



Culture Management

Symposium on 2010 International Symposium
on East and West Cultures and Management

成中英 孔令宏 主 编



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浙江大学出版社

全国百佳图书出版单位



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The C– Theory: On Chinese Philosophical Approach to Decision–Making, Leadership and Management

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Introductory Reflections on Present Trends in Management Studies

In this article I propose to explore and develop a new concept of management which is based on a new theory of management which is again based on and derived from a reflection on the Chinese cultural tradition and Chinese philosophy as well as from observation on the actual embodiment of such tradition and philosophy in practice. There is no doubt that management can be both theory-and-practice based, and the studies of management should be both theoretically and empirically oriented. It is to be noted that among all published studies of management in US and Europe up to this time there are more empirical studies, and even more analytical studies, than theoretical studies. Yet no one can deny that theoretical studies of management is equally important, if not more important, than empirical studies, for the simple reason that theory of management could and would enable us to understand as well as to plan.

Even granted management is a practical matter and management science is an applied science, the theoretical involvement of management quickly reveals itself in its reliance on understanding principles of planning, organization, leadership and using conceptual tools in various aspects and on various levels of managing such as organization, leadership, decision-making, personnel control, and policy adjustment.^[1] The recognition of this involvement is of course found in a few earlier theoretical explanations and normative proposals on management practice for the purpose of managerial practice. But modern systems theories and decision theories have made the theoretical studies of management even more valuable and desirable: Management practice needs and thereby should become more systems-based and decision-theory oriented in order to normalize, regulate and control. In fact, management practice can be regarded as a matter of systems planning as well as a matter of decision-making as Herbert A.

Simon seems to suggest. ^[2]

With this understanding of management practice, management practice could be said to be a practice of implementing a set of normalized or normalizable rules or techniques for problem-solving and conflict-resolution. It can be also regarded as a process of application of a general systems theory or a general decision theory. Although this view on management practice has a strong impact and receptance in engineering fields than in business, large and small businesses could be organized and managed very much like a machine and be system-controlled with the help of large and small computers. ^[3] A good illustration is any type of security company which must follow strict rules without deviation for security reasons.

For studies of management practice we may see two stages or two phases of development, an empirical stage / phase, and a theoretical stage / phase. I speak of two stages /phases of management, because I see a historical evolution from a predominantly empirical concern with management to a growingly more predominant theoretical concern with management performance. Hence we may speak of empirical and theoretical concerns of management as two essential and irreducible components of management studies. We can easily recognize these two phases in the contemporary practice of management. Even though systems theory and decision science tend to make more and more impact on management practice with technical use of computers, management could remain and in fact still remains an art as well as an ideology. For computerized information is basically used simply as a means for making decisions and creating designs. Personal style and personal background of understanding and belief still make a difference to the success or failure of management practice. What has been so far said indicates that management studies could have advanced from empirical phase to a theoretical phase without necessarily giving up the empirical studies. In fact one may even argue that theoretical understanding has to come from and rely on empirical studies. Recognizing this, we must conclude that management as a practice can learn and benefit from both empirical observation and theoretical reflection and managers should therefore keep their minds open to both.

It must be pointed out that we have now entered a third stage and a third phase of management studies and management practice. Management studies should not be confined to either empirical or theoretical studies, but must embrace holistic studies of culture, values and philosophy. Management practice also could be refined and guided if we become aware of the importance of learning from studies in culture, values and philosophy. Given the phenomenon of great successes in economic development in China since 1993 which shows how reforms in management in China have played a crucial role for China's tremendous economic growth in production and marketing, we can see how decisions and policies in light of one's own culture, value and philosophy could foster a driving force in developing the economy of a nation in terms of reorganization of state owned businesses, formation and engineering of private enterprises and advancement of science and technology. In the last twenty years, we begin to learn that management is not only a science (on a theoretical, systematic level), not only a

technique or even art (on a personal, empirical level), but a philosophy (on a higher level, the meta-theoretical, metaphysical-inspirational level). In fact, it can be said that culture, value and philosophy are from the very beginning intimately involved with management, as there is no management not practiced in a context of culture, value and philosophy, particularly with regard to matters of organization, leadership, personnel and leadership. The guiding principle for decision making and policy making is more often than hidden in considerations which have to do with culture, value and philosophy which are factors equally relevant for carrying out decisions and policies, consciously or unconsciously.

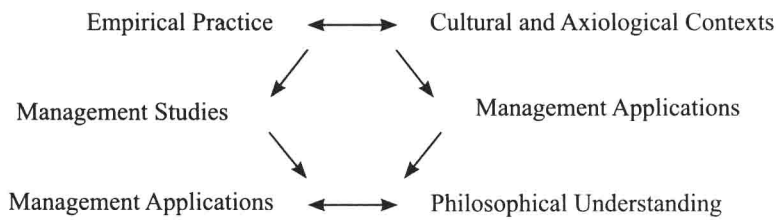
On the theoretical level, it is clear that no theory is complete without ranging over factors which are cultural values for certain theoretical variables. Hence for both construction and interpretation of a theory cultural and philosophical considerations must be taken into account. That there are various axiological types of theory in existence reflects subtle philosophical convictions and ideological approaches to certain types of problems. Besides, when a theory, through interpretation, is actually applied to a real situation, the conditions of interpretation and application must be culturally understood. One may even argue that there must be cultural, axiological and philosophical conditions for the application of a theory. That is how general systems theory (GST) has to be concretely embedded or incorporated in a real-time situation with a goal to be realized in time, in order to be useful. In doing so GST becomes substantiated and particularized in culture, value and philosophy, and functions no more as a formal system.

I shall conclude my introductory observations on present trends management studies with two further observations. First, empirical and theoretical studies of management must include considerations and reflections on cultural, axiological and philosophical factors. Philosophy must function as a foundation for a study of norms and principles of management, whereas culture and value must function as basis for the application of such norms and principles of management. Culture/value/philosophy are not simply conditions for managerial thinking and managerial practice, they should indeed become explicit contexts of managerial thinking and managerial practice. To inquire into the presuppositions of a given management practice and to question the basis of policy formulation and policy making is to become philosophically involved. To use results of this inquiry and this questioning as feedback for refining one's theory, one must engage management as an empirical fact of human decision-making, organization and creativity toward an envisioned goal and end. In reference to the basic requirement of moral community, management is developed as a form of organization and action toward specific ends such as economic development or public administrative development in consistency with this requirement of moral community. It is therefore to be integrated into and protected by a system of laws and norms under government which should have the primary responsibility to enhance a moral community..

Second, there exists clearly a unity among art of management, science of management and philosophy of management. On the empirical operational level, management is an art besides

being a technique.^[4] On the systematic and organizational level, management is a science requiring scientific knowledge of the object, subject matter and objective of the management. Finally, on the strategic and planning level, management cannot but be a philosophy which involves critical thinking as well as an insightful understanding of man, reality and culture. But as a practical enterprise, management should be an interfusion of art, science and philosophy for a practical goal. A good manager should make an effort to integrate all the three into a well-blended unity in order to achieve maximum consistency, efficiency and potency of reaching for the goal.

We may now represent the above mentioned points in the following diagram:



Management Practice and Management Theory: 2 Levels with 2 Polarities

Even though theoretically there could be many types of management practices and many types of management theories, they belong to different levels of management studies, practice and theory. We notice that on each level different types further fall into a continuum with two polarities which can be respectively called “rationalistic” and “humanistic” management in practice or “rationalistic” and “humanistic” management in theory. Thus, given these two polarities in a continuum on these two levels, we are able to characterize all other types of management practices and management theories as combinations and hybrids of different degrees of these polarities. We can now see that the essence of "rationalistic management" (RM) consists in applying "rationality" to management whereas the essence of "humanistic management" (HM) consists in applying "humanity" to management. Relative to our understanding of "rationality" and "humanity," it can be asked why I use these two terms in such a contrastive way. Under normal circumstances we can regard "rationality" as a significant and self-conscious embodiment and expression of "humanity" and "humanity" as holistic existential basis for emergence of "rationality."

There should be intimate existential relationship and interaction between rationality as an order-forming and norm-setting function of human mind and humanity as functions of feeling, desiring, willing and hoping etc of human heart. But human mind and human heart in their conscious and unconscious activities cannot be separated from one another and as such they

all belong to what we have known as human nature. This means that there is some ground for relating and unifying both and this ground is known or conceived by Confucian philosophers such as Mencius and Xunzi as human nature (*xing*) .

It is to be seen that this notion of human nature is a complex although unitary concept derived from both human experience and human reflection.^[5] But in both classical and modern European tradition of Western rationalism, rationality in humanity has been often addressed to the exclusion of humanity. Rationality becomes formalized into metaphysical or theological system of concepts and rules and hence dominates in human thinking as the only worthy way of thinking. This is how Western classical rationalism was developed. Against the excessive domination of classical rationalism, call for attention to importance of human sentiments and feelings and creative thinking (as versus logical reasoning) enables humanism to be born in 15th Century Europe as a reaction and an opposition to exclusive and dominating determination and control of a supernatural God. It campaigns for moral significance of human sentiments and secular values of individual persons and social communities, which is further reinforced by Confucian doctrine of autonomy of human person and human will as introduced from China by Jesuit missionaries in the age of enlightenment in the middle of 17th Century.

Humanism soon becomes the new springboard for modern rationalism in which rationality assumes a new role in the form of science. The purpose of science is to know nature and to control it. But science is made possible by rational investigators who need not to know all things of reality, but who make their minds to survive and flourish with intelligence, intellect and knowledge as effective tools for achieving the goals of life-survival and culture-growth. Consequently, science thus conceived as an intellectual and intelligent enterprise of achieving knowledge and control can be therefore said to be the very essence of modern rationality.

With this understanding of rationality, rationality by nature will have to investigate humanity as object of scientific inquiry and consequently subject it to scientific control. This becomes a process of scientific rationalization of humanity. Unfortunately, this project of scientific thinking becomes a process of reducing all forms of experience of experience and knowing to formalized and sometimes rigidified forms of objective description and theoretical reconstruction of an external reality to be radically opposed to an internal existence of human mind which has no objective status. This dualistic approach to rationality and humanity in the West in the first half of the 20th century has led to reductionism of all truths to scientific truth on one hand, and on the other, to relativism of humanity which is not to be trusted and which is seen as mere sources of conflicts and problems. Since we cannot resolve the problem of humanity with humanity-absent rationalist reductionism of science and technology, we have to experience both a loss of faith in humanity and at the same time a loss of trust in objectivity due to sense of suppression under domination of science and technology. Hence, when we use the term "rationalistic management", we mean by it the effort to manage affairs by way of scientific understanding and technological control. In fact, the present day meaning of "management"

seems to gradually merge into the meaning of skillful manipulation and control by way of science and technology in terms of which human beings are often treated as objects rather than subjects.

In contrast with the rationalistic management, "humanistic management" recognizes the whole person and the whole humanity as a complex of many functions which includes the rational function but is not confined to the rational function. Man has intuition, imagination; memory, feelings and other faculties, each of which has a role to play and none should dominate. In management, one should pay attention to all functions and all faculties of man and one should recognize the value and role of each toward planning, decision making, organization and leadership. In other words, one should manage not simply by rationality, but by feelings, intuition, memory and imagination. This means that one should recognize the meaningfulness and usefulness of these various functions in management, and regards the objects of management as not simply objects, but as subjects with their various functions and facilities, deserving consideration in terms of their unique values and potentialities for action and realizations of value.

The interesting fact about humanistic management is that the principle of humanity or humanism is never fully and consistently followed through either as a method or as an end. With the early discovery of reason or rationality in the West as a tool, humanity, the master, has been always threatened with enslavement by rationality, the slave: the tool in service of a goal comes to finally dominate over the goal. Humanity becomes eventually eroded by rationality and degenerated or disintegrated into a routinized mode of apathetic and irrational thinking. It became dominated by a single impulse to control and loses its initiative to create and act as a whole. We may suggest that the weakened position of "humanistic management" in the West is due to the decline of humanism as an integral cultural tradition. Classical Greek humanism was later dominated by a theological religion of divine rationality. Modern Renaissance humanism was later swayed aside by the wave of Rational Enlightenment.

RM versus HM: Five Characteristics

In the following I shall explore and describe five characteristics of the "rationalistic management." Likewise I shall also explore and describe five characteristics of the "humanistic management." The five characteristics of the "rationalistic management" are "abstractionism," "objectivism," "mechanism," "dualism," and "absolutism."^[6] In the first place, "abstractionism" refers to the conceptualizing way of thinking which abstracts ideas and concepts from concrete situations and affairs, and imposes abstract conceptual principles and structures on concrete situations and affairs. Abstractionism as a way of thinking has its strengths in making definitions and formulating models both of which are needed for developing scientific knowledge. But

when abstractionism becomes divorced from concrete experiences and concrete reality, it elapses into a priori and static thinking which lacks openness, dynamism and relevance. It hence causes rigidity in making decisions and emptiness in forming policies. A good example of abstract thinking in management is thinking in terms of statistics of quantities and numbers. But when decisions and planning are made only in light of quantities and numbers, they may not tally with the real world of change.⁽⁷⁾ The fact is that quantities and members are highly abstract to catch all important aspects of reality even though they may capture a megatrend or a general pattern of order which of course are significant and important. Yet we should not ignore the fact that each individual entity and event has many conditions for its happening which is not to be described as a number or a set of numbers. Similarly, when one uses generalized systems theory to solve particularistic problems of management, one will run the similar risk of failure to represent reality.

The second characteristic of RM -- objectivism -- is such that all things are perceived and considered as objects independent of and separable from the inquiring mind. Classical physics is formulated in terms of this principle of objectivism. In applying objectivism to management, we can achieve the scientific detachedness in understanding physical objects and in making objective reference and judgment about such objects. But the validity of this principle however is limited. Objectivism often leads into an atomistic thinking and hence is blind to wholes and relations. Yet the world is not simply a sum of stationary individual things. It is a fact that we have to think in terms of non-objects in the sense of non-atomistic relationships and processes. Objectivist view also requires us to ignore the activities of will, feelings and the subject as a whole on the inquirer's side. Hence it leads again to rigidity and partiality in planning and decision making without even being able to become critically conscious of its own limitations.

The third trait of RM - mechanism -- can be derived from the first two traits. The world is seen as a system of objects governed by laws which will remain unchanging and unchangeable in time. The world is seen as having its order in hierarchical organization which is mechanically structured, and is kept in motion externally. A mechanistic system is a construction from abstract thinking in logic and mathematics which is either objectified in formal structures or objectified in physical structures. Hence the mechanistic view of the world will not be able to represent reality as it embodies already the unrealistic tenets of abstractionism and objectivism.

The fourth trait of RM -- dualism -- is hereby understood primarily as a value-orientation and a value judgment. As RM defines (as it were) rationality in terms of abstract/objectifying/mechanical thinking, it will inevitably regard a non-abstract, non-objectifying and non-mechanical way of seeing things as non-rational or even irrational. In fact, RM would not be able to recognize any value of the non-abstract, non-objectifying and non-mechanical ways of viewing things. The holistic natures of things are blocked from being seen by the rationalistic view. Hence there comes into being the distinction between primary qualities and secondary qualities, the distinction between reason and intuition, and the distinction between the objective

and the subjective perspectives. These distinctions are not simply distinctions of reality but those of values for preference or for rejection. The result of dualistic thinking therefore leads to close-mindedness of management and blindness to the totality of reality and consequent inefficiency and inability of adjustment to reality and its continuous change.

Finally, the last trait of RM, absolutism, characterizes the deductive, linear, and one-way nature of managerial control. The power of managing is seen as forming an echelon of managers in a streamlined channel of command. The top man in the management chain is the absolute "boss" who decides, forecasts and leads everything without interaction with the whole system, nor with active feedback from different levels of the system. This is not to say that the top-manager may not make his observations about the operations of the system before making his decisions. This is not to say that he may not encourage interaction and participation as a way of thinking. This is to say that more often than not, he may not or he may choose to ignore possible consequences of the operations of the system. He has the absolute decision making power concentrated and centralized in his own hand. Everyone else can be said to be his agents for carrying out his policies. This is enormously illustrated by the policy makers of financial loan systems which caused our recent financial crisis. This is absolutism of control which also can be called "bossism." The model for absolutism of control or "bossism" is military command with specific goals to attain, and the management in the absolutist mode is hence highly military in nature: always on alert, always aggressive (at least potentially), and always hierarchically organized for specific job or mission, but may not match reality. This explains how RM always regards forced growth and contrived expansion as continuously and constantly necessary lest the management performance falls into disarray. But the irony is that it often does fall into disarray and disorder, causing collapse of the system. This is illustrated again by the structure of financial management in recent financial crisis.

The five characteristics of RM reinforce each other and contribute to making RM a unique and highly distinguished way of modern and contemporary way of management as one sees in many and perhaps in most big companies in Europe and America.

There should be no denial that RM has its merits and has succeeded in founding many big-capital enterprises. It is the success of capital-driven product-based economy. However, as society becomes more open, communication more integrated, and at the same time buying interests more specified, economy also become more market-based and society-based or even community-based. The RM therefore comes to meet its limitations and begins to show its weaknesses in becoming less and less competitive. Hence in management studies a wave of criticism of RM come into existence.

An end of last century work by Thomas Peters and Robert Waterman provides a good example. In their book *In Search of Excellence: Lessons from America's Better Run Companies* (1983), New York, they describe the rise and fall of the rational model and point out the wrong-headedness of hard-head rationality. They characterize the narrow view of RM

as [1] Big is necessarily better; (2) cost is most important in judging a products viability; (3) analyze, plan and forecast; (4) do rigid long-range planning; (5) balancing portfolio is more important than implementation; (6) control everything by writing down long job descriptions for matrix structure toward production; (7) get incentives for the top performers only; (8) inspect to control quality; (9) manage everything by reading financial statement; (10) good income guarantees marketplace; (11) maintain growth even by buying industries you don't understand. The shortcomings of this view are: (1) Scope narrowed and issues reduced; (2) living elements of situation left out; (3) insight from experience ignored; (4) No value for experimentation and flexibility; (5) informality excluded; (6) denigrated real values and culture.^[8] With this background understanding, the studies of and advocacy for the opposite polarity in the form of Humanistic Management can become more and more significant.

To understand HM, we must see the opposite and contrary qualities of the five characteristics of RM as have been described above. The five characteristics of HM are as follows.

1. Concretism
2. Subjectivism
3. Organicism
4. Holism or Non-dualism
5. Relativitism or Non-absolutism

These characteristics of HM can be respectively contrasted with characteristics of RM. Each of these characteristics derives its primary meaning from negation of the opposite RM characteristic as well as from paying attention to what is negated in the opposite RM characteristic. As RM negates humanity in concrete reality and humanity as a subject with various non-rational functions, HM stresses dealing with concrete persons as a way of managing. It explores into as well as relies on various non-rational functions of man (such as feeling, will and memory) as resources of control and communication. This is experienced as concrete and subjective driving force in the tradition of HM. Of course, one has to recognize different possible ways of formulating a conception of humanity or human nature apart from the Aristotelian (classical) rationalism in ancient time and Kantian critical rationalism in the modern time. For example, there could be a Freudian approach to humanity or a Maslow approach to humanity or a Heideggerian approach to humanity just as we have the Confucian, the Daoist, the Moist, the Legalist, the Neo-Confucian, the Neo-Daoist, the Indian Buddhist and the Chinese Buddhist and even the Chan Buddhist approaches to humanity from ancient time to present day. Hence we better not speak of just one tradition of HM and will not treat HM as a close and fully developed system. Just like we do not speak of RM as a complete and close system either.

As to the organismic characteristic of HM, we wish only to stress one basic view from HM, namely that there are far more complex laws governing things in the social-economic world and far more complex variables governing human behavior than a mechanistic model

allows. The model for characterizing human behavior should not be a machine but a living token of a biological species. Hence when Bertalanffy first proposed the general systems theory, he specifically mentioned biological system or a living organism as the object for such a theory.^[9] Bergson even regards ever creative moving life-force as basis for understanding time and things in the world.^[10] Apparently, we should introduce different grades of organicity for defining different types of organism. Here we may conceive HM as operating on the minimal level of biological organism which cannot be reduced to a mechanical system. The non-dualistic characteristic of HM consists in reorganizing varieties of human functions in human nature and not setting apart rationality from whole humanity. Hence we call this characteristic holism. But as to how to integrate all functions of humanity into a unity, it may have many answers and often remains an issue. Very often and in practice HM becomes simply involved with a trait of humanity other than rationality as the determining factor for decision-making, policy- planning, organization and action. Here we have as examples the stress on hunch, intuitions, and other psychological or experiential incentives or ploys provided chiefly by contemporary behavioral psychologists.

Finally, with regard to the relativistic characteristic of HM it is clear that HM does not adopt the absolute "bossism" of RM and pays more respect to autonomy of the human person and his power of free will. It also pays attention to the power of human imagination and sensibility and the power resulting from affective human grouping and organization. In practice a HM manager would not always place absolute confidence in his own decision without consulting people around him, even people below him, because he may not have enough and required experience to make his decisions. Besides, as a leader he is more interested in interaction than in giving orders. He is also more open to change and suggestion of adjustment than a manager of RM type. As he sees many factors as determining forces of a policy, he is more an inductionist than a deductionist. Of course, the shortcoming of such a mental and conceptual framework is the actual tendency toward overmuch flexibility and lack of persistence on principle. HM managers hence could be more easily taken advantage of and become more vulnerable to his subordinates than his RM counterpart.

From the above characterization of RM, it is clear that HM as I intend to show here, stands on the other polarity of the continuum of management practice and management theory. It needs not to be seen as necessarily a better form of management than RM. In particular, existing HM practice indeed may not have developed in such a manner as to warrant claim to be a better form of management. Because of ambiguity of its formulation and because of its limited experience, and also because of its lack of explicit theoretical focus and framework, it must be recognized that it has been indeed very often subject to abuse and misuse, and often repudiated even as a form of management.

Inquiring into the Western history of management practice and management theory, it is clear that all or nearly all Western management practices have led to the formulation of

corresponding management theories. There is no management theory which is not a reflection of a successful management practice at one time or another. There is also none which is not rationalistic in orientation as well as has some relevant work-out of the theory. In fact, the major incentive for such practice and theory is rational control. To begin with, one sees the scientific management theory as proposed by Frederick W. Taylor (*The Principles of Scientific Management*, New York, 1911) as a typical example of RM. The stress on job design for production control and material reward for worker control embodies rationality and will to conquer in its best form. The motif of scientific management was later elaborated on and in the classical administrative theory of Henry Fayol (*Industrial and general Administration*, London, 1930) and others. The whole purpose of this theory is to develop more efficient control of production and worker by more rational control of organization in terms of control of its parts. The underlying theory or theoretical justification is clearly presupposed in the principles, rules and practices of abstractism, objectivism and mechanism, dualism and absolutism of RH. The theory becomes indeed the ground-stone for organization theory of Western management. It also further reinforces the view of regarding rational man as an economic man conditioned by reward and punishment. Sometimes it goes even to the extreme of regarding economic entrepreneur or financial capitalist as the only excellent and admirable model of practical rationality.

In the late thirties there developed in U.S. the Human Relations School based on behavioral observations.^[11] This theory complemented the earlier theories by introducing considerations of social norms and social rewards. But it is still a rationalistic management theory in so far as it sees management as a rational skill in applying our objective knowledge of man for minimal cost and maximum profit. Human relations was utilized as a technique of control rather than appreciated for its own value. After forties, one sees the managerial and even commercial use of behavior sciences in U.S. which continue to today. Although new management practices and new management theories have been developed later (See for an example, A. H. Maslow, *Theory, Motivation and Personality*, New York, 1986), they do not essentially go beyond the RM framework and RM methodology. In fact, they tend to reinforce the framework and methodology of RM by incorporating more psychological, anthropological and sociological information as knowledge of the human worker for rational organization and rational control. But the new knowledge does have a softening effect: It raises the consciousness of a need for a more flexible, more organic approach to managing people. Effort for job enlargement is a prime result: even Maslow's self-actualization man model has been rationally universalized. One needs to see the uses of such a model relative to different people, different times and different jobs.^[12] The conclusion we draw from this overview of Western management practice and management and theory is that RM dominates and characterizes the tradition of Western management, especially in modern times.

To contrast with the Western tradition of RM, we may mention HM as exemplified primarily and intensively in the Eastern management tradition of China and Japan and other

areas of East Asia. It is known that in 20th Century the Japanese was the first one to utilize the humanistic philosophy from Confucianism for industrial management introduced from the West right after Meiji restoration. It is well-known that the successful and fruitful utilization of humanistic philosophy in the Japanese management has produced the well-known phenomenal success of economical development of Japan since the World War II. Hence the humanistic management of Japan specifically known as Japanese Management has prompted many Western scholars to speculate on its theoretical justification and foundation laying. It becomes more and more clear that Japanese Management has derived its major strength from Confucius' Analects and other works of Confucian and neo-Confucian tradition as was revived in the Meiji Restoration Period. A good example of applying Confucian principles in organization and management of new enterprise is Shibusawa Eiichi (渋泽荣一 1840-1931). In contemporary times, despite development of high technologies, Confucian values still remain the core values of Japan management practice. Hence one may finally trace the Japanese management theory to the humanistic philosophy of Confucianism.

C-Theory and Philosophy of Chinese Management

In practice I am certain that the humanistic philosophy of Confucianism has been more or less entertained and to a large extent implemented, although implicitly or unconsciously, in various management practices in China throughout twentieth Century. But then there has been no serious focus in this philosophy as a philosophy of management not until recently. In fact, many American studies on Chinese management only stress the general culture and style of Chinese management with institutional and psychological characteristics. They may touch on Confucianism and Daoism, but have not dealt with the Chinese philosophy schools as integrated dimensions of a philosophy of Chinese management as a whole theory which has powerful contemporary significance. They have not uncovered the in-depth ideological and philosophical basis or foundation of the Chinese managerial institution and styles. In fact, until the publication of my book *The C Theory: Philosophy of Management in the Yijing* (《C 理论: 易经管理哲学》) in Taipei in 1991 there is no account of the deep and essential elements which make Chinese management as both a theory and a practice possible.^[13] Later this book has been revised extensively and bears a new title *The C Theory: Philosophy of Chinese Management*.^[14] This is because Chinese management cannot be made clear until one goes into Chinese philosophy as a profound metaphysical way of thinking rooted in the Yijing and enfolded in Chinese philosophy schools which, when integrated, have both profound empirical and practical implications for human decisions and actions.

With understanding of the Yijing as base, source and starting point of Chinese philosophy, we come to see the relevance of both Confucian and Daoist ideas for practice of Chinese

management in individual and collective lives or in private and public sectors. Consider, for example, Confucian sayings in the *Analects* and one can see how sincerity (*cheng*), loyalty (*zhong*), intelligence (*zhi*), propriety (*li*), rightness (*yi*) are essential and important for establishing a moral community of care (*ren*) and trust (*xin*). According to Confucius and Mencius, government must be formed on the principle of cherishing and sustaining such a community. Although they have not emphasized enough required difference of political rule (governance) from self-cultivation and self-ruling of a moral person, they left no doubt that moral self-rule of individual person is a foundation for political governance. In the *Zhongyong* one even comes to see how a cosmos-oriented creative self-cultivation of oneself could naturally lead to mutual enhancement of life and its realization between the self-cultivating person and the whole cosmic reality. *Zhongyong* further makes clear and explicit in its first sentence that man has his nature derived from the heaven and thus naturally it could develop morality which would give rise to higher forms of organization such as government as world-peace institutions stressed in the *Daxue*. This would lead to Chinese philosophical insights into Chinese notions of human nature (*xing*) and human mind (*xin*) and Chinese leadership (*dao* and *zheng*). This would also lead to incorporation of insights and wisdom of other schools for economic-financial, social, political, and education development. In the C Theory I have introduced and dealt with the Daoist School, the Legalist School, the Military School, the Moist School (inclusive of modern science and technology exemplifying RM) apart from Confucian School in an open system of creative circulation inspired by Yijing and Chan vision. I have dealt with 14 types of functional creativities in an integrated well-connected system of dynamics.

With this insight into the philosophical foundation of Confucian self-cultivation and political government, one will not only be able to account for the ways of managerial practice in China, but also be able to recognize how it could and should function in decisions and actions of management in the entire region of Korea, Japan and Vietnam under Confucian influence. More importantly, one can see how these ideas could be said to have even actually led to industrial and commercial modernization with high rate of success and efficiency in management from Japan, Four Little Dragons and China in their respective developments in the last sixty years, of course without any comprehensive self-conscious theoretical systematization. Furthermore, this insight will also help to show how a philosophy of management based on explicit recognition of human nature and human community envisioned by the *Yijing*, *Analects*, *Mencius*, *Daxue*, *Zhongyong* and other Chinese classical texts can be appropriated and incorporated in other cultural contexts, and how it could function as a corrective and critique of the managerial practice in other cultural contexts. Studies of improvement of management in a growingly integrated world and for a growingly dynamical future therefore must be based on understanding the philosophy of management and its evaluation and elaboration as a final guiding principle.

For modern and contemporary China the situation is more complicated. Since the May 4th 1919 New Culture Movement science is the slogan and Confucianism was rejected as non-

scientific. But in practice Confucianism remains the basic pattern of organization and leadership for most of transformations in China in the last five decades. Even in the highly tense period of the Communist Revolution in 1949 when Marxism became the dominating principle of political organization and management (leadership) and economic production and distribution, deep roots and patterns of Chinese thinking remain Yijing-like and Confucianist. As a matter of fact, after Chinese Marxism has pushed to the extreme of socialization in commune system and destruction of cultural traditions in the period of Great Cultural Revolution from 1965-1976 in China, there has been a gradual swing back to moderation, pragmatism, reform and openness of Confucianism from the 80' s on. At present one can witness how China has prospered under a policy which President Hu Jintao has declared as pursuing harmonization of society which includes constitutional recognition of private properties since 2007. ^[15]

It should be noted that in the last twenty years leaders and managers in both Taiwan and South Korea, and in both Hong Kong and Singapore, have made successful and quickening economic development possible on the basis of a Confucian ethics background. Hence we could generally speak of the HM as characterizing and representing the larger East Asian tradition of management practice and management theory as derived from the Confucian-Neo-Confucian tradition of China.

We must see that up to the time of the beginning of 21st century, the management mainstream in China did not conscientiously explore the rich HM tradition in history. One must give credit to Taiwan as a more and more growingly industrialized region which has moved toward recognition and applying HM as a tradition from past and as a norm toward future. ^[16] It is in such a context of development that the notion of "Chinese Management" is to be understood. When I proposed my theory of Chinese Management as the C- Theory (hitherto written as the C-Theory), I have precisely this representation in mind, namely the C-Theory should represent a modern tested Chinese approach to management and all related activities in management. ^[17] As the content of such an approach was not previously defined, my work in the C-Theory is intended to explore the HM tradition in the contexts of classical Chinese philosophy of Confucius, Mencius, Daxue and Zhong Yong as based on the philosophy of the Yijing which I regard and argue to be the source and foundation of both Confucianism and Daoism. The reason why I titled my position "C -Theory" is precisely that it aims at a creative construction of Chinese thinking on management along the Yijing-Confucian line which incorporates other classical schools as well as Western management by objective and knowledge. It is in this manner I am able to formulate the HM explicitly in light of a modern understanding of management theory and modern requirements for management practice. It is intended as a management by harmony of all relevant factors and its sole purpose is to develop Human Creativity by way of harmonious integration. Hence the C in the C-Theory as I have explained in the book stands for Chinese Management, Creative Management and Management by Change, and Management by Confucian Care. We can therefore see my C-Theory as an

idealized and theoretical model for HM based on the experience of modernization of East Asia and reflection of its philosophical basis and resources

As a concluding by-remark on this section, we may suggest that the “X Theory” suggested by D. McGregor represents the RM tradition of the West, whereas his “Y Theory” represents the HM in tradition of the East.⁽¹⁸⁾ Similarly, we may suggest that the “A theory” of William Ouchi represents the RM tradition of the West, whereas his “Z theory” represents the HM tradition of the East. However, our task of proposing and constructing a “C-Theory” has a specific historical and theoretical significance, it is not intended as another new form of HM, but instead will amount to integrating both the RM of the West and the HM of the East, and hence both the X theory and Y theory on the one hand, and both the A theory and the Z theory on the other, in the context of Chinese naturalist and humanistic philosophy.

The C- Principle and the C-Theory

Given the constructed polarities of RM and HM and explanation of my C Theory, it is natural to explore into the nature and result of their trans-integration. This question of integration is different from the question on how they are actually related. As has been pointed out, RM and HM are actually related in a continuum of positions. In fact, they merely represent and symbolize two extremes in a continuum. Any actual position may not be an exact embodiment of a polarity. Theoretically, there could be as many different positions in the continuum. The question of integration we raise here is one of integrating the two polarities in an actual unity without inconsistency but with dynamism capable of serving a higher purpose, namely the purpose of embodying the merits of both polarities at the same time relative to an understanding of development of human beings in a world of transformation and change. Any answer to this question hence requires the following conditions: 1) Recognizing the unity of the two polarities, not only the continuum between them; 2) eliminating the weaknesses of both polarities but preserving their strengths; 3) making this unity of the two to serve the said higher purpose. These conditions can be thus said to be the conditions of a desirable integration of the two polarities.

In order to satisfy these conditions, we need to develop a point of view for understanding the nature of human person and the nature of reason. We need to achieve a sense of value and a criterion of adequacy, according to which correct judgments can be made. We need further develop a theory of system and a way of thinking for applying our understanding of nature of human person and the nature of human reason. Finally, we need to show how specifically our systems theory enables us to make decisions and to relate to all major dimensions of management.

Following our earlier description of my C- Theory, we will simply call the integrative