

First Step Statement

Title: CONFUCIAN MERCHANT, CONFUCIAN CULTURE, SUSTAINABLE BUSINESS

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The Question, Argument and Three Concepts

Since the phenomenal economic rise of China, the emergence of Chinese merchants who called themselves “Confucian Merchant” has attracted attention. The major question of this paper is: Can the Confucian Merchant develop and operate a sustainable business for both the Chinese communities and the world at large to meet the challenges facing the world today? The main argument is that though the positive elements of the Confucian culture (e.g., virtue-ethics, humanism) would provide some edge, the negative elements would also pose serious challenges to the realization of the goal. The three key concepts: Confucian Merchant, Confucian culture and sustainable business are elaborated as below.

Confucian Merchant

A Confucian Merchant has the following common characteristics: using the Confucian values and principles to run the business, valuing business morality, avoiding unethical wealth and profits, highly cultivated in culture and learning, cultivating the moral self and bringing good to society; people-centered; having the spirit of a scholar and talents of a merchant. Also, a Confucian Merchant upholds the five Confucian cardinal virtues of *ren, yi, li, zhi, xin*, and the way of Zhong Yung, and practices them consistently in business and personal life. Broadly defined, a Confucian Merchant is a merchant possessing and practicing the major elements of Chinese culture. Narrowly defined, a Confucian Merchant is one who adopts and practice the core values and principles of Confucianism. This discussion adopts the narrow definition.

Confucian culture

Confucian culture is complex system consisted of core values, fundamental principles, basic concepts, folklores, customs, practices,

institutions of Confucianism, which includes virtue-ethics as its major component. Ethics and morality occupy a dominant position in the Confucian cultural complex. Confucian ethics is principally a virtue-based ethics, with five fundamental virtues: *ren* (compassion), *yi* (rightness), *li* (rule-abiding), *zhi* (wisdom), *xin* (trustworthiness) at its core, which broadly define what is good and morally acceptable in human society. Other additional virtues cluster around the core to form a complex network of virtues for defining, regulating, and guiding human moral conduct and relationships.

Confucian culture where virtue-ethics is embedded, contains the following closely related and mutually reinforcing basic elements: humanism, familism, authoritarian, paternalism, relationship(*guanxi*)-orientation, hierarchism, etc. which are always under-recognized and least discussed. Only a few elements are explained below.

Humanism is a belief which prioritizes the human secular world over the natural world. Transcendent issues are concerned only to the extent that they affect the well-being of the human world. Human interests are more important than other non-human interests. Familism, a form of collectivism, prioritizes familial values and interests over and above individual values and interests. As filial piety is regarded as a supreme value and virtue in the Confucian system, the human family is religiously revered. The five basic relationships in human society are basically modeled on those of the family. Familial values and interests are superior to other values and interests (e.g., communal, societal), human or otherwise. Familism also inspires and embraces paternalism, authoritarianism, and *guanxi*-orientation, hierarchism, among other things.

Sustainable Business

A sustainable business is committed to practice the principles of sustainability in both its everyday operations and in long-term development delivering benefits equitably to all stakeholders and enhancing the cross-generational common good for humanity without compromising the interests of non-human beings. Business sustainability is a state whereby business in its operation and development, maintains a non-declining stock of natural (physical, biochemical resources) and man-

created capitals (material, financial, intellectual etc.) and innovatively developing and operating a combination of human, social, and ethical capitals to provide goods and services to meet the needs of present and future generations which is compatible with justice (read: justice as fairness in the Rawlsian sense) and universal values of humanity without compromising the well-beings of the non-human species. Human capital refers to the quality of human productive agents. Social capital is the connections between people that bring benefits to those concerned. Ethical capital is the ethical resources (organizations, companies, institutions, communities, groups, rules and regulations, codes, incentives mechanism, workers, leadership, etc.) that facilitate, enhance, and sustain the ethics of the production processes and products.

Argument Outline

The virtue-based morality and humanism, when properly translated and implemented, could make positive contributions to leadership, organization and workplace ethics, as well as business ethics in general. Specifically, they could enrich the human, social and ethical capitals of the sustainable business. However, humanism, being primarily human-based, may not sit too well with the value of sustainability which embraces a pan-species concern. Current global issues, like climate change and global warming cannot be adequately addressed solely from a humanistic perspective. A broader cross-species perspective is required instead. Even virtue-based ethics, despite its merits, is not sufficient to build up a functional sustainable business that requires also robust norms and institutions. Furthermore, familism put the interests of the family over and above the interests of other groups, communities, societies, which contravenes the ethos of common good endorsed by sustainability. Also, preferential treatment of the family at the expense of other groups, communities, and societies, violates the spirit of justice and fairness that are required of a sustainable business. Moreover, familism is closely associated with paternalism, authoritarianism, and guanxi-orientation, hierarchism that may not be conducive to a sustainable business. How to address these inadequacies and to balance these pluses and minuses pose a daunting challenge to Confucian Merchants.