellers and certifying them as so-called Gold Level Suppliers, who accepted payments for but never delivered goods. In response to this situation, the company adopted a curettage measure: it cleared out 1,107 China suppliers who were suspected of fraud in 2010 and this group of people accounted for about 0.8per cent of the total amount of paid suppliers at the end of the year. At the same time, senior management had to take the rap. The

⁹⁰⁹ GAZE Executive Council Meeting. <https://tech.huanqiu.com/article/9CaKrnJT30f>. Last access: 29.11.2019. Translated by the author.

CEO of Alibaba, David Wei, and Elvis Lee, its COO, were both fired from their jobs.

This scandal was regarded as Taobao's biggest moral crisis. The following are experts from a media report of TV interview with Ma about the scandal, "what I'm angry about, is [salespeople] have suspected—they have just guessed, probably—these dealers are probably cheating, but they have just signed the contract without further questioning,' said Ma, speaking rapidly and emphatically. 'This is nothing but an integrity issue...We are probably the only company in China where senior managers take responsibility in such a moral scandal.' Ma said, 'People told me: Jack, you intervene too much. I mean, too drastic. But I believe Chinese business needs this intervention.' Ma described the decision of firing his COO and CEO as 'like scraping the poison off the bone. It is painful, but a necessary treatment'. 'That's because Alibaba's problems are, in a very real sense, also China's problems.' 'What my nation needs,' Ma said, 'is a company that the world can believe in, that put values and trusts over profits.' His biggest hurdle, Ma argued, is "the breakdown of values in this company, where employees put financial considerations, and their own profits, above everything".⁹¹⁰

The interview continues: "Ma said that he had told David Wei, his former chief CEO who was in charge during this scandal, that he should have done more to stop these immoral behaviors. 'I said, David, if you guys [had dealt with] this problem six month ago, I wouldn't have to do this now. But if I don't do this now, in this way, six months later, then 23,000 people, all Alibaba's employees, would fire me.' He grimaced, 'Because these are the values we are fighting for.'"⁹¹¹

On Feb 11, 2011, in a company open email regarding this scandal, Ma wrote: There must be no tolerance for behaviors that violate the principles of business integrity and the company's bottom line.

Alibaba has never taken pursuing profit as the first goal since its foundation. We absolutely do not want to turn the company into a machine that only makes money. We have always adhered to the mission of 'making doing business easy for the world!' The value of 'Customer first' means that we would rather give up growth, than do anything that harms the interests of our customers, let alone blatant deception.

There is no need for one more internet company in this world, or one more company that can just make money; this world needs a company that is more open, more transparent, more sharing, more responsible, and more global. What the world needs is a company that comes from society, serves the society, and dares to take responsibility for the future society. What the world needs is a culture, a spirit, a belief, a kind of responsibility. Because only these can help us go further in the hard business world, be better and more comfortable.⁹¹²

In both contexts, his interview and the email, his message is quite high-minded,

⁹¹⁰ 2011 Alibaba Cheating Scandal Interview. <https://m.huxiu.com/article/235783.html>; See also: <https://zhuanlan.zhihu.com/p/41573403>. Last access: 29.11.2019. Translated by the author.

⁹¹¹ Ibid.

⁹¹² Jack Ma's Public Letter. http://jjckb.xinhuanet.com/2011-02/22/content_289156.htm. Last access: 29.11.2019. Translated by the author.

and it could be regarded as merely a public relations show or campaign. Whether this is truly from his heart or not is beyond this research. My point is, in the public sphere, the arguments and opinions of a famous business leader reveal a clear and sound illustration in terms of the public normativity structure.

By indicating it's 'China's problem', Ma's argument puts heavy weight on self-regulation as an ethical requirement of Chinese entrepreneurs as a whole. There is a clear nationalist tone in Ma's statements about 'China's future' and 'China's problem'. From the very beginning, Ma assigns the nation's future to ethical improvement in business. In other words, business ethics is largely related to national future.

The result of this event was positive, and it was even considered a milestone event in Chinese business ethics development. Huge discussions about it arose among Chinese entrepreneurs.⁹¹³ After this scandal, Ma, as Chairman of GAZE, proposed more detailed moral guidelines for its members. The following announcement appeared on GAZE's official Web page:

In the wake of setting up the market economy, Zhejiang entrepreneurs have adhered to market ethical norms, seized market opportunities, brought integrity to management and business, attained development with innovation, and have quickly become a unique ethical group in business. With the in-depth development of the market economy, society has demanded higher requirements for businessmen, by virtue of emphasizing entrepreneurs' social responsibilities. In the meantime, society has also strengthened supervision over business conduct, by emphasizing fairness, justice and openness as market norms. Contemporary Zhejiang entrepreneurs should dare to be good at practice and be good in their practice. They should dare to innovate and be good in their innovation. They should dare to create and be good in their creation. They should be brave enough to take responsibility and willing to fulfill their social responsibility. I believe that the adherence to business ethics will surely become a magic weapon for Zhejiang entrepreneurs to win again.⁹¹⁴

In 2002, Alibaba launched an 'Integrity Pass' service for all sellers and buyers who engaged in domestic trade at Alibaba's online platform. Those sellers and buyers who followed the principle of integrity in their trade and received no complaints in terms of business ethics could get this Alibaba authorized 'Integrity Pass'. Anyone with this pass would be rewarded bonus points by the Alibaba platform and free advertisement. When asked why he wanted to establish this online credit system, Ma said:

Our top priority is to establish and improve Alibaba's integrity system. We have a slogan: 'Only with Integrity Can Businesspeople Get Rich'. Why do we say that? If there is no integrity, people can't do business.

When Chinese people are doing business, there is often a psychological premise: my business counterpart is untrustworthy. It would usually be a long time, after both parties have had many contacts and trades, before they could obtain a basic sense of trust. Hence,

⁹¹³ Public Response in media. <http://media.people.com.cn/GB/40606/13974278.html>. Last access: 29.11.2019. Translated by the author.

⁹¹⁴ GAZE Official Web page. <http://www.zjsr.com/zszh/>. Last access: 12.11.2019. Translated by the author.

the transaction cost in this situation is too high. Alibaba's goal is to build a system of integrity on our trading platform, which can reduce this cost.

We will reward those who have good records with high integrity rankings and recommend them to other customers.⁹¹⁵

Ma claims that Alibaba's Integrity Pass mechanism is a mechanism to promote good and punish evil. The slogan 'Only with Integrity Can Businesspeople Get Rich' tells us about Ma's answer to the grounding question of why be moral. Definitely, his answer is typical of consequentialism or utilitarianism: because it can benefit you in your business or make you success in business. Ma's logic is: integrity helps to build up trust in interpersonal relationship, which contributes to cut cost. Businesspeople who have integrity should be awarded. Alibaba should award moral actions and make them as models.

In 2016, Ma gave a famous lecture at the 'Singapore Honor International Symposium'. In this lecture, instead of talking about 'honor', his main preoccupation was business ethics:

In fact, when you carefully think about the meaning of 'Honor' and the principles it embodies, it has been ingrained in Chinese people for thousands of years and has also been deeply embedded in the "flesh and bones" of Chinese people around the world.

Since very early times, Chinese people have understood that, in order to do things completely, you must complete certain mental tasks first. As the first step, Chinese thinking had thoroughly made clear the meaning of 'compassion, justice, courtesy and wisdom' two thousand years ago. Chinese philosophers pinned down these concepts in social life even before any glories were achieved in politics, culture, art, and economics in Chinese civilization. In the past two thousand years of Chinese history, each of these fields has been recognized for its great achievements.

Confucius' *The Analects* is only 11,000 characters long, and only takes the space of one newspaper page today, but this important literary work has influenced and guided China and the Chinese for 2,000 years.

When I first started to do business, I asked my wife if she would rather have a husband who is rich or one who has virtues and is well respected. She replied, of course, the one who has virtues and is respected.

In the past, I myself did not look highly on businessmen. Furthermore, I believed that the societal value being created by businessmen was very limited. However, after I created my own business, I realized that, if you want your business to last long and be successful, your daily considerations and analyses should have nothing to do with money or profit. Decisions that are made in terms of money are not strategic. Instead, the decisions that aren't made based on profit but made based on righteous values are actually truly strategic decisions. People whose minds are being fully occupied by profit have difficulties in acting well and in friendship building.

In fact, our success is foremost thanks to the right choices we made and the right values that we have. We cling to our own values in doing business. When we were facing bankruptcy, we understood that if we offered bribes we could survive, but if we would not do that, our company would likely die. I still remember the day that we three founders had a daylong meeting until 4pm and finally decided we would never offer bribes. We would

⁹¹⁵ Interview with Jack Ma. "Only with Integrity can Businesspeople Get Rich", March 10, 2003. <https://cxt.1688.com/dochelp4.shtml>. Last access: 12.11.2019. Translated by the author.

rather shut down the company. We cannot operate a business without integrity. We would rather find new jobs and continue to maintain integrity.

...During my time at the Davos Summit, I suddenly realized that if we wanted to develop e-commerce business in China, we needed to do something that had true value, something that would promote societal progress. Without that, we will never truly succeed. To do something like this requires tremendous responsibility. However, without social responsibility, we will end up with nothing.

The lack of development in China's e-commerce was due to one missing piece—a mechanism that could facilitate trust among people. China is a country that once highly valued credibility and integrity in interpersonal relationships. Confucius said, "Every day, I self-reflect three times." During ancient times, based on the Confucian doctrine, Chinese scholars were expected to conduct soul searching on three issues a day. Two of these three issues were related to sincerity and honesty: Did I try my best in helping others? Did I keep my word when engaging with friends?

The Chinese people once cherished credibility as one of the top ethical values. However, current society lacks an institution of trust building. Today, Alibaba has built a credit system in China: users provide reviews, Alipay facilitates transactions, and all the actions taken on our platform provide data, which helps create credibility and credit ratings.

What makes us most proud today is not how many products we have sold but rather the credit system that Alibaba has built. In a commercial manner, we prove to everyone the value of credibility. We built a credit system of trust. We ourselves are also a beneficiary of the system. This system provides the foundation for Alibaba to achieve \$500 billion in sales during our last fiscal year.

If there is a significant human potential that has not yet been fully discovered, I believe it is mutual trust and credibility. This is the biggest undiscovered fortune for human beings.⁹¹⁶

Ma's ethics arguments start with Confucian doctrines and Chinese traditions. He argues, the great achievements of traditional China are generated from Confucius' ethical values as source and by virtue of traditional Chinese values the Chinese achieved their glories as Chinese civilization. These values are directly referring to moral virtues.

In Ma's argument, his emphasis of 'money has no use' and 'entrepreneurs should not bear money in mind' could be regarded as deriving from the traditional epistemological principle of business ethics: *yi* / righteousness is prior to *li* / profit. Therefore, as a business ethical norm, businesspeople ought to bear morality, rather than a 'money stuffed head'. This argument is Confucian virtue ethics, which have a tension with his 'Only with Integrity Can Businesspeople Get Rich' argument.

Hence, the justification of integrity in Ma's arguments is apparently a mixture of virtue ethics and utilitarianism. He comes up with the idea that integrity's beneficial result justifies itself: "in a commercial manner, we prove to everyone the value of credibility, that 'only honest businessmen can get rich' and that 'we ourselves are also a beneficiary of the system. This system provides the foundation

⁹¹⁶ Jack Ma's Speech at Singapore. <https://v.qq.com/x/page/z032197w9ze.html>. Last access: 22.11.2019.

for Alibaba to achieve \$500 billion in sales during our last fiscal year.’ It is quite astonishingly straightforward: that one should be ethical because it pays off, in a business sense. And Alibaba can reward you with material benefits if you have integrity.

On September 10, 2019, Ma retired from Alibaba group. Ma made a speech to his employees. In his final speech as Alibaba’s executive chairman, he emphasized again that the company’s six underlying values — dubbed the ‘Six Vein Spirit Sword’ after a popular Kungfu technique — were customer first, trust, integrity, teamwork, embrace change and passion.⁹¹⁷ According to Ma, Alibaba’s success is building on those values while setting out a new vision for the years to come, “we have made a lot of decisions. All the important decisions are about social values, about our duty and missions, not related with material benefit.” His new vision, outlines Alibaba’s desire to “be a force for goodness”, “we want to become a good and kind company that will last for 102 years,” the vision states. “In the 21st century, no matter who you are or whatever your organization is, you should not pursue size and power. You should be good. Kindness is the strongest power.”⁹¹⁸

Right values, kindness and being good are Ma’s central claims in his retirement speech, which turned out to be Alibaba’s public motto. Different from the forgoing four ‘Not Doings’, values, being good and kindness are not ethics of doing but ethics of being. The ‘ethics of being’ and the ‘ethics of doing’ are both asserted in these business leaders’ claims, but their arguments primarily pivot on the ‘being element’. This ‘being element’ is founded on manifesting the philosophy of Confucius in individual morality, in lieu of relying on the foundation of the ‘doing element’. Against with this backdrop, virtue is held as the core benchmark. Business virtues comprise righteousness, group loyalty, and integrity, where righteousness signifies the highest ethical value. In Ma’s argument, the unification of righteousness and integrity as individual entrepreneur virtues helps bring corporate value to the highest level of morality.

Ma meanwhile insists that virtues, such as integrity and righteousness, are prior in business life. This stance is very clear in his (supposed) dialogue with his wife, when he asked her to choose between virtue and fortune. And he further argues that caring about profits prevents people from doing well in business. Virtues have absolute priority in the value system.

Ma’s argument could be summarized as follows:

1. Moral virtue is of higher value than profits. Business actions and decisions should be conducted on the basis of virtual values, instead of profit. The first ethical principle in business is traditional: *yi* is prior to *li*. Only considering profits would ruin the business in the end. ‘Being kind, being good and acting ethically’ can contribute to its success.

⁹¹⁷ Jack Ma retirement speech: <https://www.youtube.com/watch?v=p4RClIDXM7Q>. Last access: 12.11.2019. Translated by the author.

⁹¹⁸ Ibid.

2. Moral virtues, integrity in particular, are the origin of business profit and all-round success. He uses two kinds of approaches. One is a historical and cultural approach: Confucian virtue doctrines account for the Chinese civilizations' two thousand years of glory. Every businessman should have integrity as a virtue. The other is a positivist approach: integrity is credited for success.

3. 'True value' means 'something that would promote societal development'. Without this true value, "without social responsibility, we will end up as nothing." Communal benefits are essential to the pursuit of self-cultivation, such as in "did I try my best in helping others? Did I keep my word when engaging with friends?"

4. Partisanship towards traditional Confucianism: Confucian virtues and moral cultivation not only contributed greatly to the glories of Chinese civilization, but also still contribute to today's individual and social development.

These arguments are a hybrid of virtues ethics and utilitarian ethics. The utilitarian ethics in his arguments could also be regarded as pragmatism. He stresses that ethics should be 'virtually factual'. He insists on many occasions that virtues ethics are not a set of texts that merely exist on paper, but that exist in real practice.⁹¹⁹

The top virtue principle acclaimed in the Alibaba Group is "Integrity makes everything simple (Chinese version: Integrity makes business easier in this world)". Virtue ethics are right, because they have already proven right and effective in Chinese history and modern business practice. This is quasi-positivist. Hence, Ma tries to justify traditional, Confucian in particular, values as proper modern ethical principles in modern business by virtue of their pragmatic function.

5.2.1.2 Yang Sheng and Her View of Business Ethics

On July 27, 2017, I interviewed the vice executive secretary of GAZE, Yang Sheng. She is the co-founder of the first Internet financing company in Zhejiang. She is also the chairwoman of the Study Committee in GAZE. According to Yang, this study committee was set up under the direct request of Jack Ma. It is mainly in charge of organizing research seminars, lectures and research programs for the GAZE entrepreneur members. The very day before I arrived, they held a lecture offered by Peter M. Senge on the topic of his book, *The Fifth Discipline: The Art and Practice of the Learning Organization*. Yang informed me that the next seminar would be about Chinese Study scholar Nan Huai-Chin and his interpretation of *The Analects* and Buddhist learning. In my opinion, this learning content of GAZE is all-embracing.

In our discussion about business ethics, Yang told me:

Without ethics, business is not business. You cannot do business without ethics. Chinese business ethics come from within, and rooted in our culture. For example, in our company,

⁹¹⁹ Interview with Jack Ma, "相信明天 [*Xiangxin Mingtian* / Believe in the Future]," *Sohu Financial Section*, <https://m.sohu.com/n/411088075/>. Last access: 12.11.2019. Translated by the author.

our incentive is to solve social problems, not making money. China is facing an economic transformation to a technological period, and we are faced with the need of a new international finance environment. This is our responsibility. We are not just a company; instead, we are a social company. We would like to solve social problems by virtue of business means.

If you ask me about my business ethics values, they are kindness, compatibility and respect. I get my spiritual power from Confucius, Daoism, and Buddhism. One of our company motto is *wu wei* (action through non-action, from Daoism), because our other founder, (he is meanwhile the vice chairman of GAZE), believes deeply in Daoism. I as well strongly believe in it. Taking myself as example, 11 years ago I quit my job and intended to immigrate to USA for the sake of my son's education. My friend asked me to stay and co-establish this company with him. I had had no intention to set up a new company of my own. I had already been the head of the East China area in Ping'An Group (one of the top 50 companies in the Shanghai Stock Exchange) before I quit. However, I wanted to be a role model for my son, for I believe virtues are acquired imperceptibly. Meanwhile, it was my friend's trust that finally moved and motivated me. I was deeply touched by his trust. In my life, I seldom choose, or seldom intend to do anything. It is just by happenstance. What I insist on is to work my fingers to the bone. It is trust, which is always the push in every step of my life.

.....Of course, I know there is so much distrust and many dishonest things in our market. But we should have a full view on the level of the nation as a whole. We should look at the whole picture. Any country's development must go through different stages and China is no exception. Yes, there are fake and bad quality goods in our market. Because we are still an undeveloped business civilization. We should balance *yi* and *li*, and value righteousness above material gains. I think, shaping entrepreneurship in our society can advance our business civilization. That's what we are doing now in the Study Committee at GAZE.

.....In the Study Committee, we learn new worldwide knowledge and keep our traditional cultural essence at the same time. We have already invited five professors, native and from abroad, to offer lectures for GAZE entrepreneurs next month. These lectures are not limited to business or management topics. They are widely selected, from the East to the West, from life philosophy, humanities, brain science to new IT technology. For myself, I am now infatuated with quantum field theory. In two weeks, a famous professor will offer GAZE a lecture on quantum field theory. I believe quantum (theory) is the future and our world should be viewed and interpreted in this way. We would like to combine the Western advanced science and technology with our Eastern spiritual power. We will have a bright future by learning, sharing and inheriting.

As far as GAZE itself, it is a private business association. When talking about our code of ethics, being self-disciplined and trustworthy are fundamental to us. And all members should follow the rule of reciprocity. These are the traditions that we inherit from Chinese traditional merchant associations.⁹²⁰

From this interview, we can see Yang's arguments are highly hybrid in the epistemology aspect of moral background. Though she claims that she believes in Daoism as basic ethics, she later comments that now she is 'infatuated with quantum field theory' in understanding this world. The fundamental difference

⁹²⁰ Personal interview with Sheng Yang, 08.08.2017. Manuscript, no.3, line 1-37, 40-7, 49-60. Translated by the author.

between these two types of thinking doesn't prevent her from being an enthusiastic supporter of both. She doesn't limit herself to one school of thought or practice. This point is obvious from the range of topics that she has selected for guest lectures at GAZE. Instead, she argues that traditional ethics, traditional philosophies, as well as modern western scientific and technological knowledge are all nourishing to the modern Zhejiang entrepreneurs' ethical and spiritual identity. In other words, knowledge, understanding and interpretation of the world and life can and should be multifaceted. Meaning doesn't rest on one certain single thing. Whatever is useful or good in practice should be learned. No doubt, Yang greatly resembles the forgoing modern scientific practice group in this orthodoxy / orthopraxy epistemology.⁹²¹

In addition, it is not hard to see the dichotomy of West and East in her argument: by employing Western 'advanced science and technology', entrepreneurs should meanwhile stick to the wisdom inherited from Chinese ancestors. Typically, she labels science and technology as "practice", and traditional virtues as "soul". Business is not just a scientific practice; it is a "mission" for capable people in the society, and the virtues of entrepreneurs are key to a successful mission.

5.2.1.3 Conclusion

In comparing the arguments of Wang, Ma and Yang, I find that they share some points:

1. Great emphasis on moral virtues in direct interrelationship: for instance, integrity, trustworthiness and reciprocity, as top principles in business associations and business activities. These moral virtues are drawn from traditional Chinese role-based relational thinking.

2. The moral agent should be self-reliant individual with life virtue pursue. He or she should have moral virtues as a basic human requirement and keep cultivating them through life-long learning from advanced civilizations, cultures and modern science. Business is merely a means to an end. This end points to a life sense, instead of wealth. Doing business is not primarily for earning profits but for the betterment of individual and society as a whole. Business a neutral means, as a profession. Whether business is good or bad depends on the businessperson's own moral character and his choices in actions. There are specific principles of 'not-doing' in different situations. Therefore, doing business is a combination of ethics of being and ethics of doing.

3. High reliance on traditional culture. Most of their concepts are directly inherited from traditional business ethics, like the *yi* and *li* dichotomy, integrity, reciprocity as top principle, intrinsic role sense of social duty, spirit and soul of

⁹²¹ See Chapter 2, section 2.2.3 and Chapter 4, section 4.3.2.2.

higher value in human life.

4. Emphasis on the essentially utilitarian role of science and technology knowledge. While keeping Chinese culture and civilization as the spiritual root, also upholding the pragmatic role of learning and pursuing modern knowledge. This concept is related with an understanding of what makes a modern civilized Chinese business and thus a civilized Chinese nation in a larger sense.

There are some points that deserve particular mention from the perspective of moral background. Ma's 'Not-doings' as part of the GAZE code of ethics are all categories of ethics of doing. They refer to the relationships among market actors (companies, government, employees and customers). Ma argues that not doing these things is the 'right' thing to do. What does 'right' mean? According to what kind of principle can it be judged as 'right'? From a god's will or divine power? From Chinese tradition? From intrinsic human nature requirement?

Ma and Yang's ethical arguments are synthetic, drawing on Confucian doctrine on self-cultivation and the social role responsibility of successful capable entrepreneurs, or on the thoughts of Daoism or Buddhism underpinning natural causes, or the 'intuition' and virtues. Departing from the socio-behavioral approach and based on studies by Lee Alves allege that the 'self-actualization' in Asian leadership leans to the service of society and being reliable, whereas the Western socio-beings focus more on the self-actualization of the individual (i.e. individualism).^{922,923} Wang, Ma and Yang's claims all highlight a reliable role based social duty as a 'must' for entrepreneurs. This point is identical with Confucian doctrines of the greater social responsibility of higher status, better-educated and capable persons / *daren* 大人 or *junzi*.

This point is also related with the important public normativity source of collectivism ethics. It emphasizes the tenet of 'in-group' (i.e. group orientation) and values cooperation and teamwork. Wang and Yang's emphasis on the Zhejiang native identity and Ma's 'Six Vein Spirit Sword' values are the best examples of this. Communal interests and integrated goals are elemental to the ethical structure of Confucianism.⁹²⁴ As Confucius implied, when faced with communal interest, an attitude of self-favor and self-interest (or, referred to as *Si*) is considered ignorant and indecorous. Individual interest can only be justified if it results in and maximizes communal benefits.⁹²⁵ In principle, a moral company should be developed through cooperative efforts as well as by self-sacrifice, self-restraint,

⁹²² Christina Lee, "On Cognitive Theories and Causation in Human Behavior," *Journal of Behavior Therapy and Experimental Psychiatry*, vol.23, issue 4 (Dec., 1987): 257-68.

⁹²³ José C. Alves, Charles C. Manz and Anthony Butterfield, "Developing Leadership Theory in Asia: The Role of Chinese Philosophy," *International Journal of Leadership Studies*, vol. 1, no.1 (2005): 3-27.

⁹²⁴ Po-keung Ip, "Is Confucianism Good for Business Ethics in China?" *Journal of Business Ethics*, vol.88, no.3 (2009):463-76.

⁹²⁵ See chapter 2, section 2.2.2.

and the de-emphasis of self-importance.⁹²⁶ The material in the foregoing examination of GAZE case clearly indicates this norm of collectivism. At the least, these entrepreneurs in GAZE have not publicly claimed that “profit is equal with righteousness” or “earning profit is entrepreneurs’ responsibility”. Rather, in their claims, they unanimously put *yi* prior to *li*, put reliable role based social responsibility prior to profits and individual interest and self-actualization.

5.2.2 *Local Private Chambers of Commerce: Wenzhou Chamber of Commerce*

5.2.2.1 *Wenzhou Local Chambers of Commerce: Introduction*

As the most famous location of a thriving market economy, the city of Wenzhou in southeastern Zhejiang province is known for its early and rapid development of private enterprise and self-organized business associations.⁹²⁷ Since 1988, Wenzhou businesspeople have established local and non-local chambers of commerce in 203 cities in China and 247 Wenzhou business organizations around the world.⁹²⁸ This third-party force between the government and the market is increasingly demonstrating the influence of independent and autonomous social organizations and has become a landmark in the process of China’s marketization.

In the foregoing, I have mentioned the Zhejiang spirit of diligence in the Chinese business landscape and its origin. Wenzhou is a prime example of that spirit, as it has been one of the most active private economy regions in Zhejiang and even in China since the 1980s.⁹²⁹ Some scholars argue this private economy initiated by peasants themselves in Wenzhou sprouted as early as the latter half of the 1970s, even before the state legalized de-collectivization and a more open market in 1979.⁹³⁰ Characterized by tenacious and quickly growing family-based enterprises, the ‘Wenzhou model’ distinguished itself from the ‘Su nan model’ (southern Jiangsu province) of small-medium collective enterprises and the Guangdong model of foreign-invested and joint venture enterprise.⁹³¹ Since its local economy is largely composed of private businesses, individual entrepreneurs autonomously set up private business associations just as their predecessors had in

⁹²⁶ Guohua Huang, “Workplace Self-concept: A New Conceptualization of Self-concept in Organizations,” Ph.D.Thesis (Hong Kong: Hong Kong University of Science and Technology, 2007), 7-21.

⁹²⁷ Chen and Ma, “Wenzhou Folk Business Association: Democracy’s Value and Democracy’s Predicament,” 20-1.

⁹²⁸ Yu, “The Interaction between Business Association and Government and Cooperate: Basis and Path - Case of Wenzhou, Zhejiang,” 4-5.

⁹²⁹ Ibid.

⁹³⁰ Mayfair M-H. Yang, “Putting Global Capitalism in Its Place Economic Hybridity, Bataille, and Ritual Expenditure,” *Current Anthropology*, vol. 41, no. 4 (Aug / Sep., 2000): 477.

⁹³¹ Ibid., 477.

earlier times. Their foremost initiative was to join forces as a group.⁹³²

However, Wenzhou was also one of the most disorderly areas regarding market order. Counterfeit goods, substandard materials and shoddy workmanship were flooding the market by the late 1980s.⁹³³ Businesspeople lowered the quality of products in order to diminish cost then undercut their competitors. The Wenzhou enterprises as a whole suffered. Wenzhou gained a reputation for producing low quality and fake goods. On August 8, 1987, angry citizens in Hangzhou, the capital of Zhejiang province, piled up and burned 5,000 pairs of Wenzhou-made shoes in the Wulin Plaza. The process was broadcasted to the whole country. Poor quality “made in Wenzhou” shoes were notorious around and even in international markets.⁹³⁴

Under such pressures, Wenzhou entrepreneurs began to self-organize chambers of commerce. For example, seeing the risk of Wenzhou’s footwear industry being destroyed, in order to maintain market order and industry reputation, the Lucheng District Shoe Industry Association was established in 1988, as the first Wenzhou industry association, the local government, in cooperation with this new association, promulgated the ‘Management Regulations on the Rectification of Quality of the Lucheng District Shoe Industry’ and the ‘Provisional Regulations on After Sales Service of the Shoe Industry’. The establishment of the industry association and cooperation with government rapidly improved the quality of Wenzhou-made shoes.

Another important industry in Wenzhou, the clothing industry, faced the same crisis. Since 1994, this industry had been in vicious competition. Sparing no effort in cutting down costs, factories used cheap fabrics and men suits sold for only seven or eight dollars. Many clothes were of inferior quality, which resulted in poor reputation and shrink market. After experiencing the scandals, local entrepreneurs realized that only by following business ethics can enterprises survive and develop in the long run. In February 1994, under the call of Liu Songfu, a leader in the Wenzhou clothing industry, more than 10 clothing business owners got together and established the Wenzhou Clothing chamber of Commerce. Their first action was setting up self-regulation rules for members.⁹³⁵

Clearly, these business associations in Wenzhou were founded for ethical

⁹³² Chen and Ma, “Wenzhou Folk Business Association: Democracy’s Value and Democracy’s Predicament,” 14.

⁹³³ Jianxing Yu and Mingzai Lü 郁建兴,吕明再, “温州商会的兴起与温州模式研究的范式转型 [wenzhou shanghui de xingqi yu wenzhou moshi yanjiu de fanshi zhuanxing / The Rising of Wenzhou Chamber of Commerce and Paradigm Transformation of Wenzhou Model Research],” <http://www.paper.edu.cn>. Last access: 10.08.2019. Translated by the author.

⁹³⁴ Zhejiang News Online Official web page. http://zjnews.zjol.com.cn/05zjnews/system/2007/08/08/008683139_01.shtml. Last access: 23.08.2019. Translated by the author.

⁹³⁵ Ibid. See also Wenzhou Clothing Industry official web page. http://www.wzfashion.org/index.php?ctl=content_index&act=lists&catid=57. Last access: 23.08.2019. Translated by the author.

reasons, together with communications reasons. Their existence is justified by their role in ethical self-regulation and business ethics promotion among members. When faced with crises in moral reputation brought on by their own actions, private entrepreneurs decided to rectify the situation by creating self-organized associations. They have a strong need to get recognition in moral terms.

The Wenzhou chambers of commerce are mostly non-government led. They are non-profit and self-regulated. The number of Wenzhou chambers of commerce and industry associations has been growing quickly since the 1980s. By August 2002, there were 104 non-government-led business associations at the city level. In addition, there were another 321 associations at the municipal, country, and district levels, with in total 42,624 members and covering most of Wenzhou's industrial enterprises.⁹³⁶

From the planned economy to the initial socialist market economy, the Chinese government has always been the only gatekeeper and regulator of market order. However, the intensified business scandals indicate that government has many limits in its function as the only ethics regulator. For example, in the fight against counterfeit and shoddy products in Wenzhou, the government has made great efforts with huge financial expenditure, but the effect is barely satisfactory.⁹³⁷

Under the self-regulation of private chambers of commerce and industry associations, in both practice and debate, their efforts tell a different story. For instance, on November 12, 2001, the Locks Quality Protection Committee was established in Wenzhou Hardware Chamber of Commerce. Following this, a large-scale public ethical campaign was initiated by this Chamber of Commerce, with signs advertising 'Independent Development and Innovation, Never Imitating Others', and the 'Regulations on the Quality of Locks (Convention)' was enacted, stipulating that the 10th of each month be a 'Consumers Rights Protection Day' of this association.⁹³⁸

The self-organized and self-regulated Wenzhou chambers of commerce are brand new societal developments in business ethics development at the initial stage of Reform. Although unofficial institutions, chambers of commerce are unusually advocated by the Wenzhou local government. From the lessons of business reality, government realizes that business associations can bring into full play the positive

⁹³⁶ Yu, "The Interaction between Business Association and Government and Cooperate: Basis and Path - Case of Wenzhou, Zhejiang," 4.

⁹³⁷ Lei Meng and Ang Chong 孟雷,种昂, "给商会权力 [gei shanghui quanli / Empower the Private Business Association]," *经济观察报* [jingji guan cha bao / *The Economic Observer*], March 10, 2003. Translated by the author.

⁹³⁸ Zhengji Ye 叶正积, "温州商会如何做大凝聚力 [wenzhou shanghui ruhe zuoda ningjuli / How Can Wenzhou Chamber of Commerce Enlarge its Cohesiveness]," *中华工商时报* [zhonghua gongshang shibao / *Chinese Industrial and Business Times*], June 21, 2002. Translated by the author.

functions of ethical self-regulation and restrain immoral behaviors.⁹³⁹ Gradually, Wenzhou private business associations are legitimizing their existence and extending their market influence by virtue of business ethics self-regulation.

In the legitimization process, these chambers of commerce actively participate in the construction of business ethics normativity. In Wenzhou, many industry associations voluntarily set up industry regulations to promote ethics development: for example, industry associations develop and implement industrial safety, health, and quality control standards by themselves. In fact, due to information and institution limitations, government agencies are unlikely to do better than autonomous industry associations in this regard. Local governments already realize their intervention is determined to be futile.

Like the Wenzhou Hardware Chamber Commerce case mentioned above, after being reported in the public media, their practice was even commended by the National Patent Office as “a useful supplement to the patent law.”⁹⁴⁰ The Hardware Chamber of Commerce became that industry’s main legal and professional entity responsible for setting industry norms and regulations. Its duty is to certify the ‘design’, ‘structural design’ and ‘package design’ of new lock products. Any new products developed by the enterprise must be examined and approved by an expert appraisal committee after being registered, investigated and tested by the Chamber of Commerce.

Most Wenzhou chambers of commerce have clearly defined the purpose, attributes, membership conditions, rights and obligations of the industry and member enterprises in their Conventions⁹⁴¹ For instance, the Wenzhou Civil Chamber of Commerce has its own unique punishment procedures for members who violate the conventions, especially those who damage the interests of the group. The Foreign Trade Clothing Branch of the Clothing Chamber of Commerce has made the following stipulations in accordance with their official documents of governance: “Critically educate the units that violate codes in order to correct their mistakes. For those that continue to violate the rules and regulations, disciplinary action shall be taken according to the seriousness of the circumstances until the determination of legal responsibility.”⁹⁴²

⁹³⁹ Research Team of Zhejiang Provincial Government Office and Provincial Government Research Office, “Intermediary Organizations and Market System Innovation: A Survey of Wenzhou Civil Chamber of Commerce,” *Comparison of Economic and Social Systems*, no. 6 (2002): 53-4. Translated by the author.

⁹⁴⁰ Haidong Cao and Peng Zhang 曹海东,张鹏, “揭秘温州商会的惊人力量 [jiemi wenzhou shanghui de jingren lilian / Discover the Astonishing Power of Wenzhou Chamber of Commerce],” *E-Journal of Zhejiang Chamber of Commerce*, no.1(2005), http://biz.zjol.com.cn/05biz/system/2005/04/27/006100935_01.shtml. Last access: 12.08.2019. Translated by the author.

⁹⁴¹ Ibid.

⁹⁴² Weiwei Liu, “温州民间商会初析 (wenzhou minjian shanghui chu xi / Probe into Wenzhou Private Business Association),” *Modern China Studies*, no.1 (2006).

Because of the strong initiative for ethical recognition, the reputation of Wenzhou business is being reconstructed. Wenzhou business associations as collective bodies are gaining a good reputation, which has made the Wenzhou businesspeople realize the advantage of acting ethically together, instead of grasping temporary individual profits by conducting immorally. In one interview with Wenzhou businesspeople, they claimed: “In the old days, we were so afraid to confess that we were Wenzhou native, because others were afraid to do business with Wenzhou people, afraid of be cheated. But now when we can loudly say that we are Wenzhou native, in particular as members of Wenzhou private business associations. By doing so, others, from local businessmen to government officials, look more highly upon us.”⁹⁴³

In the following section, I will offer an example of a leading business figure in the Wenzhou Chambers of Commerce.

5.2.2.2 *Nan Cunhui and his Career Developing Industrial Nationalism*

Nan Cunhui’s Beliefs: Credibility and Trust

Nan Cunhui is chairman of Zhejiang Chint Electrics, which has the largest production and the highest revenue in China’s low-voltage electrical industry. He was selected as the first president of the Liushi Town Chamber of Commerce in December, 1993. Along with Nan’s great success as leader of Chint, he was recently elected as a standing committee member of the ACFIC (national) and vice chairman of the Zhejiang FIC.

Nan started Chint Electrics in Liushi Town, Wenzhou city. Now its products and services cover 140 countries and regions around the world. Chint Electrics has become one of the benchmarks and role models for private enterprises in China’s 40 years of Reform and Opening up.⁹⁴⁴ Nan Cunhui has become one of the most representative figures among Chinese private entrepreneurs.

Nan started his business by collaborating with friends to establish a small factory with a family workshop model in 1984. Chint Electrics was not called ‘Chint’ at the beginning. It was called ‘Yueqing County Town Qiuqing Switch Factory’. ‘Qiuqing’ means ‘demanding perfection’. At that time, counterfeit and shoddy products were rampant in electrics industries in Wenzhou. From the very beginning, Nan set ‘demanding perfection’ as the defining corporate value, which

<http://www.modernchinastudies.org/cn/issues/past-issues/91-mcs-2006-issue-1/949-2012-01-05-15-35-10.html>. Last access: 12.11.2019. Translated by the author.

⁹⁴³ Research Team of Zhejiang Provincial Government Office and Provincial Government Research Office. “Intermediary Organizations and Market System Innovation: A Survey of Wenzhou Civil Chamber of Commerce”.

⁹⁴⁴ Chint official Web page. http://www.chint.com/zh/index.php/about/magazine_detail/id/10829html. Last access: 10.10.2019. Translated by the author.

he elaborates as “no integrity, no perfection”.⁹⁴⁵ In 1991, Nan independently established the Chint ([正泰] Chinese pinyin: Zhengtai) Company. ‘Zhengtai’ in Chinese means ‘Right path that leads to being safe, stable and prosperous’. Nan said in an article on the company website that it is the corporate culture of Chint to focus on product quality and integrity.⁹⁴⁶ In this article, Nan said he chose the name ‘Zhengtai’ because he considered the most important features of electrical products to be safety and stability, which is what is meant by ‘tai’ in Chinese. Further, as a company aiming to be decent, the quality of its goods should be authentic, and its people should be honest and do the right thing - which is what is meant by ‘zheng’ in Chinese. In Nan’s words, ‘Zhengtai’ is “the solemn commitment of enterprises to society”.⁹⁴⁷ In 1980s, in the context of Chint’s location in Liushi Town - which was notorious for producing fake commodities, and where a popular slogan was “Only dummies produce quality items” - Nan’s company was alone in claiming quality as its conscience. Interestingly, even in this context, Chint gained ascendancy with its commitment to solid quality, and Nan won over his competitors. In 1993, Nan was elected as the chairman of the Liushi Town Chamber of Commerce. In the following period, Nan persuaded all the association’s members to set up industrial codes of ethics and set integrity as the first ethical principle.⁹⁴⁸

On a public occasion, Nan has said: “credibility is an intangible asset to enterprise and is the foundation of business. Especially in today’s market economy and increasingly heated international competition, reputation resources are more valuable than anything. In the ‘Chint Value Culture’, integrity and obeying the laws is the number one value. In other words, ‘Enterprises must be credible, business must do right, businesspeople must be righteous and reliable, products must be authentic’.”⁹⁴⁹

In one interview, Nan argued:

This year is the first year of China’s accession to the WTO. In this year, the rules of the business game in all government departments have to change. All enterprises must consider how to adapt to this change. The key to writing this history is that the government should be a credible government, the enterprise should be a credible enterprise, and people must be credible and trustworthy people. Now, Wenzhou needs to establish the reputation of being ‘Credible Wenzhou’; our industry should be credible industry, Chint should become ‘credible Chint’.

⁹⁴⁵ Ibid.

⁹⁴⁶ Ibid.

⁹⁴⁷ Ibid. See also Yi Liao 廖毅, *正泰的价值观体系 [zhengtai de jiazhi guan tixi / Chint’s Value System]*. <https://play.google.com/books/reader?id=qPpIDwAAQBAJ&hl=zh-CN&printsec=frontcover&pg=GBS.PT154>, 6. Last access: 10.10.2019. Translated by the author.

⁹⁴⁸ Chint official Web page. http://www.chint.com/zh/index.php/about/magazine_detail/id/13459.html. Translated by the author. Last access: 10.10.2019.

⁹⁴⁹ Liao, *Chint’s Value System*, 17.

...During the transition from a socialist planned economy to a market economy, some people's life views, worldviews, and values have been distorted. Some people are only profit seeking, and they do not attach any importance to intellectual property rights, do not abide by their commitments to others, and even resort to deception and other contemptible means to harm the interests of others. The US Enron incident has sounded the alarm for the whole world. The shady deals of China's stock market have sounded the alarm for our Chinese society. Credibility is very important to enterprises and to this industry. Credibility is also a productive force. It is no exaggeration to say that credibility is worth more than gold. If there is no credibility, you will end up with nothing. At present, China must seize the opportunity of joining the WTO. We should vigorously create credible brands, pay close attention to rectifying and standardizing market ethics, vigorously promote integrity, firmly establish a credit system in industry, and if necessary, we should legislate a credit system so that people of integrity and reliability are respected by the whole of society, while those who are not creditable are exposed and detested.⁹⁵⁰

In this interview, Nan shows his indisputable conviction in credibility and reliability. To Nan, credibility, reliability and integrity seem to be key to the market economy and China's global integration. He claims this conviction comes from his life experience and his childhood education. Recalling his youth, he often publicly told this story,

In my childhood, the food at home was always in shortage. Every year, we needed to borrow sweet potatoes from the villagers in the mountains. In the next year, we used our surplus rice to pay back that debt. One day, the teacher taught us to write a loan receipt when we had to borrow something. I had never seen a loan receipt before, but I wrote it immediately! After school, my mother saw it and laughed at me. My father said that there was no need for any written evidence between close neighbors who meet each other every day, because everyone trusts each other and that's what our ancestors have passed down from generation to generation. My mother told me 'Writing on cowhide is not as useful as being a righteous person'. My parents meant that if you are not trustworthy, even if you write your words on cowhide, it is still useless. We are kind and honest people by nature. We must definitely bear our commitments to others in mind. First-class people honor their oral commitment; second-class people need written commitments; and third-class people don't follow their commitments at all. Those who are truly creditworthy are creditworthy, no matter if they offer a written loan receipt or not. Since then, I have believed that when you bear integrity in your heart, no matter what happens, you ought to stick to it.⁹⁵¹

At the age of 13, Nan's parents could no longer support his education. Nan dropped out of school and opened a shoe repair booth. After a few years, Nan rented half of a counter in a small lane and produced the simplest button switches. He recalled the first experience of doing business:

Whenever there was a familiar face in front of the counter, I was so nervous, and I felt my heart beating almost out of my throat. I knew that the familiar face must be a repeat customer; but I was so afraid that something wrong had happened. From the very beginning of my business in electrics, and till today, I have a natural born sense of

⁹⁵⁰ Interview by *People.cn*. <http://www.people.com.cn/GB/paper81/10271/939041.html>. Last access: 12.10.2019. Translated by the author.

⁹⁵¹ Liao, *Chint's Value System*, 21-5.

reverence: reverence for quality and credibility. Ever since I established the electric business, I have been constantly mindful of producing the best quality. I felt myself as if on the brink of an abyss, as if treading on thin ice.⁹⁵²

Nan's narrative shows that he regards integrity as an inherited habitus and life model. He is not obsessed with the question: why should I be ethical? His conviction is very straightforward: because it is right. That's the tradition and that's how people should lead their lives. In Nan's argument, being ethical is naturally right because it is already common sense among his family and community. Hence, what Nan reveals in his argument is a kind of ritual life in the Chinese rural community. Ritual life here refers to a pattern of life following the clearly regulated historical etiquette, including the whole life cycle, as Watson defines in his study of life ritual in China.⁹⁵³ Herrmann-Pillath also emphasizes the thesis of ritual in the Chinese context: the classical Chinese notion of *li* [礼], which includes social etiquette, and ceremonial aspects, as *yi* [仪] are very important in Chinese social behavior.⁹⁵⁴

Nan's father told him that in their neighborhood there was no need to have a written form at all, as this was a matter of ritual tradition that everyone followed. Here, trust comes from a ritualized interpersonal relationship in life circle, instead of any 'intermediary' form, such as contract. As Nan's mother illustrated to Nan – "because everyone trusts each other and that's what our ancestors passed down from generation to generation" – this is actually the ritualization of the individual mind. Ritual maintains and transfers the most reliable form of interpersonal interaction and trust.

The theme here is about the understanding of trust, reliability and integrity. Once, Nan was invited as a key speaker in a special program of Wenzhou TV – 'Trustworthy Wenzhou, Start from the Credit'. In this TV show, Nan told three stories:

In the East Han Dynasty, on his way to Donglai County, prominent minister Yang Zhen went through a place called Changyi County. The county magistrate Wang Mi was a scholar Yang Zhen had recommended in the past, and Wang had always wanted to find an opportunity to repay Yang. Therefore, Wang Mi brought ten pounds of gold to Yang Zhen in the late night. Yang Zhen said: "I know you as an old friend, but you don't understand me. Why do you do this?" Wang Mi replied: "Now it is late at night, no one will know." Yang Zhen said: "*Tian* (Heaven / Divine) knows, God knows, you Know, I know, how can you say no one knows?" After listening to this, Wang was very ashamed and left immediately.⁹⁵⁵

⁹⁵² Ibid.

⁹⁵³ James L. Watson, "*The renegotiation of Chinese cultural identity in the post-Mao era*," A public lecture delivered at the University of Hong Kong on 19 March 1991. <http://hdl.handle.net/10722/42558>. Last access: 01.08.2019.

⁹⁵⁴ Herrmann-Pillath, Feng and Guo, "Entrepreneurs and ritual in China's economic culture," 1-2.

⁹⁵⁵ Liao, *Chint's Value System*, 110-32.

Nan's interpretation of this story was that, "true integrity means that a person's moral cultivation has reached the level of no self-deception, even if there is no supervision."

Nan's second story was:

In ancient times, there was a man named Zeng Zi. Once, his wife was going to the market, and their son was crying to follow her. Zeng Zi's wife told the son: "If you listen to me and stay at home, then when I come back, I will kill the pig to offer you a treat." When the wife came back from the market and saw Zengzi was preparing to kill the pig, she immediately stopped him and said: "I just said it for a lark." Zeng Zi replied: "You can't cheat children. Children are young and have no ability to tell right from wrong. They will imitate the behavior of their parents and follow the instructions of their parents. Today, if you deceive him, you will teach him to deceive. When a mother deceives her children, the children will never believe in their mother." So, Zengzi killed the pig for his son.⁹⁵⁶

Nan commented on this story: "people should not only never self-deceive, but also never cheat others. Even if to children, you should keep your words and commitments. Never jest about this."⁹⁵⁷

After his second story, Nan talked about his experience in the United States. Many years ago, Nan paid a deposit of \$5,000 to a bank in the United States and opened a credit card. Because he had just arrived in the United States, he didn't know the rules about credit cards. He charged \$160 on this card and then returned to China. He thought that because he had a deposit of \$5,000 in the bank, there should be no overdraft problems. During that period, the credit card company sent a repayment notice, but he had returned to China and the notice could not be delivered to him. When he next went to the United States, he needed to rent a warehouse. However, he was told that he could not rent it because he had a record of loss of credit in the bank. According to US law, if a person has a negative credit rating, then everything financial must be restricted. Nan commented: "I don't mean to say that the United States is doing everything correctly. The US people do dishonest things as well. However, as far as I can see, companies and individual who display dishonest behavior are punished as they should be!"⁹⁵⁸ Nan concluded that a sound social supervision mechanism and credit system are very necessary for the Chinese market economy.

In the latter part of this TV program, Nan told the audience:

The foremost important guideline in the construction of social credit is strengthening moral education and cultivating people's moral character. The second is to establish a sound credit evaluation system, so that the credit status of individuals and companies can be investigated. Third, the government must pass legislation to strengthen credit system supervision and management, so that trustworthy people receive awards, and those who lose credit are punished. Among these three, the most important and basic is the improvement of people's moral literacy and moral quality. This must be taken as the top priority. We should make sure the sense of integrity is deep within everyone's minds

⁹⁵⁶ Ibid.

⁹⁵⁷ Ibid.

⁹⁵⁸ Ibid.

and hearts, like being written on cowhide.⁹⁵⁹

For Nan, the first story reveals his argument that being honest and reliable is a natural duty for human being. This duty should be fulfilled even if there is no third-party supervision: as he said, “never self-deceive”. Integrity is part of the human nature, which he referred to as “a natural born sense of reverence”.

The second story illustrates his view on moral grounding. Different from obeying a theological principle, Nan emphasized that having integrity is learned from ancestral habitual passed from generation to generation. It is the most important principle that parents must cultivate in their children. He learned this principle from his parents and their community. Then he internalized this principle through practice. This is the typical way of conducting ritual life in China. Zengzi’s son learned this integrity ethics from Zengzi’s ethical practice. By following ritual, children can be morally educated.

This is Confucian stance of interrelation between ritual and morality. Confucianism stresses that ritualized behaviors are key to cultivating a moral mind. People learn and internalize morality and ethics through ritual practice, which allow morality to leave an imprint in their minds. For instance, in Nan’s arguments, he insists on moral conscience as a kind of natural born reverence and being moral by following life rituals.

In this TV show, Nan also talked about his concept of wealth, he said, “wealth is a material thing apart from our body. It comes and goes. We bring no money with us when we are born, and we bring no money with us when we die. Wealth is always an extra reward for those who are constantly pursuing excellence.”⁹⁶⁰ When asked why he established his own business, he admitted: “in the initial stage of running the business, it was for money, but to a certain extent, more as a responsibility. If this business is good for the country, the society, the environment and the public, we should do it.”⁹⁶¹ This *yi-li* relationship claim is different from Jack Ma. Instead of emphasizing *yi* as absolutely prior to *li*, Nan does not neglect or deny the importance of profit / *li*. *Li* /profit is good as a reward. Nonetheless, he stressed that wealth is a thing “apart from the body”. Obviously, in his claim, wealth is not as important as human soul and spirit. Or, wealth/profit as a thing doesn’t have the same value as being problem. This is typical of the hierarchic Confucian value system. The *yi* and *li* dichotomy is part of it. Moral ethics are of the highest value, whereas material benefit’s value is lower.

On December 25, 2010, Nan made a speech at ‘Opportunities and Challenges in a Transforming China’ Forum. In this speech, he told the public,

There is a saying in Chint: ‘making profits is the first aim, but not the only one.’ A business should of course make profit at first. Without profits a company cannot survive. There would be no long-term targets possible without earning profits at first. However, making money is not the only target. There are many other considerations, such as the

⁹⁵⁹ Ibid.

⁹⁶⁰ Ibid.

⁹⁶¹ Ibid.

needs of life values, country, society, environment and many other aspects. In my opinion, businesses should definitely make money. But only thinking about money is meaningless. Above all, it is a question of attitude. Different outlooks can lead you to different roads. If you morally cultivate yourself to a certain extent, I believe your fortune will be greater and your career will be better.....Integrity will bring success in the end: it may even be the ultimate destination.⁹⁶²

This argument once again is talking about the *yi* and *li* dichotomy. Nan clearly justifies earning profit in modern business. Meanwhile, he emphasizes the importance of morality. This attitude could be expressed as ‘develop *yi* and *li* simultaneously [义利并举]’. And this is not contradictory to ‘*yi* is prior to *li*’. Nan highlights the role of moral mind and following traditional rituals. In fact, the more complete justification of profit is that profit is good only when it is obtained morally. This is the traditional Confucian justification and legalization of profit.

Chinese Classics Root

In many public occasions, Nan contended that the most valuable and important things he had learned are from various ancient Chinese classics, under the guidance of his uncle Nan Huai-Chin. Nan Cunhui claims that he is greatly influenced by Nan Huai-Chin. Nan Huai-Chin was a prominent spiritual master of contemporary China. He was considered by many to be the major force in the revival of Chinese traditional cultures, mainly concentrating on Buddhism, Confucianism and Daoism. Nan Cunhui contends that his life guidelines are from Daoism and Confucianism: “After having achieved success, and won fame, I would retire. That is *Dao* / the way of heaven”; and “When you look down upon fame and wealth, you will be more comfortable in dealing with the relationship between life and wealth.” However, he also admits that he has not yet achieved “being self-restrained.”⁹⁶³

From the foregoing examples, we can see that many of Nan Cunhui’s values are largely quoted from ancient Chinese classics, and that he loves to use moral classics in his speeches when talking about his beliefs, values, and principles in business. For instance, he quoted Bai Juyi’s understanding of Laozi: “Fame is a public instrument, so don’t ask too much; Profit can be a life disaster, so don’t ask too much.”⁹⁶⁴ He explained, “this understanding of Laozi is telling us that fame and profit are only drifting clouds and we should not cling to them. Otherwise, we could be hindered, or even harmed by fame and profit.”⁹⁶⁵

Nan also often uses his understanding of *The Analects* of Confucius in the

⁹⁶² Yi Liao 廖毅, *南存辉观点* [*nan cun hui guandian / View on Nan Cunhui*] (杭州 [Hangzhou]: 红旗出版社 [hongqi chubanshe], 2017), 13-5.

⁹⁶³ Chint official Web pag.
http://www.chint.com/zh/index.php/about/magazine_detail/id/14519.html. Last access: 01.10.2019. Translated by the author.

⁹⁶⁴ Yi Liao 廖毅, “南怀瑾对正泰文化的影响 [nan huai jin dui zhengtai wenhua de yingxiang / The Influence of Nan Huai-Chin to Chint Culture],” *温州日报* [*Wenzhou Daily*], July 01, 2019. Last access: 10.10.2019. Translated by the author.

⁹⁶⁵ Ibid.

explanation of business ethics. In the book in memory of his uncle Nan Huai-chin, he recounted,

Zixia (Confucius' student) said, "I know a person: he becomes modest when he sees someone who has good knowledge, is well cultivated, very capable and compels universal admiration; he tries his best to be filial to his parents; he devotes himself to the emperor and country, even at a cost of dedicating himself; he keeps promises with his friends. Even though this person has never gone to school, I must say he is a really knowledgeable person." This means we should respect the good moral person, love your family and your parents, give up selfish motives when confronted with country interests, and make good your promises with friends. These are the noble values we should have. Being moral is prior to actions.⁹⁶⁶

Fundamentally, such as following the principles of nature and heaven's *Dao* and not being too distracted by fame and wealth, Nan Cunhui follows traditional Confucian and Daoism values in his claims of business ethics. His moral beliefs of reverence of nature and integrity are similar to those of the Chinese folk moral traditions.

Nationalist Grassroots Entrepreneur

Nan Cunhui's chief secretary wrote a book that documents Nan's public speeches. On the cover of this book is a paragraph in Nan's handwriting: "A respectful company is the one that not only pursues economic profits, but also pursues dreams and shoulders more social responsibility."⁹⁶⁷ From the content of this book, it is apparent that Nan loves to talk about his dream as a Chinese entrepreneur in public. The related content takes up the majority of the book. He says his dream is "striving for a world famous brand, and serving the motherland with industrial achievements": "My purpose in starting up a business is far from earning money: it is for the country [*guo* 国], it is for the nation [*minzu* 民族]." Moreover, he even characterizes this dream as his profound belief.⁹⁶⁸

This nationalist belief is reflected in his choice of 'Chint' as his brand in English. Nan chose this name because it means "China's Tomorrow".⁹⁶⁹ In 2007, Nan was

⁹⁶⁶ Cunhui Nan 南存辉, "追思南怀瑾:要相信中华文化的力量 [zhui si nan huai jin: yao xiangxin zhonghua wenhua de liliang / Recall Nan Huai-Chin: We Should Believe in the Power of Chinese Culture]," in 人道之路:南怀瑾纪念文集 [*rendao zhi lu nan huai jin jinian wenji / Humanity Road: Collections of Memoirs of Nan Huai-Chin*] (桂林 [Guilin]:漓江出版社 [Lijiang chubanshe], 2016), 301.

⁹⁶⁷ Yi Liao 廖毅, 步履正泰 - 南存辉亲述创业史 [*Bu lv Zhengtai - Nan Cuihui qin shu chuanyeshi / Stepping Right and Firm - Nan Cunhui's Narrative About His History of Undertaking*] (北京 [Beijing]:红旗出版社 [hongqi chubanshe], 2018).

⁹⁶⁸ "南存辉的中国梦 [nan cun hui de zhongguo meng / Nan Chunhui's Chinese Dream]," *中国机电工业* [*zhongguo jidian gongye / Chinese Mechanical and Electrical Equipment Industry*], <https://m.solarbe.com/21-0-40446-1.html>. Last access: 10.10.2019. Translated by the author.

⁹⁶⁹ Chint official Web page. http://www.chint.com/zh/index.php/about/magazine_detail/id/10829html. Last access: 14.10.2019. Translated by the author.

invited to give a speech at Shanghai TV. In this speech, Nan contends: “Fortune, in my understanding, is responsibility. The process of creating fortune is not just a process of accumulating money; rather, it is a process of spiritual elevation. Therefore, to achieve it: never go for the immoral money! Never do the immoral thing!.....We should do business ethically. We cannot harm others to benefit ourselves or be regardless of the environment. We cannot cut off the lives of our descendants, just for our own profit’s sake.”⁹⁷⁰

When Nan talks about business ethics, his central claim is the social responsibility of entrepreneurs. Regarding the understanding of social responsibility, Nan emphasizes entrepreneur’s responsibility to the nation. For instance, in a speech at a GAZE gathering, he argues:

Enterprises have no family name, but they have nationality. A company must first consider the policies of its country, and how much it can contribute to its country’s economy. All in all, if our Chinese enterprises want to grow in the opening-up process, we must consider the foothold of openness. That is, we must start from the maintenance of national interests, and do everything possible to make domestic enterprises become bigger and stronger. This should be our purpose of opening up to the outside world. I believe that safeguarding national interests is a core value, and the persistence and promotion of this core value is the essence of our culture.⁹⁷¹

Nan mentioned his dream and Chint’s goal of “striving for a world-famous brand and serving the motherland with industrial achievements”.⁹⁷² Here it is clear to see a strong nationalist preference of loyalty to one’s nation as Nan’s emotional orientation. He even classifies this responsibility to the nation as top in business ethics.

Conclusion

From the foregoing analysis, we can see that Chinese traditional classics, and ritual as common sense and life pattern, shared ethical regulation in particular, have great weight in Nan’s arguments and claims. Rituals could be regarded as the external ‘language’ (not in its semantic meaning) of customs. It is a socially recognized symbolic communicative system that society’s members share, and everyone understands. From his arguments, Nan’s moral understanding is largely inherited from these communal rituals as social etiquette. For instance, he not only stresses the moral habitual education he received from his parents but also is prone to use historical and traditional anecdotes in his moral claims and reasoning. He believes in the necessity and value of habitual morality in social interaction.

Ritual has been the central term in defining social order in Chinese civilization since its emergence. Rituals are essential for fixing cultural meanings by explicitly sharing practices and in the formalization of habitus as the behavioral roots of

⁹⁷⁰ Liao, *Chint’s Value System*, 137-40.

⁹⁷¹ *Ibid.*

⁹⁷² *Ibid.*

culture.⁹⁷³ Watson argued that Chinese cultural identity as ‘Chineseness’ is constructed by a shared oral tradition and the central role of ritual in Chinese culture.⁹⁷⁴ Following proper rites is conceived as being civilized [*you wen hua* / 有文化 and *dong li mao* / 懂礼貌]. People are required to follow these shared ritual practices from childhood.

At the societal level, ritual as well played a significant role in forming a long-lasting historical tradition of centralized governance in China. This requires a stable social order and an ability to mobilize Chinese civilization and the nation as a whole. Correspondingly, the literati had a long tradition of devoting themselves as role models in service to maintaining rituals. This tradition contributes to a specific complex: literati shoulder the responsibility of perpetuating family, nation, and Chinese civilization as a whole. This is the so-called *jia-guo* (Family - Nation) complex [家国情怀].⁹⁷⁵

This conviction exists both as a real social phenomenon as well as a strong cultural and national consciousness. In modern sense, it could appear as a nationalist passion. In 2019, at the 70th anniversary of P.R.C foundation, Nan claimed that he was extremely proud to be one representative of successful grassroots private entrepreneur in New China and he requests Chinese private entrepreneurs should have *jia-guo* Complex.⁹⁷⁶ What Nan describes as his goal and dream for this industry to be strong and competitive in the world with profound sentiments arises exactly out of this complex.

5.2.3 Extraterritorial Chambers of Commerce: Hunan Entrepreneurs Association in Chongqing

Since the 1990s, in pace with the booming Wenzhou local private chambers of commerce and industry associations, Wenzhou people across the country have spontaneously formed another kind of autonomous social group, the Wenzhou extraterritorial chambers of commerce, which are for the sake of mobilizing a

⁹⁷³ Geoffery Hodgson, “Reclaiming Habits for Institutional Economics,” *Journal of Economic Psychology*, vol. 25, no.5 (2004): 651-60.

⁹⁷⁴ Watson, “*The renegotiation of Chinese cultural identity in the post -Mao era*,” 1.

⁹⁷⁵ Jilin Xu 许纪霖, *家国天下 - 现代中国的个人、国家与世界认同* [*Jia guo tianxia - xiandai zhongguo de geren, guojia yu shijie rentong / Jia-Guo Tianxia - Individual, National and World Identity*] (上海 [Shanghai]: 上海人民出版社 [Shanghai renmin chubanshe], 2017), 12-3.

⁹⁷⁶ Cunhui Nan 南存辉, “新中国成立 70 周年有感 [xinzhongguo chengli qishi zhounian you gan / Reflections on the 70 Anniversary of P.R.C. Foundation],” *Chinese Enterprises Online*, Oct 01.2019. <https://finance.zqcn.com.cn/html/enterpriser/20191001/45200.html>. Last access: 12.11.2019. Translated by the author.

stable extraterritorial network.⁹⁷⁷

Meanwhile, along with the progress of private business and market expansion, many entrepreneurs felt there was a gap between native government and market need in off-sites. The Chinese central government as well realized this problem and began an experiment of extraterritorial chambers of commerce in Zhejiang. The measures included eliminating limits on setting-up extraterritorial chambers of commerce and encouraging private entrepreneurs to take the lead in these associations.⁹⁷⁸

Since the relaxation of the registration limits, the number of extraterritorial chambers of commerce has increased rapidly. For instance, among the 89 chambers of commerce in Zhongshan city, Guangdong Province, in addition to 30 industry associations, there are 35 extraterritorial chambers of commerce. In Guzhen Town alone (a town under the administration of Zhongshan City), there are 23 extraterritorial chambers of commerce, of which seven are from Zhejiang Province. In 2015, Guzhen town even established the ‘Alliance of Extraterritorial Chambers of Commerce’ to facilitate communication between these associations. In Zhuhai, a city with a large extraterritorial population in Guangdong Province, 34 out of the 60 new chambers of commerce that have been established since 2012 are extraterritorial chambers of commerce.⁹⁷⁹

This situation exists not only in Guangdong or Zhejiang. Under the influence of the Zhejiang and Wenzhou chambers of commerce, other Chinese provinces are following suit. Hunan native entrepreneurs as well have been eager to establish extraterritorial chambers of commerce around China. For instance, in 2000, Hunan native entrepreneurs established the Hunan Native Entrepreneurs Association in Zhuhai. In 2009, the association was divided into smaller chambers of commerce. Interestingly, each Hunan Province prefecture-level city has its own extraterritorial chamber of commerce in Zhuhai city.⁹⁸⁰ Gradually, extraterritorial chambers of commerce have become most powerful off-site entrepreneurs’ associations.⁹⁸¹

⁹⁷⁷ Min Chang 常敏, “异地商会发展及其在社会管理中的作用 - 基于浙江的实证分析 [yidi shanghui fazhan jiqi zai shehui guanli zhong de zuoyong - ji yu Zhejiang de shizheng fenxi / Extraterritorial chambers of commerce’ development and its function in social management - Based on the Empirical Analysis of Zhejiang],” *浙江省委党校学报 [Zhejiang shengwei dangxiao xuebao / Journal of Zhejiang Provincial Party School]*, no.2 (2012): 13-24.

⁹⁷⁸ Ibid.

⁹⁷⁹ FIC Zhongshan City Official web page. http://zyz.zsgsl.com/index.php?op=new_show&nid=983&tid=5&tid2=6. Last access: 11.11.2019. Translated by the author.

⁹⁸⁰ Hunan Extraterritorial Chamber of Commerce Official Web page. <http://www.hnydsh.cn/>. Last access: 11.11.2019. Translated by the author.

⁹⁸¹ Bin Zhang, “湖南异地商会实现 18 个国家和地区的网络覆盖 [hunan yidi shanghui shixian 18 ge guojia he diqu de wangluo fugai / Hunan Extraterritorial Chamber of Commerce Network covers 18 countries and regions],” *Hunan Daily*, Oct 28, 2015. http://hunan.ifeng.com/news/detail_2015_10/28/4492394_0.shtml. Last access: 1.12.2018. Translated by the author.

As representative of this form of business association, I selected Wu Jiyan and the Hunan Entrepreneurs Association in Chongqing (Hereafter. HEAC) as the case in this subsection. HEAC is the first Hunan extraterritorial chamber of commerce that was self-organized by Hunan entrepreneurs who conduct business in Chongqing.

5.2.3.1 *Wu Jiyan and the Hunan Entrepreneurs Association in Chongqing*

In 2003, at the foundation ceremony of HEAC, the founder Wu Jiyan claimed:

With the rise of the market economy, a large number of private-owned enterprises flourished. However, many people felt kind of disjointed, chaos, disconnected. Many things became unfamiliar and inconvenient. In other words, there was a gap between government control and market development. When we started to realize these problems, we were confused. The Central Government also realized this issue and started to encourage the development of local entrepreneurs' associations. The local entrepreneurs' association is neither a political entity such as a government, nor a market entity such as an enterprise. It is a social organization, or rather, a bridge between the government and the market.⁹⁸²

In this utterance, Wu identifies this chamber of commerce as a “bridge” that can fill in the gap between government and market. This is an intermediary function of social organization. And in fact, this has been a historical tradition of early Chinese business associations. As Rowe described of Hankou business association in 18th and 19th century, they already functioned in resolving social conflicts without direct interference from government.⁹⁸³

Generally speaking, these foundational moments carry much symbolic baggage and require formal statements of purpose. HEAC has expanded its influence among Hunan entrepreneurs since its foundation. 2007 witnessed the opening of the first National Hunan Entrepreneurs Convention. HEAC was the initiator and organizer. At this convention, under Wu Jiyan's proposal, all the participants signed a document called the ‘Xiang Entrepreneurs Manifesto’:

The elites were cultivated in Chu [traditional name for Hunan Province], and the best people were gathering here: this is the historical praise received by Hunanese. The saying - ‘an army without Hunanese cannot be called a real army’ - made Hunanese so proud. Today, in the precipitous wave of economic globalization, the values of Hu Xiang [literati name for Hunan Province] Culture have been quietly sublimated. The talents in Hunan are rapidly gathering: Rise up! Hunan Entrepreneurs!

On September 26, 2007, we gathered in Changsha, Hunan, feeling the uniqueness and power endowed by our native nature. Although everything is changing with each passing day, the core of life remains: that is our Hu Xiang culture, which has been integrated and infused into our Hunanese blood.

⁹⁸² Jiyan Wu 伍继延, *湘商文化与现代商会 - 在商言商* [xiangshang wenhua yu xiandai shanghui - zai shang yan shang / Xiang Entrepreneurship Culture and Modern Business Association - Businesspeople only talk about Business?/] (北京[Beijing]: 中国社会出版社 [zhongguo shehui chubanshe], 2013). Translated by the author.

⁹⁸³ Rowe, *Hankow: Commerce and Society in a Chinese City*, 333.

Here, in the presence of Lu shan [Lu Mountain] Xiang Shui [Xiang River] - our great nature's witnesses - all of us solemnly declare: all Hunan entrepreneurs will be unified in the spirit of "Caring about the world and people; Being eager to be pioneers; Applying Chinese traditional classics' doctrines and knowledge to social affairs practice; Being eclectic and bearing a greater tolerance towards contrary points of view; Seeking truth from facts." By inheriting the good tradition of Hu Xiang culture, and focusing on building our own excellent brand of Hunan entrepreneur, we will show the world a vibrant Hunanese economy.

Under the new historical circumstances, we ought to be:

'Caring about the nation and people', which means that the Hunan Entrepreneurs must shoulder greater social responsibility;

'Being eager to be pioneers', which means that Hunan Entrepreneurs need to have more innovative abilities;

'Applying classics' doctrines and knowledge to social affairs practice', which means that Hunan Entrepreneurs must utilize traditional knowledge in a broader social practice;

'Being eclectic and bearing a greater tolerance towards contrary points of view', which means that Hunan Entrepreneurs must learn an updated concept of harmony;

'Seeking truth from facts', which means that Hunan Entrepreneurs must develop a stronger sense of integrity in a wider social network.

'Responsibility, innovation, empirical inclination, harmony, and integrity' - we enshrine these words as the core of contemporary Hunan business culture. Together with self-encouragement and self-discipline, let's set sail! Today's world has changed into a multidimensional, competitive and symbiotic world. 'Enriching the people and the land; Strengthening scientific development' has become a new theme of the rising Hunan province. We will make full use of the new platform of the 'National Hunan Entrepreneurs Convention' to enhance the interaction and exchanges between the entrepreneurs at home and in other lands. We should take the initiative to integrate into a whole system of open cooperation in Hunan as well as strengthen cooperation in information, finance, technology, and talents within and outside the province. We should open up a brand-new channel for Hunan entrepreneurs redounding upon society and our population. We should bridge over regional cooperation. The rise of Hunan Entrepreneurs is the sparkle in a prairie. We will have win-win cooperation and work together on a worldwide stage; we will certainly create a new glory of Hunan Culture!⁹⁸⁴

Wu Jiyan claimed that HEAC and Hunan Entrepreneur Associations as a new social actor that is in some ways unprecedented after 1949, and different from the feudal local merchant guilds and government-managed private entrepreneur associations before 1949. These associations should define and present themselves by the motto: 'Responsibility, innovation, empirical inclination, harmony, and integrity', which is regarded as exemplifying the 'New Xiang Entrepreneurship'. This group identity reveals a clear trace of reverence for local culture and tradition and active mobilization of ethics symbols beyond government governance, in particular manifesting in the concern with moral aims and the common good at the societal level.

A very strong culture responsibility incentive is represented in this manifesto. It greatly emphasizes what the entrepreneurs as 'social representatives' can do for the

⁹⁸⁴ Ibid., 64.

society and the local community. Entrepreneurs are held up as new leaders and innovators in Chinese culture and the society. Hence, it declares that Hunan entrepreneurs, as local talents and elites in its history and culture, will have the common good in mind and they will shoulder more social and cultural responsibility; and meanwhile it downplays or underemphasizes entrepreneurs' material objectives. Besides this manifesto, Wu even created a hymn.⁹⁸⁵ Manifesto and hymn, both are typical ritual forms. They are utilized in forming group identity and expressing ethical claims.

This ethical stance is even clearer in Wu Jiyan's interviews and his books. He argues that, thanks to HEAC's direct participation in social affairs and in the newest domestic and foreign affairs, Hunan entrepreneurs, as the most active and thoughtful group in current China, are more concerned with every aspect of their role in social transformation, which greatly promotes social progress and helps to improve social governance.⁹⁸⁶

Concerning the task of the entrepreneur's association, Wu writes:

It is right now that the Chinese nation needs business culture urgently. This is based on the fact that, despite the great achievements we have made in the progress of science & technology and the development of the market economy, we have also come across such problems as the lack of business ethics and the lack of a market legal system. This urges the need of establishing and safeguarding a higher state of business culture.

A new Chinese business culture needs to be set up by a group of excellent Chinese entrepreneurs which promotes the true values of Chinese entrepreneurs.

Chinese business culture urgently needs a historic revival. The rise of the Chinese entrepreneurs is the new hope for this revival... We should rebuild all business cultures and re-evaluate all values on the basis of the globalization of market economy..... [T]here is no doubt that the new path of rejuvenation of the Chinese nation is to revitalize the economy, and the new symbol of the rejuvenation of the Chinese economy is the rise of Chinese entrepreneurs... [T]he new mission of the Chinese entrepreneurs is to create a harmonious world.⁹⁸⁷

Wu embarked on the construction of a unique leading role for Chinese entrepreneurs during China's modernization process, to create a modern Chinese business culture. This is a trial rectification of entrepreneurs' bad reputation since economic reform among business scandals, and long underestimated recognition of businesspeople in Chinese culture.⁹⁸⁸ In order to achieve this goal, he firstly underscores that Hunan entrepreneurs are a more cultural and civilized group with a strong historical tradition - the so-called Xiang Entrepreneurs Culture [湘商文化]. He claims this tradition is a culmination of Hunan history and culture.

⁹⁸⁵ *The Song of Xiang Shang*: on Baidu Encyclopedia, available at https://wapbaike.baidu.com/item/湘商之歌/19916372?ms=1&rid=8781787220867319695&rt=true&bk_tashuoStyle=topLeft&bk_share=shoubai&bk_share_fr=lemma. Last access: 11.11.2019.

⁹⁸⁶ Wu, *Xiang Entrepreneurship Culture and Modern Business Association*, 66,69,71.

⁹⁸⁷ *Ibid.*, 178-9.

⁹⁸⁸ *Ibid.*, 178.

Nowadays, by virtue of modern business development, Hunan entrepreneurs are naturally chosen and advantageous to represent Hunan synthesized culture and the proper group to bring local culture to its highest development as well.⁹⁸⁹

This argument also emphasizes the relation of the entrepreneurs group with ‘rejuvenation of the nation’, ‘new Chinese culture’ and ‘new social institutions.’ He points out that the current situation has a “lack of business ethics and lack of a market legal system”, which urges the establishment of a new and better business culture. Only can the entrepreneurs group fulfill this responsibility. To note, Wu tends to justify entrepreneur groups and business associations in this new era in terms of their business identity and leading function in moulding new business culture.

How to define this ‘new and better business culture’? In his book, Wu advocates:

Today we must rely more on the traditional cultural identity. This cultural identity not only includes the identity of local culture, but also the identity of family relationship. [But] we are under modern market conditions; we need to change from businessmen to modern entrepreneurs...You can definitely recite some relevant lines from Confucius. The problem is, this Confucian system is suitable in the traditional farming community, while now we are facing the challenge of the market economy and globalization.....so we need new ethics, such as respect others, be beneficial to the populace, be beneficial to the stakeholders..... It is true that we are running a material business: this pursuit of material ends is legal and rational. But material careers and material pursuit should be founded on a thick base of ethics, which refers to basic behavior or acting morally.....

Hence, we set up entrepreneurs’ associations. In a larger content, they serve to fulfill social responsibility. This responsibility is making up a gap between the market and highly concentrated political powers. The most important responsibility of entrepreneurs is to guide and discipline business actions through their own associations, to establish the standards of moral codes, to ensure the entrepreneurs to fulfill their social responsibility.

The most difficult thing comes from the economic system’s restraints; the second difficulty is how to educate ‘bosses’...First, we should rely on a democratic system; second, we should be guided by culture and the power of humanity.

Those who neglect ethics and laws, who rely on *guanxi* for their own interests, definitely harm the market and the society as a whole. A market without order or freedom will lead to a dead end...Entrepreneurs associations should emphasize the function of rebuilding moral values.⁹⁹⁰

Wu ardently justifies the private business associations by virtue of their indispensable mediating moral function between market and government as well as being local culture carriers. He believes that modern private business associations can generate new business ethics and supersede the old, outdated business ethics in this new business culture.

Wu further explains that the local business associations and their leaders have made significant contributions to raising business ethics questions among the entrepreneur groups, which is the most important part of new business culture.

⁹⁸⁹ Ibid., 180.

⁹⁹⁰ Ibid., 181.

Entrepreneurs are the ones who are in touch with business reality. They can clearly envisage a better market system that will bring them more benefit. Hence, they autonomously call for greater moral action and better business ethics, and they can foresee the world-shattering effects of rotten ethics. For instance, Wu argues:

We live in the Internet age. For modern enterprise, this presents a new organizational capability which in turn needs new ethics. For example, respecting customers, paying back to society, and paying back to shareholders. The completion of these goals requires modern management and legal systems for modern enterprise institutions and market economy conditions.

What is a business? Business is paying attention to one's own gain. Businesspeople's vocation [*tianzhi* / 天职] is nothing but to make profit, to create wealth. The result of violating the basic laws of the market economy is being eliminated from the market. After more than 30 years of Reform and Opening up, Chinese private entrepreneurs have come to the point where they can fulfill their own social responsibilities under the premise of being independent by doing their own business well.

Traditional values, such as benevolence and morality, need a transformation. The traditional culture must adapt to new economic and social organizations. The traditional values of Hunan businessmen are 'being concerned with the world's troubles, having pioneer spirit'. But if businesspeople worry about the world every day, how can she run his business well? Therefore, being concerned with the world's troubles must be transformed into a sense of social responsibility in corporate management; having pioneer spirit should be transformed into a sense of innovation. Then they become a new set of ethical systems.

We are pursuing a material career. This material pursuit is just and reasonable, but this material career and material pursuit should be embedded in virtues. These "virtues" are the basic qualities of being human.⁹⁹¹

Interestingly, Wu argues "vocation" of businesspeople is making profits and creating wealth. He admits that justification of profit is a necessary step in the construction of a modern market economy. He turns his tone when he claims that "Chinese private entrepreneurs have come to the point where they can fulfill their own social responsibilities". What he implies here is that social responsibilities are the "true vocation" of Chinese entrepreneurs. As he later argues, "material pursuit is just and reasonable, but this material career and material pursuit should be embedded in virtues". Hence, virtues still have priority.

What does he mean by 'social responsibility' of private entrepreneurs? Wu declares:

The core values of Hunan businesspeople should be caring about the world's troubles and having pioneer spirit. If you care about the world, you can't always talk about the future; instead, you should be practical and do the basic work, and patriotism is not just a slogan. For businesspeople, the most important thing is that companies must dare to assume social responsibilities, be responsible for employees, society and the environment. Having pioneer spirit must change its connotation in a society ruled by law. We must obey the rules and regulations and be careful not to break the law. Innovation must be carried out on this premise.

Numerous cases have proved that the so-called 'patron' connections often end up as a

⁹⁹¹ Ibid., 125.

‘volcano’, and everyone is increasingly recognizing the important value of non-bribery. For businesspeople who regard interests as supreme, the purpose of being moral and obeying ethics is to protect their own interests to the utmost extent. Businesspeople are the promoters and beneficiaries of the market economy, while the chambers of commerce under good governance, in turn, promote the improvement and development of the market economy. Those who make a fortune without morality and following ethics, those who seek improper interests by *guanxi*, will ultimately endanger the development of the market economy and the establishment of a harmonious society. In a disorderly market environment, competition is a zero or negative sum game: everyone is a loser.⁹⁹²

Wu, as an eager promoter of Chinese private business association culture, gives certain information here. In today’s China, the actual largest and most powerful group of emerging elites is entrepreneurs, and it is that social identity which these entrepreneurs themselves value highly. Wu believes Chinese entrepreneurs have a more complicated moral mission than entrepreneurs in markets or states with sound legal systems: they cannot just utilize or adjust to the incomplete market system, but they should actively construct the market order and business culture in which they are directly involved and participate in the construction of the social order from a market perspective. This argument encompasses social, cultural and political standpoints. This may seem like an onerous burden, but in the Chinese context, it seems that these entrepreneurs are eager to assume the identity as moral and cultural leader.

In order to justify this moral stance, Wu argues that the first step should be normalize the self-interest as well as the business associations as solid institutions. He firstly claims the private business association is a cultural group which both inherits the traditional culture and cultivates the future culture. In Wu’s idea, culture and sense of identity are interrelated in a constant changing circumstance. In the foregoing claims and arguments, by certifying entrepreneurs’ leading role in the changing social sphere, Wu and his followers are in fact constructing Hunan business culture and their own culture identity. Wu concludes that this culture construction duty is core of the entrepreneurs’ social responsibility in new era.

5.2.3.2 Conclusion

According to Watson, “Culture in today’s world has to be negotiated, transacted, and achieved. This approach thus stresses the active participation of people who cooperate - some willingly, others not - to create an acceptable culture.”⁹⁹³ I employ this definition of culture in this analysis, and it tellingly reveals that why Wu as a private business leader is so willingly constructing a modern private business association culture as new ethical efforts, which he argues is an integral

⁹⁹² Ibid., 152.

⁹⁹³ James L. Watson, “The renegotiation of Chinese cultural identity in the post-Mao era,” A public lecture delivered at the University of Hong Kong on 19 March 1991. <http://hdl.handle.net/10722/42558>. Last access: 06.02.2019.

part of modern Chinese business culture in an ongoing process. This process is accompanying the constructing of modern Chinese entrepreneurs' new social identity.

Wu argues, there are some distinct features of Chinese modern entrepreneurs in social value aspects which are rare in other cultures, for instance, Western culture, and different from old Chinese businesspeople. Chinese modern entrepreneurs ought to regard themselves as a bridge between traditional cultural China and modern economy centered society, between market and state, between ethics chaos and moral society, which can develop and flourish by virtue of this modern business culture.

Wu and HEAC's case illustrate how Chinese entrepreneurs have deeply endorsed culture creativity concept in their construction of modern business ethics. They justify their moral identity by virtue of acting as local culture creators. Culture and new culture construction concept are pervasive in Wu's business ethics argument. Wu's claims reveal a picture: how a local entrepreneur try to mobilize local culture symbols, including the local nature, local history, native prominent persons (Mao Zedong, etc.) and literary culture in the re-construction of identity and new business ethics.

In Wu's view, entrepreneurs enjoy exceptional natural advantages as moral business culture constructor in market era by virtue of their leading engine role in modern society. What they need to absorb the already existed cultural heritage and transform their mind. By learning and practicing Chinese cultural heritage, entrepreneurs can perfectly be competent at constructing ethical business culture.

In this proposed business culture, to note, Wu claims that profit earning is legitimized in modern China and it is the first step. Profit is moral and earning profit in business is moral. It is very important to see the moral self-view of businesspersons is different gradually. Legal profit seeking is being regarded as a kind of justified behavior of modern society, and most importantly, business activity is reckoned as conducive to social and cultural development. Wu's moral reasoning is straightforward: because only by making profits, the economy can development. Only by economy development, the society can development. This indicates a new ethical cognition of private business enters the public moral sphere. Wu's conception of new modern business culture is composed of legitimacy of private profit earning, an orderly market through efforts of business associations, and entrepreneurs with strong sense of social responsibility and aware of their own cultural identity. Meanwhile, we should not neglect, that it is a business culture that virtues still have higher priority than material profits.

5.2.4 Confucian Morale of Business Leaders

5.2.4.1 Confucian Entrepreneurs Group

In this subsection, I would like to present a special entrepreneur group: Confucian Entrepreneurs. Confucian entrepreneurs are defined as the owners of manufacturing or business firms who harbor the moral values of Confucianism.⁹⁹⁴ Scholars, like Tu Weiming, regard them as the bridge between traditional Confucian values and business: a bridge which can help both sides to develop and flourish.

As stated in Chapter 2, from Ming dynasty, the ‘gentry merchants’ [*shenshang* / 绅商] appeared on the scene.⁹⁹⁵ They had two identities: both Confucian scholars and businesspeople, were very influential in local business and local political governance. In general, they are regarded as the forerunners of modern Chinese Confucian entrepreneurs. In modern times, in Singapore, Japan, South Korea, Hong Kong and later China mainland, there have been groups of entrepreneurs who label themselves as modern Confucian entrepreneurs. They claim that the virtues of Confucianism - such as tolerance, sympathy, empathy and benevolence - do not run counter to business but contribute greatly to its success. In chapter 3, section 4.2.3 has revealed the development of this discourse in business academia. In Tu Weiming’s words, their study is also stimulated by and coincided with “a group of entrepreneurs actively promote Confucianism with their own social and economic influence.”⁹⁹⁶ In this subsection, I will explore this group: Confucian entrepreneurs.

5.2.4.2 Mao Zhongqun as Confucian Entrepreneur Group Leader

Learning Confucianism

Mao Zhongqun is regarded as one of the most famous entrepreneurs in China who mainly adopts Confucian cultural concepts into corporate culture-building. Nearly every WEIB and CKGSB’s Confucian Business Ethics symposium and workshop has invited Mao to participate and give keynote speech. Mao claims himself as a staunch supporter of Confucianist management. His practice is not only in his own company but also in the business associations that he serves as chairman and leader.⁹⁹⁷ He is chairman of FIC at the national level, the National Kitchen

⁹⁹⁴ See chapter 4, section 4.3.3.

⁹⁹⁵ See chapter 2, section 2.3.2.

⁹⁹⁶ Ming, “Conversations on Confucian Entrepreneurs,” 7.

⁹⁹⁷ Interview with Mao Zhongqun “茅忠群专访:在传承中创新, 方太的企业文化修炼之道 [zai chuancheng zhong chuangxin, fangtai de qiye xiulian zhi dao / Exclusive Interview with Mao Zhongqun: Innovating in Legacy, the cultivating Dao of Fotile’s Corporate Culture],” *Guang Ming Net*, 27-12-2018. Fotile official webpage. <https://www.fotile.com/news/109.html>.

Ventilator Industry Association, the Zhejiang Young Entrepreneurs Association, and the Ningbo Hangzhouwan District Business Association, as well as vice chairman of the Ningbo City Federation of Industry and Commerce.

In 2000, Mao finished his EMBA study at the CEIBS. In his book, he described this study experience as a pure Western business school management education.⁹⁹⁸ At this time, the study of *guoxue* became popular among business managers. Mao then was obsessed about some difficulties in his management of Fotile: “the effect of completely transplanting western management to Fotile is unsatisfying and I kept wondering what a breakthrough solution could be.”⁹⁹⁹ Then he thought about traditional Chinese culture. “I have been a science guy since I was a child. I was only interested in scientific and technological knowledge. After I finished my EMBA at CEIBS, I felt lost. I chose to go to Tsinghua University and Peking University to attend two *guoxue* courses. As soon as I got the chance to understand traditional culture, I felt a happiness in my inner mind.”¹⁰⁰⁰

In 2004, Mao was part of the first group of entrepreneurs to study *guoxue* in Tsinghua and Peking Universities. At the same time, the management culture of Japanese companies also gave Mao inspiration: “Japan’s outstanding companies have combined Japanese traditional local culture with Western modern management. They are proven to be successful. We have a 5,000-year-old civilization in China. Why can’t we combine Chinese culture with Western management like Japan?”¹⁰⁰¹ In 2008, Mao began to launch traditional culture learning programs in Fotile.

Practicing Confucianism

Since 2008, Mao’s company, Fotile Group, has begun to systematically introduce Chinese traditional cultural thoughts in its management. In a 2018 interview with *Guang Ming Net*, Mao recalled, from 2008 to 2018, the company has, step by step, been exploring, practicing, and summarizing various techniques, and reconciling any conflicts between traditional cultural knowledge and Western management expertise. He told the reporter, that in the past ten years, the Fotile corporate culture system had experienced five or six versions of updates. By the end of 2017 and the beginning of 2018, a relatively complete corporate cultural system had been formed and structured.

According to Mao, this cultural framework is systematic and reproducible, which makes it easy to be promoted in enterprises.¹⁰⁰² Starting in August 2018, the

⁹⁹⁸ “Mao Zhongjun Talks about Traditional Culture”: Fotile Official web page. <https://www.fotile.com/news/109.html>. Last access: 3.12.2019. Translated by the author.

⁹⁹⁹ Ibid.

¹⁰⁰⁰ Ibid.

¹⁰⁰¹ Ibid.

¹⁰⁰² Interview with Mao Zhongqun “茅忠群专访:在传承中创新,方太的企业文化修炼之 [zai chuancheng zhong chuangxin, fangtai de qiye xiulian zhi dao / Exclusive Interview with Mao

Fotile Cultural System was organized into a comprehensive corporate culture management course. Mao claimed he would like to share this course set with entrepreneurs from all over the country.¹⁰⁰³

In 2018, with high expectations, Fotile founded the ‘Fotile Cultural Research Institute’ in its company. This institute not only gives traditional culture courses to Fotile employees but also offers cultural business education and training for external entrepreneurs. At its founding ceremony, Mao claimed:

A great company is not only a business organization, but also a social organization. It should actively shoulder the social responsibility of guiding people to kindness, to goodness. It should promote the truth, goodness, and beauty. This institute’s goal is to spread Chinese excellent traditional culture and the practical experience of Fotile’s combined Chinese and Western corporate culture, to draw wisdom from Chinese excellent traditional culture, to explore a corporate culture system that more suitable for Chinese enterprises, to help Chinese entrepreneurs to learn traditional culture, elevate their minds and energy, and march towards greatness, to enhance the prosperity of Chinese culture through business practice, innovation and development.¹⁰⁰⁴

Fotile Cultural Research Institute organized the ‘First Fotile Cultural Experience Camp’ in September 2018, which attracted more than 200 entrepreneurs from around China. At the Fotile annual conference in 2018, Mao put forward the new mission of Fotile culture for the next ten years - ‘For Happiness’. This new mission is said to be aiming at customers on the one hand, that is, to promote the happiness of 10 million families within ten years; and on the other hand, aiming at entrepreneurs, that is, to help 100,000 entrepreneurs move towards greater enterprises within ten years by instilling Fotile’s traditional culture education system. Mao said he has developed a systematic theory on the basis of his own practical experience in introducing excellent traditional culture into management over the past ten years, and he would like to pass it to other companies through the Fotile Cultural Camp and the Fotile Cultural Research Institute.¹⁰⁰⁵

Social Influence and Recognition

In April 2018, Fotile received designation as a ‘Chinese Confucian Enterprise Demonstration Base’. This title is appraised and conferred by the Chinese Confucian Entrepreneur Chamber of Commerce to the company that is widely perceived as espousing Confucian culture. At the award ceremony, Fotile was

Zhongqun: Innovating in Legacy, the cultivating *Dao* of Fotile’s Corporate Culture],” *Guang Ming Net*, 27-12-2018. Fotile Official webpage. <https://www.fotile.com/news/109.html>.

¹⁰⁰³ Li et al., *Mao Zhongqun’s Confucian Business Dao*, 41,43,44.

¹⁰⁰⁴ “首期方太体验课开课, 揭秘百亿方太背后的创新密码 [shouqi fangtai tiyan ke kaike, jiemi baiyi fangtai beihou de chuangxin mima / The First Fotile Lesson: Decode the Innovative Secret of Fotile’s Billions Success],” https://k.sina.cn/article_1973815302_75a6080600100azft.html?local=gd. Last access: 1.12.2019. Translated by the author.

¹⁰⁰⁵ Mao Zhongqun’s Speech at 2018 Fotile Annual Meeting. Fotile’s official web page. <https://www.fotile.com/news/106.html>. Last access: 1.12.2019. Translated by the author.

praised as follows: “Since 2008, Fotile Group has integrated Confucian culture into modern enterprise management, which is a benchmark in Chinese corporate management.”¹⁰⁰⁶ Business scholars have begun to do empirical research on Fotile and Mao. Some scholars, like Wang Bo, even compare Mao’s way of management with the famous Japanese entrepreneur role model Namori Kazuo. Wang argued Mao should be regarded as a virtuous businessperson who could be the model for other Chinese businesspersons.¹⁰⁰⁷

After ten years of exploration and practice, Fotile has set up a special corporate cultural system, described as ‘Chinese knowledge to clarify the Dao / principles [道], Western knowledge to improve skills, harmonious combining of Chinese and Western essentials with Dao governing the practice.’¹⁰⁰⁸ Mao highlights that this cultural system “not only drives the healthy and rapid development of our company, but also has created a new benchmark for Chinese business management”.¹⁰⁰⁹ In 2017, Fotile Kitchen’s sales revenue (excluding tax) exceeded 10 billion RMB. Mao assigns this success to the company’s cultural system.¹⁰¹⁰

5.2.4.3 *Mao’s Claims of “Confucian Business Ethics”——Business Dao*

In his inauguration speech at the first Fotile Cultural Experience Camp in 2018, Mao described the ‘traditional culture’ in his system as follows:

Chinese traditional culture is centered on Confucianism, Buddhism and Daoism: Daoism explores the relationship between man and nature (the relationship between humans and things); Buddhism emphasizes the relationship between man and self (self-relationship); Confucianism pursues harmony in human society (others and me). After thousands of years of inheritance, Confucian culture has become the most important part of Chinese cultural genes. Some of the values advocated by Confucianism have become social norms, which regulate people’s minds and behavior. In Confucian culture, the Confucian sages and philosophers have already clarified the path of individual self-cultivation progress, that is, ‘study things, acquire knowledge, rectify the mind, and follow the path of ‘cultivate self, regulate the family, rule the state, bring peace to all under Heaven.’ This is a requirement for every employee in Fotile and a requirement for every entrepreneur in our camp. Nonetheless, this kind of moral self-cultivation is still

¹⁰⁰⁶ “‘中华儒商企业示范基地’在宁波方太集团授牌 [zhonghua rushang qiye shifan jidi zai ningbo fangtai jituan shoupai / Fotile group is designated as “Chinese Confucian Enterprise Demonstration Base” in Ningbo], http://www.chinakongzi.org/rw/xszj/lihonglei/201804/t20180417_175717.htm. Last access: 1.12.2019. Translated by the author.

¹⁰⁰⁷ Bo Wang 王卜, *大道与匠心 [Da dao yu jiang xin / Great Doctrine and Cooperate Culture]* (北京 [Beijing]: 中信出版社 [zhongxin chubanshe], 2018), i. Translated by the author.

¹⁰⁰⁸ Ibid.

¹⁰⁰⁹ Qianqian Li et al., 李倩倩等, *茅忠群儒学商道 [Mao Zhongqun Ruxue Shangdao / Mao Zhongqun’s Confucian Business Dao]* (北京 [Beijing]: 中国友谊出版公司 [zhongguo youyi chuban gongsi], 2018), ii. Translated by the author.

¹⁰¹⁰ Ibid.

lacking in our modern management system.¹⁰¹¹

Concerning business ethics, Mao's arguments are basically stemmed from Confucian concepts, which he calls "Business *Dao* (*shangdao*)":

The first principle of business ethics is the unity of righteousness and profits. Confucianism does not oppose or dispense with the pursuit of wealth or enjoying wealth, but a *junzi* loves wealth in a proper and righteous way.

The second is putting humanity first [humanity oriented]. China's traditional Confucian culture advocates human as center, and we advocate the humanity spirit as center for business enterprise. This is mainly reflected in the relationship between customers and employees. The core of our values is *ren*, which means to love others. Following business ethics is what we must do, no matter what the conditions.¹⁰¹²

According to Mao, morality comes not from outer regulation but from within. It is intrinsic to human nature:

Everyone has a kind and good nature. Good management is to stimulate the kindness and benevolence in human nature through self-regulation and self-improvement.

The spirit of benevolence is to cultivate and stimulate the love of all employees for the customers, to meet the real needs of customers, to build a sense of reverence for quality, to gain a sense of shame for immorality, to truly form a quality-advancing corporate culture for all employees; similarly, the spirit of benevolence can also make enterprises stronger from within.¹⁰¹³

Mao's arguments follow Confucian doctrines that morality comes out of human nature or the heart. Morality justifies human being's existence as human, not animal. Morality hence is part of human nature, but may be uncovered. This is typical of Mencius' thesis.¹⁰¹⁴ The task of the human is to conduct life-long self-cultivation. Mao transplants this thought into management and asks his employees to follow this ethics in daily life, guided by the spirit of benevolence and righteousness. To note, Mao also stresses the inner power of enterprises as a possible result of moral cultivation.

In this 2018 Fotile Cultural Experience Camp, Mao shared his faith and understanding with the participant entrepreneurs: "The greatest treasure is the mind. For example, Wang Yangming said that if there is light in the mind, then light will be everywhere, because your mind is already the sun, the light is shining, and

¹⁰¹¹ Mao Zhongqun's speech at the First Fotile Culture Camp Inauguration Ceremony. <http://www.ccg.org.cn/Director/View.aspx?Id=11019>. Last access: 3.4.2020. Translated by the author.

¹⁰¹² Wang, *Great Doctrine and Cooperate Culture*, 128.

¹⁰¹³ Li et al., *Mao Zhongqun's Confucian Business Dao*, 129-30.

¹⁰¹⁴ Mencius, *Menzi*, chapter Lilou xia [离娄下], section 47: "Mencius said, 'That whereby man differs from the lower animals is but small. The mass of people cast it away, while superior men preserve it. Shun clearly understood the multitude of things, and closely observed the relations of humanity. He walked along the path of benevolence and righteousness; he did not need to pursue benevolence and righteousness.'" Trans. by James Legge. <https://ctext.org/mengzi/li-lou-ii/ens>. Last access: 11.11.2019.

everything is shining.”¹⁰¹⁵ This argument reflects Mao’s belief in Neo-Confucianism’s fundamental concepts of ‘sincere mind as moral origin’. Wang Yangming once said, “What truly is within will be manifested without”.¹⁰¹⁶ Sincere mind is the ontological thing-in-itself in Neo-Confucianism. This school believes that there is nothing outside the mind; there is no principle outside the mind. Mind is not only of ontological importance but also an origin of ultimate meaning. Moral sincerity has an ultimate power to intervene between conviction and behavior.¹⁰¹⁷

When asked why Fotile does not go listed, Mao replied:

For me, Fotile now has more important things to do than being listed – that is, to further improve the Fotile Culture System and disseminate the Chinese excellent traditional culture. I just want to try, in China, to innovate by relying on conscience, to guide people to be good and kind, not to do any tricks or cheat, not to be opportunistic, and to see if this trial effort can achieve being a good business. Fotile is my experiment. It is an experiment of conscience and kindness.¹⁰¹⁸

Mao shows his determination of practicing Confucian ethics in business in this claim. Comparing with Wu Jiyan in the last section, Mao has a clear-cut stand on Confucian culture in modern business ethics construction. In Mao’s view, only Chinese traditional cultural values, the Confucian moral doctrines (conscience, benevolence, integrity) in particular, can solve the ethical problems in the Chinese market economy and promote a healthy business development.

As representative of the Confucian entrepreneur, Mao has attended nine “Global Business Ethics Forums.” Mao delivered many speeches in these activities and his topics are all about Confucianism in management. For instance, in the first inauguration meeting, Mao gave a speech about his understanding of business ethics:

Our national cultural knowledge is full of great wisdom, such as Confucianism, Buddhism and Daoism. In Daoism, people learn from the example of earth; Earth learns from the example of heaven; Heaven learns from the example of nature and the universe. We must follow the *Tian dao* [Heaven’s principles / 天道], and the *Tian dao* contain ultimate wisdom. As far as Buddhism is concerned, wisdom comes from constant self-discipline, meditation [戒戒 / 定].

I am mainly talking about Confucianism today. What I personally admire most of these three is Confucianism. Confucianism is more suitable to apply to modern enterprises and business reality. Confucianism is very realistic and rational, and does not oppose gaining wealth. It only tells us about the righteous ways and means of obtaining wealth. For example, the principles of ‘Benevolence, Righteousness, Ritual, Courtesy, and Faithfulness [仁义礼智信]’ in *The Analects* of Confucius have been proven as proper

¹⁰¹⁵ Mao Zhongqun’s speech at the First Fotile Culture Camp Inauguration Ceremony: <http://www.ccg.org.cn/Director/View.aspx?Id=11019>. Last access: 3.4.2020. Translated by the author.

¹⁰¹⁶ Yangming Wang, “心外无物, 心外无理,” in *传习录 [chuan xi lu / Instructions for Practical Living and Other Neo-Confucian Writings]*, trans. Wing-Tsit Chan (New York: Columbia University Press, 1985), 4.

¹⁰¹⁷ Introduction to Neo-Confucianism, see chapter 2, section 2.3.2.

¹⁰¹⁸ Li et al., *Mao Zhongqun’s Confucian Business Dao*, 11, 86.

normative ethics for thousands of years of social life.

Why do I call these the ‘Five Permanents’? Because they are the eternal moral truth in the human world. We have abundant reasons to believe that in the next few thousand years they will still be the moral truth. These five words contain a lot of wisdom, and I also believe that these five represent the fundamental ways to achieve a harmonious society.

The first principle is, the benevolent person loves others. In an enterprise, we have to care about the stakeholders. We must care about our employees, customers, communities and other stakeholders. We should consider others and ultimately pursue a win-win situation. I think this is the benevolent mind. This is obviously not enough. For example, I cannot give thousands of employees the same salary. Hence, there should be the second principle – righteousness, that is, to be fair and reasonable. Higher executives take the salary of executives. The middle managers take the middle salary. Adhering to fair and just principles, this is what ‘righteousness’ tells us. So, what are fair and just principles? Those are behavioral norms that conform to ‘ritual’ and are in line with ‘righteousness.’ This is also the requirement of the third principle, ‘ritual’. ‘Ritual’ is actually the fundamental rules and norms in society. Now it has various forms, such as the law, the institutions and the regulations in enterprises. We must abide by the social rules and regulations, which are actually the requirements of “ritual”. The regulations and rules meant by “ritual” are not the same as those in the West, or in the system of Chinese legalists. This must be carefully contemplated. Why was the Qin Dynasty over in less than two decades? Though Emperor Qin Shihuang was so powerful in the country, so many strict laws had been enacted, and the cruel system he had enacted did not meet the requirements of the people and did not meet the requirements of benevolence and righteousness. Confucianism believes that any system enacted must conform to those two principles.

Being ethical and not cheating also are absolute basic principles; they are unquestionable moral truth like the principles of heaven and earth [*tian jing di yi* / 天经地义].¹⁰¹⁹

In this argument, business is not merely business. It is a cultural and ethical action. Without culture and ethics as integral part, business cannot be ‘right’ or ‘great’. For Mao, greatness cannot be measured by profits. A great company is a company that successfully operates under right moral values. Therefore, Mao’s business ethics is all about inheriting the traditional cultural ethics and practicing them.

On the subject of modern Chinese enterprise, Mao has his own understanding: After the Cultural Revolution, the cohesiveness of clans was greatly weakened, and they were then gradually dispersed into many small families. In modern cities, people may not even know the names of their neighbors. Their acquaintances are mostly from their working places. So, everyone is looking for such affiliation in their enterprises. They work together and participate together in social activities after work. In today’s enterprises, especially private enterprises, the employees are from all over the country. The enterprises of this era play the role of the clan of the past, and the corporate social

¹⁰¹⁹ Mao Zhongqun’s speech at The First Business Essence and Spiritual Inspiration Forum. <http://finance.sina.com.cn/focus/1businessspirit/>. Last access: 3.4.2020. Translated by the author.

responsibility is heavier in this sense.¹⁰²⁰

Mao compares enterprise to family and clan. Most modern people consider an enterprise as an economic organization. Here, Mao gave another understanding: “a company is an economic organization, but it is more a social organization, and in my opinion, it is a social civil organization.”¹⁰²¹ This argument is a complete moral interpretation of company. Mao argues, “Since a company is a social civil organization, it must have a moral function.”¹⁰²² Interestingly, the reference entity in this comparison utterance is no other social organizations nor civil organizations, but family and clan, which are blood relationship based and are intrinsically different from modern social organizations. Mao’s comparison reveals that he considers enterprise as an ethical entity that constructed on the basis of interpersonal ethical relationships.

As stated fore, Mao claims that a company’s first mission is to bring happiness to customers and employees. The second mission is to bring truth, kindness and goodness to the society.¹⁰²³ When asked about the ‘survival of the fittest’ or ‘Wolf culture’ phenomenon in Chinese business, Mao contends that a human is much honorable than animal. Therefore, the company which adheres to the five eternal Confucian moral principles (‘Benevolence, Righteousness, Ritual, Courtesy, and Faithfulness’) can become the best company instead of the company who believes in wolf culture.¹⁰²⁴

Mao admitted that he learned a lot from Jin entrepreneurs (Jin is the literary title for Shanxi province), especially their *Shen gu* (body stock) system.¹⁰²⁵ This is a profit and bonus sharing system in the form of a stock system. Every employee has relative ‘stocks’ when they are working in Fotile. The sharing system means that all employees, no matter their hierarchical status, can share corporate dividends. It is similar to an employee stock ownership plan (ESOP). Fotile is not a listed company. It uses this system to incentivize the employees and foster unity inside the company. Mao believes it is a useful method to increase the happiness of employees.¹⁰²⁶

Fotile and Mao are currently regarded as the most successful example of a business that is using Confucian moral values in management.¹⁰²⁷ They strongly

¹⁰²⁰ Interview with Mao Zhongqun. “茅忠群：一切都已有所准备 [Mao Zhongqun: yiqie dou yi you suo zhunbei / Mao Zhongqun: Everything is ready],” *Chinese Kitchen Equipment Industry Online*, Sep 9, 2016. Last access: 3.4.2020. Translated by the author.

¹⁰²¹ Ibid.

¹⁰²² Ibid.

¹⁰²³ Li et al., *Mao Zhongqun’s Confucian Business Dao*, 16-17, 25, 36.

¹⁰²⁴ Ibid., 110.

¹⁰²⁵ Ibid., 59-63.

¹⁰²⁶ Ibid., 63.

¹⁰²⁷ Exclusive Interview with Mao Zhongqun. “‘另类’茅忠群，用国学去颠覆厨房 [linglei Mao Zhongqun, yongguoxue qu dianfu chufang / ‘Geek’ Mao Zhongqun, who uses Guoxue to overturn Kitchen],” *人民网 [People.cn]*, Jan 10, 2017, <http://www.zgonl.com/renwu/4362.html>. Translated by the author. Last access: 02.04.2020.

emphasize on happiness among members, group unity and caring for others as family. The Fotile Cultural Research Institute and the culture education camp for entrepreneurs strengthen its cultural and ritual identity. Mao's arguments and Fotile's cultural education practices have much in common with the ritual functions of traditional Chinese clan.

5.2.4.4 Conclusion

Mao and his corporate culture system in Fotile are a reflection of the culturalism of Confucian entrepreneurs in the process of Chinese economic modernization. This culturalism is largely a moral concern, which emerged from thinking about the negative effects of wholesale borrowing from Western business practices. Apparently, Mao finds a lot of gaps and unsatisfying aspects in the purely utilitarian thinking. He describes the incompatibility of Western management knowledge and his own locally born and bred Fotile as “two gears that cannot fit with each other”.¹⁰²⁸ Mao believes that Chinese companies ought to be operated and managed on the basis of Chinese culture: culture is the soil and resource of business practice as well as of its long-term development.¹⁰²⁹

Therefore, in practice, Mao's role models are traditional Sages. Especially in the aspect of the education of entrepreneurs and employees, Mao's practice actually resembles the mission of old Chinese clan presbyters. Meanwhile, Mao does not deny or reject the important function of Western science and technology but insists they are merely skills [术].¹⁰³⁰ Adhering to traditional Chinese cultures is the soul of a company. This thought is in accordance with the *Ti-Yong* dichotomy (essence / function).¹⁰³¹

If we view Tu and other New Confucian scholars' attempts of revitalizing Confucianism as an academic effort, Mao and his business peers could be regarded as an effort in practical field. In general, Confucianism had already lost its orthodox status since the May Fourth Movement in 1919 and has no longer been the prevailing societal ideology since 1949. However, the popularity of the various *guoxue* efforts by Chinese entrepreneurs and Chinese business academia shows that Confucianism kept its strong attraction. Just as Mao Zhongqun has argued on many occasions, Confucianist doctrines are the ‘eternal truth’, for the past 5000 years and also for the next thousands of years.¹⁰³² Traditional cultures,

¹⁰²⁸ Ibid.

¹⁰²⁹ Ibid.

¹⁰³⁰ Ibid.

¹⁰³¹ See Chapter 4, section 4.3.1.

¹⁰³² Exclusive Interview with Mao Zhongqun. “改变世界:中国杰出企业家管理思想访谈录之茅忠群 [gaibian shijie: zhongguo jiechu qiyejia guanli sixiang fangtanlu zhi Mao Zhongqun / Change the World: Chinese Outstanding Entrepreneur's Management Thought, Mao Zhongqun],” 第一财经 [diyi caijing / Yicai],

Confucianism in particular, frame and construct at least part of the value systems of these entrepreneurs.

In 2012, Fotile was invited by the China National Institute of Standardization to participate in the drafting of a ‘National Standard of Chinese Social Responsibility Guidance’. Mao was invited to write his Confucian culture management experience into the national standard. This gesture embodies a quite significant signal. It could be regarded as an official and institutional endeavor of promoting Confucian values in public normative structure. In other words, the traditional cultural normativity that is represented by Confucianism is beginning to come back forcefully in the modern national normativity structure.

This conclusion may contradict some scholars’ arguments. Most of them are pro-Westernization and Marxists. They argue Confucianism is a particular emotional complex of Chinese high-level scholars and is only an illusion of scholars engaged in the process of attempting a nation rejuvenation.

However, we could say, this kind of Confucian complex is indeed seriously being put into management practice. In recent years, it even has become a holistic trend. The momentous Bo’ao Convention that I discussed in Chapter 4 is also a concrete example.¹⁰³³ Therefore, we could not simply describe these close bonds with Confucianist values as a ‘scholarly emotional complex’. They should be perceived as a Chinese modern moral background. I would like to borrow the notion of ‘path dependence’ here. In the past thousands of years, as important elements of the Chinese moral background even until today, Chinese culture has been an ethical culture. Several big social transitions in pre-modern and modern times all foremost caused serious ethical chaos and thereafter anxieties and ambivalence. In turn – when social reality meets crises and problems – because of path dependence, people tend to find solutions of social problems in enduring ethical values, and cultural aspects in a larger sense. I cannot specify one simple reason for this public moral ideology. It is the result of a long lasting historical, cultural, and political synthesis.

This is related with a more fundamental observation. No matter the differences between New Confucianism scholars and Confucian entrepreneurs, they share a basic belief: Confucianism, and other Chinese traditional philosophies make China different and even in some sense superior to Western capitalist thinking. The traditional cultures should be the essential resources of identity of modern Chinese people. Their ‘eternal’ spiritual heritage purportedly distinguishes the Chinese from other cultures and forms the base of the Chinese cultural image. Confucianism is claimed as a better solution than foreign thoughts. This subsection demonstrates that Confucianism has continued to exert a powerful attraction and influence through the ages.

https://www.youtube.com/watch?v=E_l84N7_wXM. Translated by the author. Last access: 04.04.2020.

¹⁰³³ See chapter 4, section 4.2.3.

5.3 Conclusion

In this chapter, I first briefly introduced the business associations in China, including their historical background and main types. I primarily discussed private business associations and their history, as they are the main actors in this empirical field work of moral background research. I selected four cases, each of which is representative of the main private business association types. They are GAZE and Jack Ma, as representative of a national-level native origin chamber of commerce / shang bang; the Wenzhou local industry association and Nan Cuihui; the Extraterritorial Chambers of Commerce and Wu Jiyan; and the Confucian Entrepreneur Association and Mao Zhongqun.

Business associations in China are both old and new. They have almost 1000 years of history. Yet they nearly vanished for almost 30 years. At the beginning stage of re-construction in the reform era, they re-emerge and begin to feel invigorated. Nonetheless, they are also facing questions of justification in the context of the reborn private economy and new wealth in Socialist China. Private businesspeople have been criticized due to the rampant immoral business behaviors and even discarded as origins of immoral social attitudes. Hence, these business associations' leaders devote themselves to the business ethics development, in the hope of helping to combat the criticism and justify private entrepreneurs in moral terms.

Today's business associations have become powerful social intermediaries between government and market. As they attract and unite large groups of entrepreneurs, the ethical voices from business associations and their leaders are conspicuous in public and decisive in the public normative structure.

In this chapter, I use the moral background concept to analyze targeted private business associations and their business ethicists. Like watching a public performance, what they concede, disagree about, claim, argue, urge, and what they have done in the public sphere reveal how the private business associations partook in a process whereby their business ethics work helped create or strengthen particular moral background elements. This work reveals to us the normative expectations of Chinese entrepreneurs: what ideals are to be striven for, and what ought to be the case.

The following table summarizes the main characteristics of the moral background that I have analyzed in the foregoing.

Table 10. Four Groups of Moral Background in Business Associations

Background Dimensions	Specific Variable	Confucian Cultural Group	Moral Consciousness Group	Ritual Nationalism Group	Cultural Construction Group
Empirical person/Group		Mao Zhongqun / Fotile Group	Ma Jack, Yang Sheng / General Association of Zhejiang	Nan Cunhui / Liushi Town (Wenzhou) Chamber of Commerce	Wu Jiyan / Hunan Entrepreneurs Association in Chongqing

			Entrepreneurs		
Grounding	Why be moral?	Moral virtue is human nature; the duty of human being	Moral virtues; It is right; It will benefit the people and society	Moral virtues; Human nature; It is inherited from tradition; it will benefit the people and society	It will pay off; Moral virtues; It will benefit the people and society
Grounding & method and argument	Moral Theory	Virtue Ethics	Virtue Ethics; Pragmatism	Virtue Ethics;	Virtue Ethics; Pragmatism
Object of evaluation	Object	Ethics of being	Both ethics of being and ethics of doing	Both ethics of being	Both ethics of being and ethics of doing
Object of evaluation	Main ethical questions	What ought I to be? What kind of moral spirit should I have in doing business? How should I cultivate my moral virtue in business?	What ought I to be? How should I cultivate my moral virtue in business? What ought I do in this situation?	What ought I to be? How should I cultivate my moral virtue in business?	What ought I to be? How should I cultivate my moral virtue in business? What ought I do in this situation?
Methods and Argument	Evidence	Classics; History; Anecdotes; Humanistic civilization	Business Practice; History; culture	History; Anecdotes; Ritual practice	Local culture; History
Method of Argument	Kind of argument	Metaphysical; Historical; Culturalistic	Culturalistic; Historical Scientific Rational	Culturalistic; Historical	Culturalistic Rational; Historical
Repertoire of Concepts	Key business ethics concepts	<i>Yi</i> and <i>Li</i> dichotomy; Moral duty; Cultural knowledge; Civilization; Sense of social responsibility community;	<i>Yi</i> and <i>Li</i> dichotomy; Moral duty; Cultural knowledge; Sense of social responsibility; community	<i>Yi</i> and <i>Li</i> dichotomy; Ritual; Moral duty; Sense of social responsibility; community	<i>Yi</i> and <i>Li</i> dichotomy; Cultural identity; Moral duty; Sense of social responsibility community
Repertoire of Concepts	Kind of concepts	Theoretical; Philosophical	Culturalistic; Scientific; Historical;	Historical; Culturalistic; National	Culturalistic; Scientific; Historical;
Metaphysics	Elements in metaphysical picture	Mind / heart; spirit	Spirit; Mind / heart	Mind / heart; Conscience	Mind / heart; spirit

Comparing with the results of Chapter 4's analysis, I would say that the results for the business associations section are much more convergent. Their differences are

just a matter of nuance. To note, the business associations' Confucian Culture Group and Moral Consciousness Group bear a lot of resemblances with the same two groups in business schools, with respect to first order morality and second order moral background. Hence, I give them the same names. The conclusive analysis may prove that the moral background underneath first order business morality in current Chinese businesspeople is much more convergent and consistent than people suppose in terms of modern Western Capitalism influence and impact since Reform and Opening up. The following are the most important moral background in the business association section.

5.3.1 *Individualism, Collectivism and Communalism*

Firstly, the basic moral orientation among businesspeople is still communalism in current Chinese society. This sense of wholeness and unity in communalism may appear as a deep-rooted faith. The cases of business associations and business schools show this moral background element without any exception. Nonetheless, the justification of individualist interest and profit shows up. Comparing with ethicists in academia, what Chinese entrepreneurs trying to define by virtue of business ethics discourse is a modern self with properly justified and recognized rights and identity. Meanwhile, the claim of justified self-interest is secondary to a special community's interest. This special community is a holistic national civilization with historical and cultural heritage, which even become internalized self and ultimate structural form.

The core assumption of communalism may come from ancient philosophies that humans are naturally social animals. They are born into and heavily socialized into social groups. Hence, interpersonal relationship is the basis of social relations, and individualism takes a back seat to group loyalty. This common moral background element is that ethical values are established through, and obviously must be regarded as, communal agreement over individual principles. Therefore, family / clan / nation / civilization ideology takes precedence over individual. We can see that this exists in all four cases.

However, this communalism is not akin to collectivism. One aspect in Western business ethics is strongly collectivistic as far as group interests are at most concerned. In the case of modern U.S management, the so-called Protestant organizational cultures tend to downplay relational aspects, which, however, does not imply a strengthening of the individualistic aspect. The social and institutional condition of ethical action is seriously taken into consideration in U.S. and European business ethics and the ethical actions. On the contrary, being relative to the collectivistic aspect, the comparative lack of abstract group orientation has always been a commonplace in the descriptions of Chinese business ethics as individualistic in Western views.

It is closely connected to the different ethical epistemology of 'social' and

‘individual’ between China and West. From Aristotle, Plato and Cicero, there has been the concept of ‘common good’ in Western traditional ethics. A society is public, a community whose members pursue values and goals they hold in common. Therefore, an individual’s good is inextricably linked to the good of the whole. The universalism approach of fairness and justice to ethics is also closely related with the understanding of common good. The concept of Common Good as a set of conditions help to achieve a particular aim.

The concept of the ‘public sphere’ certainly cannot be separated from the concept of the ‘private sphere’ in West.¹⁰³⁴ In the Chinese ethics tradition, there is no clear distinction between ‘private’ and ‘social’. Comparing with Western modern rational-legal approach to ethics, Chinese social ethics shows strong secular relational tendency.

Confucianism believes that benevolence begins with love for one’s kin, i.e. love for those closest to one’s heart, and expand from there to love for one’s fellow man and for others. Everyone stands at the center of her social relations. Thomas Metzger had as well elaborated this moral background as the ethos of interdependence.¹⁰³⁵ The interdependence emphasizes the autonomous self in ethics, with a strong moral commitment. In Confucianism, the self is the source of ultimate moral standards, which is a kind of radical individualism in ethics from Western perspective. Herrmann-Pillath defines it as ‘relational individualism’.¹⁰³⁶ The ethical relationship is not equal by nature. Due to the messy difficult classification of collectivism and individualism in Chinese culture, Chinese sociologists have coined ‘relationalism’ as a domestic term and paradigm. I have as well concluded relationalism as indigenous moral background.

Fei Xiaotong even argues that it is because of the lack of a well-defined concept of public and society that traditional Chinese ethics have not developed a universal moral system like that of Western societies. In other words, the traditional Chinese ethics did not establish ‘viable links’ between society and community.¹⁰³⁷ Talcott Parsons also points out that the difference between Confucian ethics and Western Christian ethics lies in the fact that the latter is universalist, i.e. one’s way of treating others is not equated with private or special relationships, whereas Confucian ethics is the opposite. He says that “the whole social structure of China, as accepted and sanctioned by the Confucian ethic, is primarily a particularistic structure of relations,”¹⁰³⁸ i.e. one that is differentiated according to one’s own relations. This is fully reflected in my empirical analysis of modern Chinese moral

¹⁰³⁴ Bellah, Robert et al., *The Good Society* (New York: Vintage Books, 1992), 61.

¹⁰³⁵ Metzger, *Escape from Predicament*, 15.

¹⁰³⁶ Herrmann-Pillath, “Social Capital, Chinese Style: individualism, relational collectivism and the cultural embeddedness of the institutions-performance link,” *China Economic Journal*, vol.2, no.3 (Nov., 2009): 325-50.

¹⁰³⁷ Yaoji Jin, *Chinese Society and Culture* (Hong Kong, China: Oxford University Press, 1993), 17-41.

¹⁰³⁸ Talcott Parsons, *The Structure of Social Action* (New York: The Free Press, 1949), 551.

background.

What the cases in this chapter have revealed in common is not Western ‘social’ or ‘institutional’ sense, but an ‘interpersonal’ and ‘communal’ oriented moral background. It belongs to their aspired norms in which everyone locates themselves in a related ‘position’ or ‘nexus’ of a social interpersonal network. Morality is based on the clearly defined relational roles assigned to individuals. Hence, together with Chapter 2’s analysis of cultural repertoires, I don’t see any difference from traditional Chinese moral background pattern here.

5.3.2 *Gong and Tianxia*

Chinese fundamental cultural dichotomies of *yi* and *li* [righteousness and profit], *gong* and *si* [public and private] are ubiquitous among business leaders’ arguments. As I have stated in the conclusion of Chapter 2 and Chapter 4, we see that China’s traditional moral value system is highly committed to a spirit that puts ‘communion’ and ‘selflessness’ above all else, and that the Chinese humanity as a cardinal virtue of Confucian morality is nothing other than the realization of ‘self-conquest and a return to morality’. There is a general tension between the Chinese ethical idea of ‘valuing self’ and the idea of ‘de-self / no self’. Relevantly, In other words, one cultivates oneself for the purpose of overcoming oneself, freeing oneself from selfish desires and to preserve celestial morality. As a summary of ideal society in China is the motto: “The world is there for all / *Tianxia Da tong*”, and the realization of the concept of the ‘Great Community’.

Chinese traditional ethical hierarchy is based on the fact that the interests of the subordinate must bow to the demands of the higher-ups; that is, the principle of ‘giving up the little family to keep the big family’. Big ‘family’ could be a clan, a group, an association, or the nation. Fei Xiaotong’s ripple-like pattern is a sublime metaphor. In construction of social structure, this dichotomy of *si* / private and *gong* / group became the top doctrine after the Communist regime set up in 1949. It reached its climax during the Cultural Revolution. *Gong* / group, as representing the political regime and the nation, became dominant over any individualist arguments, even until today.

The largest *gong* / group identity in today’s China is the nation and the Chinese civilization that the nation embodies. The notion of Chinese civilization has for a long time functioned as the group identity for Chinese people, or at least, Han people. This civilization ideology is also embedded in piecemeal shared rituals and cultural practice. For thousands of years, patriotism has always existed in Chinese history, and it becomes paramount in times of national crisis in particular. In early modern times, patriotism was mostly related with a hatred of foreign enemies’ invasions in the semi-colonial era. What is revealed from the cases in this chapter is a strong interweaving of patriotism, nationalism and culturalism tendencies among entrepreneurs and their leaders.

Different from business schools and scholars, this moral background element emerged from businesspeople should be understood in the context of how to define the self in relation to the new economy centered society and to this big community in modern time. Successful Confucian merchants in Ming dynasty and entrepreneurs in Republic time viewed participating in state affairs as a higher moral pursuit. This is a self-nation relationship ideology that is defined by the gradations of the Confucian doctrine of self-cultivation: from self-cultivation, to regulate the family, then to rule the state and at last to govern *Tianxia* [the world / 天下] under the guidance of Chinese cultural doctrines.

5.3.3 Chinese Civilization

In modern time, patriotism has become a moral label and evolved into an urge of individual contribution to national development. Prominent Chinese entrepreneurs proudly claim their love and contributions to the nation and the people. This moral efforts of connecting the self and one's own business career directly with the nation of China and the fate of Chinese civilization appears very common in the cases in this chapter.

The details show that entrepreneurs begin to publicly enshrine Chinese civilization and culture. The content of Chinese civilization in their claims are: cultural values and beliefs; rituals; Chinese classics; Chinese history and traditions; Chinese nation as a persistent solid whole. As in the Cultural construction group and Confucian Cultural group, these entrepreneurs utilize cultural and ritual elements within Chinese civilization concept in an attempt reshape their new identity and re-interpret modern business ethics that they consider themselves as main pushing power.

This orientation determines these entrepreneurs have a strong culturalistic self-esteem tendency. Compared with their predecessors in the late Imperial period and Republic time, science and technology are very important in economics, but no longer represented as absolute truth, and no longer as an advanced alternative that can replace traditional culture to save this nation. This moral background element is identical with what I have described in Chapter 4's conclusion - the *Ti-Yong* dichotomy. Culture heritages that deserve to be highly respected, enshrined and preserved are once again regarded as *Ti*, the root and key carrier of self-esteem and morality.

This process is accompanied with entrepreneurs as a new powerful group in market economy. They are keen to justify themselves as reliable and responsible moral agents. As mentioned before, since civilization is regarded as the ultimate structural form nowadays, mobilizing, and utilizing traditional cultures in ethics arguments is a more natural choice for the entrepreneurs.

If we put these business association cases into a larger historical context, all these groups are in fact doing the same work: a reconsideration and recognition Chinese civilization, and its ethical relationship with the self. Traditional culture is

no longer being considered as the source of China's weakness and the failures it once suffered in early modern times. Western science and technology are no longer claimed as the panacea for social ethical problems. For the entrepreneurs in these four groups, no one argues that scientific or rational thinking alone can solve their practical problems in business. They argue that cultural resources are ultimate and fundamental.

In the cases of Jack Ma, and Mao Zhongqun, profits are described as "meaningless". They urge their fellow entrepreneurs to pay more attention to moral contribution or cultivation. Nan Cunhui and Wu Jiyan talk about the importance and necessity of earning profits for private entrepreneurs. However, they categorize it as a merely initial need. To repeat, what we are talking about here is not necessarily the true mind or ideas of these entrepreneurs: what we have explored is what they are able to express in public. Anyway, this reveals the value system begin to experience a change since Reform. Profit earning career are able to be justified and viewed as acceptable in morality.

Interestingly, though entrepreneurs, like Wu and Nan, are able to argue that making money is necessary and important for businesspeople, they are reluctant to do so. They are more willing to express the preeminence of moral values over pursuit of profit, which is apparently more morally acceptable. The important moral background element is morality still as dominant in social ideology. It determines that entrepreneurs publicly claim the morality's priority in ethical value system. This moral background is based on certain traditional virtue ethics that acclaim the achievement of moral values, not the rational utilitarian ethics on which modern Western capitalism is based. Though utilitarian ethics and rational thinking are occasionally referred by moral consciousness group and cultural construction group, it is still under the governance of morality priority.

The state, on the one hand, pays much attention to a virtuous operation of the whole society, and on the other hand, has much concern about the utilitarian ethics which may hinder societal operation. Confucian argument of 'righteousness over profit', for more than two millennium, has 'served the need to sustain the priority of political over commercial power' in China.¹⁰³⁹ This may also be a direct impetus to entrepreneur ethicists' moral endeavor. If private business is good for the nation, and if business associations can inculcate into their members and the business community good business ethics, then private business and business associations are good for Chinese society. Thus, private business and business associations are worth establishing, supporting, and maintaining for social or moral reasons, because of their moral function, and their contributions to Chinese society and the commonweal. As for which factor is more dominant, this is beyond the remit of this chapter to present. I would say these two moral background elements have an imbricated relationship.

¹⁰³⁹ Brook, Timothy and Michael B. Frolic, *Civil Society in China* (Armonk, New York: M.E. Sharpe, 1997), 43.

5.3.4 *Ritual in Modern Chinese Life*

Besides, I pinpoint another essential moral background element that is also included with the civilization ideology: ritual. As the cases in this chapter have revealed, there is an ardent devotion to ritual life among those Chinese entrepreneurs who are more renowned. Nan's illustration of his moral faith best exemplifies that rituals are essential for fixing cultural meanings by the explicit sharing of practices and the formalization of habits as the behavioral roots of culture.¹⁰⁴⁰ Wu Jiyan as well has mobilized ritual in his business association culture construction activities, such as connecting the spirit of nature with entrepreneurship, publicizing the Xiang Entrepreneur manifesto, and composing an entrepreneur hymn, etc.

Ritual has been the central term in defining social order in Chinese traditional civilization. Fei Xiaotong claimed rural Chinese society was ruled by ritual.¹⁰⁴¹ Following proper and correct rites and social etiquette have been conceived as the right way of leading one's life. Nan Cunhui's narrative of how he thinks about business ethics displays a mind guided by habitual folk rites. The seasonal reciprocity among local people follows traditional habitual ritual. When you borrow in spring, the rite requires you to pay back in autumn.

The trust is generated from ritual, neither from objective knowledge nor from objective law. By relying on rites and customs, people can anticipate others' behavior. Here, rites and customs become the dominant generating mechanism of social trust and reliability. And this ritually regulated network is very common, reliable and efficient, which to a large extent contributes to an immature development of rational knowledge or structure in Chinese society, such as modern science and law.

At the moral background level, ritual is a prominent component in civilization ideology. Before the Maoist period, Chinese (or Han) civilization identity was all embedded in these habitual rituals and it was impossible to separate ritual from Chinese moral life. Ritual is a moral requirement that manifests itself in behaviors. On the one hand, following ritual bestows a civilized identity on the practitioner; on the other hand, the practitioner can obtain social moral recognition by virtue of ritual. Both ends are no doubt very important for Chinese contemporary private entrepreneurs, most of whom come from grassroots, either suffer a lack of education in their youth, or lack of equal social recognition as the entrepreneurs in state owned sector have. Hence, the proliferating and vigorous pursuit of *guoxue* education in EMBA among bosses is an excellent footnote for this ritual phenomenon. The eagerness for *guoxue* learning and traditional culture activities emerges from this ritual need. They could at large bestow these private entrepreneurs with a more civilized identity and higher cultural recognition that

¹⁰⁴⁰ Hodgson, "Reclaiming Habits for Institutional Economics," 657.

¹⁰⁴¹ Fei, *From the soil*, 74.

they are keen to.

The religious elements in some ritual and cultural events which appear to be magical and irrational still exist today and this doesn't prevent the entrepreneurs actively participating and even taking a leading role in them. In the research of Herrmann-Pillath, Feng, and Guo,¹⁰⁴² based on wide-ranging field work, they created the notion of 'ritual entrepreneurship', which also includes 'cultural entrepreneurship'. This concept may also illustrate ritual as a moral background element. Cultural entrepreneurship refers to the various activities of sense-making and cultural creativity in the economic domain, which relate to the existing embodiment of culture in the larger context of a given society. In practice, cultural entrepreneurs rely on cultural values in building up social capital and then invest that social capital into creating new values and new forms of culture. In this process, business directly involves itself with cultural values. The cultural entrepreneurs can be regarded as important actors of cultural innovation in the context of society. This notion of cultural entrepreneurship also has strong explanative application in the current context of business association moral construction. Jack Ma's creation of 'Integrity Pass' as a national wide morality reward by business means, Nan Cunhui's construction of 'Chint culture' system within the industry through his personal influence, Mao Zhongqun's entrepreneur education summer camp and Confucian Culture Base, Wu's Chinese Business Association Culture construction. They learn, inherit and mobilize cultural values in transforming those aspects suitable to modern business ethics.

Surely, this at least reveals a social fact that ritual and traditional culture elements have not yet been replaced by science and modern rationality in the process of massive learning from West. There have been heated replacement attempts since the First Opium War in 1840. Nonetheless, in today's China, from the State to the public, such a desire for such a replacement is no longer dominant in the social ideology field. On the contrary, when Chinese entrepreneurs become better off, they embrace the precious and glorious civilization heritage. This is a new replacement attempt to mobilize traditional cultural heritage, Confucianism in particular, as a source for developing a 'new' ideology of the socialist market.

Hence, this is a turn towards cultural perpetuation after rupture. Chinese society does not all-around accept the modern Western capitalism values. Rather, there is something in Confucianism - such as moral concern, or ritual, or culturalism, or belief in civilization - central to the life of the Chinese people that keeps it alive in modern forms despite its total failure as a political system and subsequent obliteration in the early societal modernization process. Because the beliefs behind families, kinship, religion and folk cultures haven't vanished and still exert influence. This moral background is a culturalism turn in social ideology. Its core is the ingrained moral culture and Chinese civilization. This may prove what

¹⁰⁴² Herrmann-Pillath, Feng and Guo, "Entrepreneurs and ritual in China's economic culture," doi:10.1017/S1744137419000201.

Weber said: that there is “no leverage for influencing conduct through inner forces freed of tradition and convention”.¹⁰⁴³

¹⁰⁴³ Max Weber, *The Religion of China: Confucianism and Taoismus*, 236.

Conclusion

This research on morality and business ethics in modern China is not merely about morality or business ethics. Morality research in this study is to look what is publicly taken to be morally admirable or desirable in a society in a certain period, aside from what a majority of people may believe or what an individual may believe. The primary unit of morality analysis in this research is society. Morality in the society doesn't appear out of the blue. Business ethical norms and institutions grow out of past and existing social resources, materials and settings. They cannot be separated from the social ideas, concepts, assumptions, institutions, devices, networks and politics that already exist. They form the moral background of business ethics.

Surely, the study of business ethics in China as social product is needed as an analytical base line - not only by describing it but also examining its historical origins as best we can - if we are to understand the course of modern Chinese business ethics. Consequently, we cannot in this instance limit ourselves to first-order morality efforts to delimit subjects, but should rather try to make as much sense as possible out of the amorphous welter of background perspective: to check the 'concepts', 'perceptions', 'value system', 'spirit', 'worldview,' or 'ideology' of the society, to have a macroscopic discussion of the culture and institutions of modern China in the process of modernization.

The moral background theory offers me the valid perspective of probing into this second-order morality by examining the public moral normativity sphere. A society's moral public sphere is an abstract 'location' or 'site', where claims are made about that society's moral constitution. It is important as a distinctive cultural and institutional composition of a society. The moral public sphere is a site of moral justification, rationalization, legitimization, and persuasion, which includes moral concepts, moral statements and claims, arguments, and institutions, for instance, certain codes of ethics in business practice that are morally permissible or well-regarded, while others not.

It is heuristically valid for us to access the work of business ethicists in the public sphere, as it offers us insights into the shared orientations. Business ethicists' ideas and perceptions represent facts, ideals, concepts, and criteria that are taken for granted or as natural by participants in public communication. They necessarily express widespread orientations comprising an understanding with significant ethical implications, and mesh with fundamental cultural symbols and institutions.

There must be some moral arguments in every society: some are welcomed and desirable in specific situations, whereas some are not only undesirable but also strongly discouraged. I learn from anthropologists' fascination with verbalized

symbols of shared cultural orientations. The task of this research is to unearth the moral background elements from these arguments, declarations and claims. Most of them are found in business ethicists' work, for instance their lectures, speeches, books, articles, class discussions, curricula, interviews and organizational meetings. The significance of business ethicists' work lies in their function in the construction of social normativity structure. They, as public figures, exhibit certain moral tendencies, single out what is wrong with Chinese market economy and epitomize what they believe is right. The moral background elements lie beneath this, and systematically demonstrate what exists in the Chinese social public moral sphere.

To repeat, this research is not about first-order morality, which consists of moral norms and moral behaviors. In this first-order level, all the claims and arguments of business ethics are of no big difference: businesspeople should be honest and not cheat; be truthful and not deceive; have integrity, social responsibility and obligations beyond mere profit-making, etc. This research is neither about moral knowledge, which on the level of morality background cannot be fully conveyed in words.

This research is about moral background, or second-order morality. The utilization and production of the first-order morality norms and behaviors have social conditions. These conditions and prerequisites comprise second-order morality, the background that supports and enables the first-order morality. This research is about these second-order elements. The arguments and expressions of business ethicists can be treated as clues or symbols expressing the kind of moral modes they are aiming at. Though moral knowledge may exist beyond words, public morality related discourses provide us with the categories through which we filter our experience and actualize claims.

The study set out to explore the moral background as a decisive underlying framework that enables, determines and underlies modern business ethics development in China since economic reforms began in 1978, and identifies the moral background diversification, convergence and types in the Chinese context. The study has also sought to understand how the moral background has evolved, during the Chinese socioeconomic transition, in broad aspects of modern culture and history. The general theoretical literature and empirical research on this subject of moral background in the context of China is still blank, which fetters profound business ethics research in China.

From this starting point, my research sought to answer three fundamental questions:

1. What is the moral background of modern Chinese business ethics since the 1978 onset of economic reform?
2. Are there any types or groups of moral background?
3. How has the moral background of business ethics changed and how is it evolving during China's modern socioeconomic transformation?

The main empirical findings were summarized in chapters 4 and 5, on business

schools and business associations respectively. I look into the work of business ethicists from business schools and business associations as the two main engines of social normativity in the public moral sphere. By scrutinizing the moral background elements, the ultimate goal is to find out the cultural and social mechanisms and orientations that establish what businesspeople morally ought to do or to say. This thesis is significant for its function in unfolding a verbalized, culturally conditioned set of perceptions and claims and for describing culturally peculiar conceptual clusters.

This research firstly represents modern Chinese business ethicists' work of advocacy, persuasion, and representation of business ethics in the public sphere since economic reform inaugurated in 1978. Their work has put across standard business ethics messages and taken actions, which become essential parts of evolving business ethics development. The main empirical research questions are: in these business ethicists' work, what arguments and practices are morally permissible or admirable in Chinese business? How do they possibly and properly justify business behavior and rationalize new business ethics? What do they want to achieve in terms of business ethics? And what exactly are the underlying moral background elements that are enabling, supporting, and facilitating their claims? This is the major content that I have empirically examined and unearthed by examining business ethicists' work in this book. This concluding section synthesizes the empirical findings, to answer the study's three general research questions.

1. What is the moral background of modern Chinese business ethics since the 1978 onset of economic reform?

Taking a broader historical and cultural view, the moral background of modern Chinese business ethics is largely inherited and oriented towards the Confucian ethical tradition and the Chinese distinctive civilization tradition, which are related with the great corpus of traditional Chinese philosophical thought and native Chinese folk traditions or habits. Besides this main corpus, Western modern science and rational thinking manifest themselves as new part of the moral background element into modern Chinese business ethics understanding. Nonetheless, Chinese indigenous humanistic civilization ideas, culturalist attitudes and spiritual ideologies that preexisted in society are the prevailing core, which continues to animate, dominate and direct the current moral discourses.

2. Are there any types or groups of moral background?

This empirical finding comes from synthesizing the results of field work in business schools and business associations. Based on this, I have identified 5 moral background subgroups according to their most distinctive features. They are Confucian culture group, moral consciousness group, modern scientific practice group, ritual nationalism group, and cultural construction group.

I have listed the major characteristics of each group in chapter 4 and chapter 5. From the two tables in each chapter, it is noteworthy that the five groups' main divergence only lies in two dimensions of moral background: the methods and tools, in terms of which moral claims are constructed and put forward; kinds of arguments, in terms of whether justified scientific thinking and self-profits concepts are included. In this regard, it is apparent that Western science and technology thinking, as a foreign transformative ideology, indeed has been imported into Chinese modern culture and is affecting the premises of moral claims, arguments and exhortations. By contrast, the other 4 dimensions of moral background - particularly the moral background grounding, moral concept repertoires and metaphysical understanding - are highly convergent among these 5 groups, which shows a cultural path dependency that is stable and ingrained.

According to this empirical research result, a tension exists in the interrelation of two dimensions: one is the traditional inherited assumptions, perceptions and ideologies; the other is imported foreign ideologies and ideas. In the dimension of traditional inherited perceptions and ideologies, these five groups have features that are highly overlapping. All of them have demonstrated a direct or indirect tie with Chinese spiritual and relational moral tradition. What differentiates them is the intensity and closeness of their tie with historical Chinese cultural and spiritual traditions.

In the dimension of imported transformative foreign ideologies and ideas, modern science and technology, as new concept, has become part of the public moral sphere. Other Western enlightened values such as individualism, democracy, and rationality, on the contrary, have seldom or even never successfully transformed as moral background elements. In contrast with the first dimension, science and technology is taken as a means and pragmatic tool for the realization of humanistic moral ends. Two groups show evidence of their buttress of science concept as necessary part in modern business ethics development. Nonetheless, none of the five groups bestows science and technology with an ontological stance.

Based on the discovery of the tension between these two dimensions, I did a crucial typology work: categorizing the Confucian culture group, moral consciousness group, and ritual nationalism group into one type, and putting the modern scientific practice group, and cultural construction group into another type. This resulting typology answers my second research question.

The first type is the traditional culture reliance type. This type's moral background is based on a metaphysical picture or understanding inherited from traditional Chinese moral culture. This culture emphasizes morality as intrinsic to human nature and social core as well, spirit / mind / heaven as source of morality, importance of ritual order in life, the value of communalism, and communal / group / national identity with permission of hierarchy status. The basic understandings of morality and ethics are inherited from Chinese moral traditions, and Confucian humanistic traditions in particular.

As far as business ethics is concerned, this group stresses communal benefit,

moral interdependence and reciprocity. Moral virtues, achieved through self-regulation and self-cultivation, are the origin and wellspring of ethical behaviors. Consequently, ethical behavior depends on these virtues. Ritual common knowledge, an attitude of gratitude and status perception in particular, should be passed down, learned and applied to moral life. This perception of ritual emphasizes the mutual offering of benefits from others rather than direct self-benefit. Utilitarian considerations are justified by prior considerations of virtue and an ethics of relational interdependence. It obviously rejects the conception of a rational individualistic orientation in modern business life. Temporal individualistic pursuits and ends are perceived as unabashedly egoistic, having no moral justification or rationalization, because they only struggle for individual achievement – which is preposterous from a ubiquitous moral standpoint.

In contrast, the modern social practice type is based on a different understanding of modern business morality. They stress the practical aspect of morality, instead of pure moral knowledge. They try to avoid overly general preaching that appear empty of moral experience. Modern scientific notions are applicable to current ethical practice. They argue that the learning and application of modern science can help to increase the moral supply in society, which is useful for social moral ends. To note, it is not necessarily the case that the first type doesn't care about the experiential realm, nor does the second type ignore the metaphysical realm. Their key difference lies in the tension between these two realms.

This second type believe in the function aspect of modern scientific knowledge and stresses the efficiency of science, scientific knowledge appliance, and the amenability of moral affairs to scientific notions and techniques. Business economists and educators can uncover and teach practical ethical principles scientifically and thereby cultivate businesspeople and the whole society at large. The focus is on effective practice, behavior and good deeds. They prefer technical semantics and try to avoid philosophical or metaphysical tones. Hence, they are a group emphasizing practice, action and effect, or quasi positivists. Moreover, what makes this group distinctive from the first type is that it, to some extent, publicly justifies individual material interest, or at least, admits profits are important and necessary in individual business life.

3. How has the moral background of business ethics changed and how is it evolving during China's modern socioeconomic transformation?

The basic empirical finding on the second question of my research indicates that science and technology concept remain in the outer sphere of Chinese thought or spirit as mode of being or existence. Traditional metaphysical and civilization values, as a source of inner profound power together with individual spirit and emotion, dominate as the basis of the morality sphere. Hence, the modern social practice group in China shows a tendency of being modified by native culture in the aspect of spiritual power. It is being transformed by and amalgamated with

indigenous narrative, which has from its outset favored harmony over dialectical materialism, and it increasingly favors a culturalist and Chinese humanistic frame of reference. To a noticeable extent, their scientific and technological claims have been modified and transformed by this indigenous thinking.

In empirical cases, we can see public confrontations between foreign knowledge and local business tradition and culture. This confrontation reveals how rational scientific influence as a moral background element has come into being and evolved in China: It rose alongside traditional Confucian ideology's fall in the first half of the 20th century, and thereafter it has coexisted and competed with indigenous culture and ideas in the social sphere. With the onset of economic reform and opening up, surprisingly, Chinese moral civilization orientation is gradually overriding foreign scientific thinking.

This is in fact an unanticipated and surprising change. In a larger sense, a noteworthy question in the modernization of China is whether the Western capitalism that based western historical and cultural values are indubitably entering China and shaping new moral background undoubted. The answer revealed in my empirical research is no.

The comparison between the traditional culture reliance type and the modern social practice type rather reveals a highly convergent picture in moral background. Taking a broader cultural and historical view, the dominance of the former and the subordinate transformation of the latter reveals the germaneness of Chinese cultural tradition, particularly pragmatic relationality based Confucian ethics, and the related great corpus of indigenous traditions which highlight ethical ideals, moral concern, and civilized order in society. This cultural moral concern is the prevailing intellectual core that remains stable and ingrained in Chinese civilization.

I argue, the *Ti—Yong* dichotomy in Chinese Confucianist thinking determines the convergence between these two types of moral background. Chinese cultural values and Chinese civilization are regarded as *Ti*, the essence, and modern foreign science and technical knowledge as *Yong*, the means to preserve *Ti*. The dichotomy justifies a philosophical and emotional attachment to historical and cultural Chinese civilization, which are taken as the heart of *Ti*. Scientific knowledge, as part of *Yong*, is a concrete and useful external 'thing'. As a useful thing, it is a means, which is less important than an end. This concept in the moral background is crucial, because it funds the social quest for morality that has persisted throughout Chinese intellectual history and is taken as the core of Chinese civilization. It also enunciates the dualistic structure of thought and social practice in Chinese tradition - e.g., the division of social life into matters of 'morality' and 'non-morality', and indigenous so-called pan-moralism structure. As I have illustrated in the foregoing chapter 2, morality is regarded as the center, core, fundamental way of heaven, earth, nature and human beings.

Unlike Levenson's antagonistic framing of culturalism and nationalism in early

modern Chinese history,¹⁰⁴⁴ in my empirical work on modern China, I see Chinese culturalism as co-existing and syncretic with nationalism, ideas about state and nation, and the concept of Chinese civilization. It is noteworthy to observe that culturalism, particularism, pragmatism, nationalism and civilization all adhere to long-established Confucian humanistic normative structure. These concepts interweave together. The wholeness of Chinese civilization and strength of the nation as symbol are crucial here. The core idea is that Chinese civilization is a moral community that ought to remain intact. Cultural moral concern is the paramount philosophical and psychological principle and since ritual is used as the benchmark of practice, other worldviews, epistemologies, beliefs and values could co-exist spatially and temporally. This is the underlying background of the Chinese cultural conciliatory spirit towards differences, its aforementioned eclecticism and syncretism.

This is not an isolated phenomenon in the Chinese public moral sphere. Morality has been utilized as the most important origin of social cohesion by Chinese state rulers from time immemorial to today as revealed in Chapter 2. CCP's consistent moral effort in modern state ruling has been analyzed in both Chapter 1 and Chapter 3. Metzger argues that the CCP's focus on its own version of Chinese traditions, and a focus on ethics and culture are prominent features in its ruling, while it still nominally adheres to the principles of Marxism.¹⁰⁴⁵ It is steadily pivoting back to the past in search of an ideological basis to ground its rule and inspire its citizens. In Nivison's research on CCP leaders' revolutionary thinking, there is very clear evidence that Mao Zedong and Liu Shaoqi, as top CCP leaders, made constant appeals to traditional ethical ideas, fundamental Confucian mystical and ethical thought in particular, in approaching the problem of bringing about uniformity of thinking among party members.¹⁰⁴⁶ This moral concern not only had great influence on all of Chinese economic and political thought and practice in the 19th and 20th centuries but produced a dominant line of thought in modern China's socialist state construction. As I have indicated in the foregoing, the requirement of party members' moral self-cultivation as a foremost principle in 1920s, Mao's ideology movements, Deng's policy of spiritual civilization construction to against spiritual pollution, National Moral Models Selection in more than a decade, Xi Jinping's '*jia feng*' and '*jia xun*' (requirement of 'family ethical norms' and 'family moral regulations' among CCP members) learning campaign, nation-wide Confucian cultural events and *guoxue* trend, public advocacy of filial piety and local ritual ceremonies all demonstrate this morality oriented ideology in the CCP, or in other words, a morality wary of unbridled material pursue and a desideratum of civilized interrelated society.

The Chinese attitude towards Marxist doctrine is also revealing. In Nivison's

¹⁰⁴⁴ Levenson, "'History' and 'Value': Tensions of Intellectual Choice in Modern China," 155.

¹⁰⁴⁵ Metzger, *Escape from Predicament*, 231-5.

¹⁰⁴⁶ Nivison, "Communist Ethics and Chinese Tradition," 51-74.

seminal work on CCP thought, he found that the Chinese understanding of Marxist theory and communism was totally different from that of the Soviet Union. He argues: “Stalin, in emphasizing that a merely theoretical Marxist is bad, whereas an active one is good, changes the force of the Marxian thesis, and the change becomes complete in Liu Shao-ch’i and the Chinese writers who follow his lead. Instead of the question, ‘How can Marxist theory be translated into fact, into actual changes in the world?’ there now is asked the question, ‘How can I, a Marxist in name, become a true Marxist, a Marxist in fact?’ This is a shift from a ‘science’, through an interest in its practical application, to an ‘ethic’, and with the shift Marxism becomes a personal philosophy, demanding of the individual who embraces it a sort of ‘self-cultivation’, which must be combined with the deepest soul searching”.¹⁰⁴⁷

Morality orientation in business life manifests itself also in the revival of ritual and *guoxue* among Chinese entrepreneurs. Most self-proclaimed atheists also participate in ritual activities, such as ancestor worship, Qingming sweeping of the ancestors’ tombs, *fengshui* practices, horoscopes, fortune-telling, burning incense to worship Buddha and regularly donating to temples, etc., to name just a few.¹⁰⁴⁸ These traditional ritual activities are forcefully coming back to Chinese daily life. The state even officially established statutory holidays (such as Qingming Festival [Ancestor Tomb Sweeping Festival], Duanwu Festival [Dragon Boat Festival]) and encourages local government to hold ritual celebrations.¹⁰⁴⁹ Since the reform and opening up, under the state sanction, a large number of once vanished ritual ceremonies and celebrations have re-appeared in public, such as the Yellow Emperor Festival (conferred as ‘intangible cultural heritage’), Mazu and other local gods’ worship ceremonies.

This is not a regression, but an absorbing and transformation process. I argue, Chinese people are re-adopting and adapting practices from their past culture, which they regard as the origin of their own cultural identity, in the face of globalization. The continuities of China’s common indigenous heritage are evident in my empirical research. This may be thanks to the special Chinese attitudes toward their civilization, which have been flexible and pragmatic, enabling it to endure ruptures, discontinuities, contradictions and competing loyalties, without disintegrating. This is the aforementioned ‘orthopraxy’ of cultural epistemology. The genius of the Chinese approach to cultural construction is that “the system allowed for a high degree of variation within an overarching structure of unity”.¹⁰⁵⁰

Since the Salt-Iron Debate and the triumph of Confucianism in state official ideology, virtue ethics has become the orthodox ethics, which enshrines morality

¹⁰⁴⁷ Ibid., 54.

¹⁰⁴⁸ Chau, *Religion in China*, 16-9.

¹⁰⁴⁹ “山东曲阜举行祭孔大典 [shandong qufu juxing jikongdadian / Qufu Hold the Sacrifice Ritual Ceremony to Honor Confucius]. http://www.xinhuanet.com/culture/2018-09/29/c_1123500188.htm. Translated by the author. Last access: 11.12.2019.

¹⁰⁵⁰ Watson, “The renegotiation of Chinese cultural identity in the post-Mao era,” 11.

as the top concern in personal, social, and political contexts. Rituals is the core of behavioral norms and moral concern as the main principle of societal rule. That's why Chinese society is widely regarded as ethics-centered and ruled by ritual. Interestingly, my research reveals that despite a long-lasting modernization process, this social moral concern remains central in the Chinese mind. The rapid development of a market economy in China has not signaled the demise of its traditional culturalism. Instead, market economic opportunity seems to have quickened the impulse of spiritual renewal in current China.

In fact, this is not rare in the history of the Chinese economy. According to Huang's research, in the late Imperial period, the evolutionary state building and the development process of the peasant economy failed to lead to the disintegration of the ritual economy. On the contrary, it further perfected and consolidated the nature of ritual in the economy, also strengthened traditional social ethics.¹⁰⁵¹ Even in the highly intensified Maoist collectivization period, state collectivization actually reinforced lineage-based property rights.¹⁰⁵² This revival happened against the background of the resilience of ritual in the context of the new formal institutions of collective property and production mode.

Hence, besides formal institutional foundations, this culturalist morality orientation is a fundamental informal institution: a basic and stable mechanism that determines the incentives of the most important players, the state, market and society, in China's reform and development. This informal mechanism is endogenous in that it is created through the strategic interactions of agents in daily life. Thus, the institution may also be regarded as a source of equilibrium in the economic and political world.¹⁰⁵³ For instance, ritual and morality were semi-formal and informal bases of the protection of private property during the collectivization movement in Mao era and early stage of marketization; and throughout Chinese history, contract enforcement mechanisms were exercised by some clans under a ritual context.¹⁰⁵⁴

In the marketization process, the state has regarded some informal institutions as obstacles that should be replaced by 'standard' (modern Western market economy) institutions as quickly as possible. However, setting up or transplanting those 'standard' institutions has proven to be very difficult, time-consuming, or even counterproductive under certain conditions.¹⁰⁵⁵ Hence, in this empirical research, we have seen that this 'informal' ritual, moral, habitual, and cultural heritage is

¹⁰⁵¹ Huang, C.C.Philip, *The Peasant Family and Rural Development in the Yangzi Delta*, 7-9.

¹⁰⁵² William L. Parish and Martin, K. Whyte, *Village and Family in Contemporary China* (University of Chicago Press, 1978), 304; Sulamith H.Potter and Jack, M. Potter, *China's peasants: The anthropology of a revolution*. Cambridge (Mass: Cambridge University Press, 1990), 261, 334.

¹⁰⁵³ Avner Greif, *Institutions and the Path to the Modern Economy* (Cambridge: Cambridge University Press, 2006), 11, 15.

¹⁰⁵⁴ Herrmann-Pillath, "Entrepreneurs and ritual in China's economic culture," 13-4.

¹⁰⁵⁵ Ibid.

playing an important role in individual incentives, mindsets, arguments and behaviors in the new business world. That's the characteristic Chinese ritual economy, which Herrmann-Pillath's seminal work has revealed.¹⁰⁵⁶

My foregoing analysis reveals a consistent and convergent moral background. Some may argue, if there were no changes in the public moral sphere, how could the modern social practice group emerge? My argument is, the existence of this group strongly proves the persistency of Chinese preexisting moral and cultural thoughts. No doubt, this group could be regarded as a response to foreign and modern influence and the result of its interaction with Chinese thoughts and ideas. It represents an open mind towards accepting advanced science as a new form of knowledge. This manifests itself as a transformative mind, taking into account the efficacy of available methods in moral practice: a new view of the extent to which methods match problems. In the public moral sphere, the revolutionary significance of this is as a new scientific and technological dimension imported from the enlightened West becoming transformative ideology since 1911 national salvation.

For instance, Yang Bin at Tsinghua University uses case study model in his business ethics teaching, which is an obviously modern technique of moral knowledge learning imported from the U.S. business school. This implies a shift to decision making questions. Yang's arguments about moral education and his methods in his business ethics teaching disclose a belief that morality can be taught in a modern scientific way and scientifically gained moral knowledge can be used in facing moral dilemmas. This is an epistemological change in morality.

Nonetheless, we cannot neglect that Yang as well has a strong belief in virtue self-cultivation, the spiritual power in morality, and moral values' absolute priority over professional knowledge. In his own explanation of course content, he is strongly repelled by a consequential and utilitarian mentality. Rather, he prefers to de-ontologize ethics and instead discuss the 'central question': as human beings, what is essential? How can we rightly be human? This is ethics of being.

Furthermore, if we connect the findings in business schools with the section on business associations, this transformative ideology does not lead to the final epistemological turn to scientism or naturalism among Chinese business leaders or ethicists as that shown in Abend's scientific standard group. As Abend describes, the scientific standard group type believes that "the scientific method is the best way to understand human affairs, ethics and business ethics included. Science can even help us determine what is moral and immoral in business".¹⁰⁵⁷ Reason and fair play have essential roles, as well as higher efficiency, which is in reality the mainspring of the whole movement. In business terms, the common concepts would be increasing efficiency, and profits thereby. The ontological stance is scientific naturalism, which may include enlightened self-interest. More common

¹⁰⁵⁶ Herrmann-Pillath, *China's Economic Culture*.

¹⁰⁵⁷ Abend, *The Moral Background*, 363.

semantics would be objective scientific methods and knowledge: management with moral authority vested in science and the perceived objectivity of the scientific method. The methods should be empirical and positivist. Therefore, case study and ethics of doing are of priority. This moral background community favors external behavioral choices and outcomes over internal motives, reasons, and philosophy contents.

Nonetheless, none of the above changes happen in the Chinese context, as the cases have shown, while some entrepreneurs claim that modern entrepreneurs should be ‘scientific knowledge oriented’, almost all the arguments are focused on native spirit, local cultural heritage and culture construction and traditional thought / philosophy orientation, concomitant with worldwide knowledge learning. The origin of morality is spirit and mind, not science and technology. Chinese business ethicists favor subjective “inner” semantics, as their ancestors did. The most important difference is how they think about the question: where does the authority and normativity of morality come from? Nobody in the current Chinese business ethics discourses agrees that the authority of morality comes from objective science knowledge or scientific objectivity.

From the empirical results, we see this co-existence of traditional culture reliance and scientific transformation effort in two types of moral background. The scientific thought orientation in the public moral sphere is fundamentally different from that with which Westerners are most familiar. In the West, there exists a fundamental philosophical struggle between science and religion. In modern China, this kind of struggle does not exist. Most crucial here is the fact that modern technology, new techniques and new forms of Western knowledge are regarded as ‘concrete things’ and comprehended at the behavior level, which is located in the outer realm of morality. Science is not regarded as antagonistic, as someone believe in the West, but rather as an animating means in spiritual moral efforts.

Based on this fact, further questions arise: in the Chinese context, can science now be regarded as an imported transformative idea for change of the spiritual direction of the society? I boldly argue, the empirical part of my research offers a negative answer. In these two types of moral background, there is no essential difference in the fundamental belief in the inner realm of morality, in particular the understanding of moral ontology. For instance, the modern social practice group’s commitment to the scientific perspective and scientific naturalism is not unconditional. Scientific thinking becomes a means of moral thought, to promote the development of ethics, whereas spiritual mind is the ultimate moral end.

This convergent moral background is in line with traditional Confucian ethics. In Confucian thought, the mind incorporates a capacity to act on and transform the world. The Confucian concept of mind cannot be interpreted in purely humanistic terms. The mind has a diffuse, transnatural power to bring to full realization and control the cosmos. The ethical activity of the individual can cause vast changes in the social and physical world. A spiritual mind is indispensable as an aspect of morality and is needed to dissolve selfishness. Hence, a morality based purely on

pragmatic means is vulnerable to moral failure or moral betrayal. Because of the basic orientation regarding social interdependence in the community, the concept of private interest, for instance the private property concept of the West, cannot easily or in a short time become a foundation base of Chinese moral philosophy.

The other side of the coin is: why does traditional moralism instead of modern scientific approach to ethics acts as the main component of the social moral normativity structure? Generally, moral background is about the contexts, conditions and prerequisites of morality norms and concepts. For instance, when people claim - “filial piety is good for the society and what people ought to practice” - there must be a concept of filial piety already existing in the public normativity sphere, as well as filial piety’s institutional and cultural preconditions. In the Chinese context, there have been numerous ancestral halls, family genealogical biographies [家谱 / *jia pu*], stories of family moral traits, literary classics about filial piety, etc. They are the enablers of the filial piety moral argument. Modern scientific oriented thought has no such enablers in the Chinese context, neither formal institutions, nor informal, ones.

Since the May Fourth Movement, imported modern science concepts have been enshrined as ‘truth’, in particular the industrial and technological knowledge. Nonetheless, the ontological understanding of ‘science’ is actually different between China and the West. This understanding, a grander one is also part of moral background. The moral background understanding of science is rooted in indigenous culture and tradition as a whole and it cannot be fully comprehended without its cultural basis.¹⁰⁵⁸ Modern Western science is the core part of Western civilization traditions, and has developed in synchrony with other social and cultural institutions and traditions. This rational and analytic science tradition was different from the Chinese science tradition from the very beginning. Chinese science tradition developed out of the practical needs of daily life. Its focus was on practical skills and pragmatic technologies; therefore, it belonged to the experiential world and never gained access to the inner ideology or heart-mind sphere. Analytic principles and the reasoning process were not of interest to traditional Chinese scholars. In essence, the Chinese traditional science concept didn’t contain positivist meaning. If we look at traditional Chinese math books, the main contents are things like ‘measuring rice land’, ‘calculating business profit’, etc. Chinese traditional medicine is also a good example. Even until today, these have been no exact or proven ‘principles’ in traditional Chinese medicine. What it emphasizes are metaphysical *Yin-Yang* transformation and the actual curing effects

¹⁰⁵⁸ Fangzheng Chen 陈方正, *继承与叛逆- 现代科学为何出现于西方* [*jicheng yu panni - xiandai kexue weihe chuxian yu xifang / Heritage and Betrayal: A Treatise on the Emergence of Modern Science in Western Civilization*] (北京 [Beijing]: 三联书店 [san lian shu dian], 2008); Nathan Sivin, “Why the Scientific Revolution Did not Take Place in China - Or Did it?,” *Chinese Science*, no.5 (1982 / 2005), 45-66; Joseph Needham, *Science and Civilization in China*, vol 5, parts 2-4 (Cambridge: Cambridge University Press, 1974).

of its practices, rather than any abstract principles or inferable rational.

What I want to stress here, is that in a culture, the understandings of universe and human world, world views, and knowledge and social institutions are all interrelated. Hence, massive learning of Western science does not necessarily also replicate the background set of Western (European) cultural logic. Chinese's premier focus on cultural and spiritual factors determines its fundamentally different logic of science and society compared to the West. Today's China has learned, introduced and applied much Western scientific knowledge. And this as well has become an inseparable part of Chinese culture now. Nonetheless, it does neither necessarily transform the ontological understanding of science and society in the Chinese context nor self-justify as ideology. While science has become a new moral background in the U.S., this change has not happened yet in China.

As a result of that a very significant perspective has been shelved in the background. I'd like to take my argument a stage further. If these observations turn out to be correct, they may suggest that in the Chinese context, cultural thought, preexisting Chinese humanistic spiritual thought in particular, persists in a continuous development. Pre-established business ethics and economic practices as well as indigenous ideas about social morality have not only persisted but have shaped the new social moral normativity structure. The learning and adoption of Western capitalist modes of practice and knowledge have modified but not remade Chinese thinking into something entirely different. The Chinese seem to continue to organize their own societies in ways that are more associable with preexisting cultural thoughts and ideas. For instance, more than two thousand years ago, Mencius set up a distinction that has continued to affect the ways in which the Chinese think about *yi* and *li* ever since. They do so within a cultural framework that preferred to praise moral reciprocity over profit taking and saw in each the diminution of the other. Even while recognizing the process of Western ideological negotiation and transformation since the late Imperial time, Chinese indigenous moral ideas, attitudes and ideologies that preexisted in society continue to animate, constitute and direct everyday moral life.

My theoretical research is based on a very important premise that China is experiencing a tremendous socioeconomic transition. Since the economic reforms began in 1978, the socioeconomic stature of China is dramatically different. As society is undergoing radical change, changes are going on in the public moral normativity sphere. In a diversifying era, like nowadays in China, the public moral normativity lubricates the pursuit of common sense, without which ultimately leads to social disintegration. Sometimes, new understandings, new concepts and new institutions emerge, which change the old public moral normativity structure.

Why would Chinese business ethicists incline to look for moral authority and resources in the traditional culture? It may come from a thirst for a unified civilization. The Chinese civilization has never been maintained by virtue of law or a certain religion. It is formed on the basis of an equilibrium of individual self-assertive consciousness and interdependence awareness, a well-kept rich historical

and cultural heritage.¹⁰⁵⁹ It has maintained its symbolic unity by consistently absorbing external cultural influences and values in a spirit of eclecticism. This civilizational unity become internalized self and is the cultural identity of the Chinese. Any loss in this perceived unity would cause emotional regret, pain, and mental torment at large.

Meanwhile, if any new moral concept or ideal cannot conform to this civilization, it is doomed to fail. Because it is empty of moral foundation. Science as a new moral concept appearing in the modern West is based on the history of Western philosophical heritage, world views, and thinking traditions. Not a single factor is dispensable. These same prerequisites had never existed in Chinese history. The Chinese spiritual ethical tradition and social institutions determined the absence of Western style scientific thinking. The prerequisite understanding of rational arguments on behalf of putative universal principles, which give possible options for guiding the specific actions of freely choosing, autonomous individuals, has been lacking in Chinese culture.

Normative moral claims and statements spring from local knowledge which is embedded in local cultural and social context and they must make sense and be persuasive in the local context and practices. By the same logic, any new moral concept or ideal, if it conforms to native moral heritage, can achieve acceptance. The success of Mao Zedong's ideas of communist morality in Chinese society, his massive rural population mobilization in wars in particular, turned on its fundamental reliance on traditional Chinese ethical resources. Nivison argued that Mao's vision of communist society is in succession from the Confucian vision of the Grand Commonwealth Society (*Da Tong* [大同社会]), which I have illustrated in Chapter 1 and Chapter 2. And Chinese communism inherited a great deal from the Confucian moral code, so much so that Nivison argued a long time ago that communist ethics and Confucianism were not very different in practice.¹⁰⁶⁰ As R. Bin Wong and Metzger show, there is a primary ideology in China that is rooted in a millennium-old concern of the state with promoting and regulating the economy for the sake of the people's livelihood and limiting wealth concentration for the prevention of unbridled polarization. These are deep moral concerns to the state ruler.¹⁰⁶¹ From this contextual point of view, both Mao Zedong's collectivization projects and Deng Xiaoping's market economy reform are congruous with, and perpetuate, this traditional moral ideology as I have stated in Chapter 1.

New moral norms must be capable of catering to this hidden civilization heritage in the basic moral background. In the Chinese context, they must embody an interdependent, relational and communal ideology in harmony with holistic traditional Chinese world view. My research reveals that the fundamental

¹⁰⁵⁹ Metzger, *Escape from Predicament*, 44.

¹⁰⁶⁰ Nivison, "Communist Ethics and Chinese Tradition," 208-10.

¹⁰⁶¹ Wong, "Chinese Understandings of Economic Change: From Agrarian Empire to Industrial Society", 58-9; Metzger, *Escape from Predicament*, 222.

perception that morality's ultimate origin is the human mind / spirit is still prevalent in the social moral structure. This spiritual morality world view is an aggregate of many ideas. The core one is *ren* / benevolence. *Ren* on the one hand refers to human intrinsic moral nature; on the other hand, it represents the ultimate achievement of moral wholeness. Benevolence and love are the origins of goodness according to the Chinese world view. This faith not only exists in Confucianism but is also widely accepted by the whole society as common sense. This tradition embodies the fundamental nature of ethics: morality is of spiritual nature. The human mind / spirit, intentions and feelings are held up and legitimized as morality's basis. This view has great impact on the form of societal values. Even some moral concepts with objective connotations, such as *Li* [理 principles; ration] and justice, have been comprehended as internalized values in Chinese philosophies.

As the self's spiritual mind is the basis of morality, the ethical relation between self and others is naturally intrinsic and is a component of self. Hence, morality must be useful in solving interpersonal ethical problems. In this regard, the Western concept of science as something objective and outside of human nature has not been successfully accepted as a moral ontology in China. On the contrary, the Chinese moral background makes it possible for a revival of Confucianism even after many years in which its development was impeded by iconoclastic Western onslaught in modern times. As Yao Xinzong has argued: "Elements of Confucian heritage have been transmitted to the present, either hidden in Nationalist and Communist doctrines, principles, ethics, public opinions and the system of a bureaucratic elite, etc., or implicitly underlying the whole structure of Chinese community (family, community, society and the state), in whatever forms it may take, either capitalist or socialist, Nationalist or Communist."¹⁰⁶²

In a broader societal sense, the turn to the spiritual traditional may stem from a cultural identity anxiety. This issue has haunted Chinese intellectuals for several decades, particularly in the face of globalization. As Fei Xiaotong remarked: "On the impact of Western Culture, is it possible that modern Chinese can maintain their own original cultural identity? Or must we comply with Western cultural identity?"¹⁰⁶³ Meanwhile, Chinese intellectuals tend to view the modern problems of disorder in the world as an inexorable result of Western antagonism between human beings and nature and its egoistic cultural ideology.¹⁰⁶⁴ Hence, as can be seen from my empirical cases, Chinese ethicists' arguments provide a repertoire of

¹⁰⁶² Xinzong Yao 姚新忠, "儒商精神与儒家的现代化转化[rushang jingshen yu rujia de xiandaihua zhuanhua / Confucian Entrepreneurship and Confucianism's Modern Transformation]," 2015 年在北京大学 "儒商论域" 发言稿 [Speech at the 2015 Peking University "Confucian Entrepreneur Discourse Forum]. Translated by the author. Private transcript from CKGSB Prof. Wang Jianbao.

¹⁰⁶³ Fei, "关于 '文化自觉' 的一些自白[guanyu "wenhua zijue" de yixie zibai / About the "Cultural Consciousness"]" 学术研究 [xueshu yanjiu / Academic Research], no.3 (2003): 3-5.

¹⁰⁶⁴ Ibid.

plausible meanings serving ideologies celebrating an indigenous modernity. By critically selecting, learning and incorporating modern scientific knowledge, they are dynamically building a new Chinese cultural identity based on the existing cultural heritage.

The moral background that I have drawn out is characterized by moralism, ritual, relational community orientation, and hierarchy, which differentiates it from rationalism, legal, privatization, Western individualism and equality. These are fundamental moral background elements that deeply affect individual's incentives and behaviors, which in turn impact society. This brings us back to the fundamental question in moral background: where does the authority and normativity of morality come from? I argue, they come from the equilibrium of interdependent relations and inner mind / spirit, which is based on an intrinsic world view that everything in this universe is related in moral harmony and restricted in dynamic equilibrium.

This historical trend in moral background now is clearly manifesting itself: by learning and modifying Western modern technological and science, China is meanwhile going through a Chinese humanistic spiritual turn. This is a perpetuating desideratum and has being distilled from Confucian ritual tradition. It may be manifested piecemeal in the cultural and moral background, yet it is also integral and preoccupying. Hence, Chinese intellectuals are aware of pursuing 'Chineseness' and maintaining cultural awareness in the process of massive learning from the West modern state practice.

This is a significant shift in cultural ontology. The moral background revealed in this empirical research is fundamentally different from precedents. They neither take Western capitalist society and the reign of rationalism as their model in the regard to "modern societal development",¹⁰⁶⁵ nor do they take painstaking efforts to search for local correlatives to the 'Protestant ethic'. The Chinese have learned and adapted new technologies, new organizational forms, and other scientific manifestations of Western modernization but they have not internalized it. The Chinese maintain their particular ontological stance of interdependent social oneness. Business ethicists have begun to construct nativist genealogies that seek to explain in indigenous cultural terms the values that are deemed to be related with business and economy. In this process, traditional culture and cultural practices serve to generate and reinforce a shared cultural identity among members of the indigenous population. The moral background ascertains these concepts are available as resources on which people can draw to foster and promote certain ethics.

The whole package of moral background elements does not ignore popular subjectivity, as Marxist fundamentalism in Chinese communism already reinvented and was transformed by Confucian moral values. Hence, it doesn't present any

¹⁰⁶⁵ John K. Fairbank, Edwin O. Reischauer, and Albert M. Craig, *East Asia: Tradition and Transformation* (Boston: Houghton Mifflin, 1977), 215.

moral challenges to the state's promotion and re-invention of traditional culture. Furthermore, it justifies Confucian ethics in the modernization of China, even though Confucianism has been credited with the retardation of development or other failures in modern history. Confucianism and other cultural heritage are now legitimized as something to be fostered, promoted and practiced in the public moral normativity structure. Most importantly, through business ethicists' efforts, if Confucianism and other cultural heritage are competent in explaining the glorious Chinese civilization and considerable economic reform success, so business ethics also legitimizes itself as authority in the modern Chinese moral value system. In this regard, my research of the moral background of business ethics may have some practical implications. It reveals the self-knowledge or self-understanding of current Chinese society in its most fundamental aspect.

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Appendix

Appendix 1: List of business ethics courses in Chinese Top 14 business schools (Data collected until 12.2018)

Type	Name of school	Name of course
Obligatory course/Core course	Cheung Kong Graduate School of Business	1. Business Ethics
		2. Chinese Economy and Society
	China Europe International Business School	Business Ethics and Corporate Governance
	Peking University: Guanghua School of Management (MBA)	1. Corporate Social Responsibility and Ethics (For local students)
		2. Economy, Management and Chinese Society (For local students)
		3. Philosophy and Human Life
	Peking University: Guanghua School of Management (EMBA)	Chinese Economy and Chinese Society
	Peking University: Guanghua School of Management (National Curriculum Accounting Bachelor)	Corporate Ethics
	Tsinghua University: School of Economics and Management (National Curriculum Master)	Business Ethics
	Tsinghua University: School of Economics and Management (MBA)	Business Ethics and Corporate Social Responsibility
	Tsinghua University: School of Economics and Management (National Curriculum Bachelor)	Critical thinking and moral reasoning
	Tsinghua University: Schwarzman Scholars (Master)	1. Public and Corporate Ethics
		2. Chinese Culture, History and Values
	Renmin University of China: Renmin Business School (Chinese MBA)	Chinese Traditional Culture and Business Management
	Renmin University of China: Renmin Business School (International MBA)	Business Ethics
	University of International Business and Economics: Business School (MBA)	Business Ethics and Corporate Social Responsibility
	Fudan University: School of Management (MBA)	Business Ethics
	Shanghai Jiaotong University: Antai College (PhD)	Corporate Social Responsibility and Corporate Social Ethics
	Shanghai Jiaotong University: Antai College (MBA)	Business Ethics and Corporate Social Responsibility
	Shanghai Jiaotong University: Antai College (National Curriculum Bachelor)	Traditional Chinese Learning and Leadership Development
	Zhejiang University: School of Management (National Curriculum Bachelor)	Ethics and Social Responsibility
	Zhejiang University: School of Management (MBA)	Corporate Social Responsibility and Ethics
	Sun Yet-Sen University: Business School (National Curriculum Bachelor)	Business Ethics
	Sun Yet-Sen University: Business School (MBA)	Business Ethics

	Sun Yet-Sen University: Business School (EMBA)	Guoxue (Chinese Culture) and Shang dao (Business Ethics)
	Nanjing University: Business School (National Curriculum Bachelor)	Finance Ethics
	Nanjing University: Business School (MBA)	1. Business Ethics
		2. Guoxue and Management
	Xiamen University: School of Management (MBA)	Business Ethics and Corporate Social Responsibility
Elective course	Peking University: Guanghua School of Management (National Curriculum Bachelor)	Corporate Ethics
	Peking University: BiMBA (National School of Development, MBA program)	Chinese Traditional Culture Leadership: Zeng Guofan Strategic Management
	Nanjing University: Business School (Master)	Corporate Ethics and Corporate Social Responsibility
	Zhejiang University: School of Management (MBA&EDP: Executive Development Programs)	Chinese Traditional Culture and Guoxue Wisdom Classics
	Xiamen University: School of Management (MBA)	Chinese Management and Philosophy History
None	Renmin University of China: Renmin Business School (National Curriculum Bachelor)	
	University of International Business and Economics: Business School (National Curriculum bachelor)	
	Fudan University: School of Management (National Curriculum Bachelor)	
	Fudan University: School of Management (National Curriculum Master)	
	Shanghai Jiaotong University: Antai College (National Curriculum Master)	
	Xiamen University: School of Management (National Curriculum Bachelor)	

Appendix 2: “Morality in Market/Economy Debate” Publications

Author	Work	Publishing Information
Li Yining	Ethical Issues in Economics	San Lian Press, 1995
Mao Yushi	The Moral Prospect of Chinese People	Jinan University Press, 1997
Fan Gang	Immoral Economics	Reading, 1998, vol 6
Sheng Hong	Morality, Utilitarianism and the others Issues	Reading, 1998, vol 7
Luo Yongsheng	Economics Research and Liberalism	Reading, 1998, vol 9
Yao Xinyong	“Immoral” Economics’ Moral Myth	Reading, 1998, vol 11
He Huaihong	Between Economics and Ethics	Reading, 1998, vol 12
Zhang Shuguang	How Do Economists Talk About Morality?	Reading, 1999, vol 1
Li Yining	Beyond Market and Government: The Function of Morality Power in Economics	Economics Science Press, 1999

